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BILL ANALYSIS



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Senate Bill 463 (as introduced 8-24-23)
Sponsor: Senator Darrin Camilleri
Committee: Education

Date Completed: 10-17-23

CONTENT

The bill would add Section 1278e to the Revised School Code to require a pupil to submit the Free Application for Federal Student Aid (FAFSA) to the United States Department of Education, or receive a parental or hardship waiver, to graduate high school. The bill also would require data concerning FAFSA completion rates and granted waivers to be compiled and shared publicly.

Beginning in the 2024-2025 school year, the bill would prohibit the board of a school district or board of directors of a public school academy (PSA) from awarding a high school diploma to a pupil unless the pupil fulfilled the following conditions:

- The pupil had submitted the FAFSA to the United States Department of Education.
- The pupil's parent or legal guardian, or, if the pupil was 18 years of age or older or was an emancipated minor, the pupil had submitted a parental waiver to the school district or PSA, through a standard form prescribed by the Michigan Department of Education (MDE), exempting the pupil from the requirement.

A pupil also could be exempted from this requirement by a school district or PSA through a hardship waiver, which would be granted if the pupil was ineligible to submit the FAFSA. Additionally, a hardship waiver could be granted if all the following conditions were met:

- The pupil's parent or legal guardian refused or could not sign the parental waiver.
- The pupil was unable to submit the FAFSA as an independent student.
- The pupil agreed to opt out of completing the FAFSA.
- Other than the requirement to complete the FAFSA, the pupil met all the requirements for a high school diploma under the Code.
- A school administrator of the pupil's high school demonstrated to the board of the school district or the board of directors of the PSA, in a form and manner prescribed by the board, that good-faith efforts had been made to assist the pupil or the pupil's parent or legal guardian in meeting these requirements.

If a student or parent or legal guardian completed a parental waiver or received a hardship waiver, the student and parent or legal guardian would have to review and certify to the school district or PSA that they had received the post-graduation opportunity and postsecondary education informational packet required to be made available to school districts and PSAs.¹

¹ Among other things, the packet must include information such as the average tuition and fees associated with attendance at each public university and community college in the State, the six-year success rate for each public university and community college in the State, a list of public-service opportunities for high school graduates, and more. For more information, see MCL 380.1293.

The board of a school district or the board of directors of a PSA would have to ensure that each pupil enrolled received assistance and information, as applicable, regarding all the following at least once before grade 12:

- The importance of completing the FAFSA for accessing Federal, State, institutional, and community-based financial aid to access and complete a college degree or postsecondary certificate.
- A list of available State-based financial aid made available through the FAFSA.
- How to properly complete and submit the FAFSA, including a breakdown of the information and documentation required for the completion and submission of the FAFSA.
- Information regarding the parental waiver.
- The FAFSA timeline and submission deadline.
- Definitions of terminology used in the FAFSA.
- Submission of the FAFSA directly to schools or scholarship programs.
- The process required for properly completing the FAFSA verification process.

By July 15, 2025, and each July 15 following, the board of a school district or the board of directors of a PSA that operated a high school would have to report to the MDE, and the MDE would have to make public and share with the Center for Educational Performance and Information (CEPI) the following information, disaggregated by school:

- The number of pupils enrolled who submitted a parental waiver.
- The number of pupils enrolled who were granted a hardship waiver.

By August 15, 2025, and each August 15 following, for each school district and PSA that operated a high school, the Department of Treasury, in consultation with the MDE, would have to include all the following information on its website:

- The percentage of pupils who submitted the FAFSA.
- The percentage of pupils who completed the FAFSA.
- The percentage of parental waivers submitted.
- The percentage of hardship waivers that were granted.

The Department of Education would have to post the same information on its website within two weeks. The Department also would have to share data with the Department of Treasury's Student Financial Services Bureau, which would have to maintain the Michigan student scholarships and grants (MiSSG) data management system. This system would have to include pupil-level FAFSA data, including, at a minimum, data points of the completed, submitted, or not submitted status; submission date; verification label; missing student signature label; missing parent signature label; and processed date.

Before accessing the MiSSG data management system, the board of a school district or the board of directors of a PSA would have to ensure the following occurred:

- A school administrator would have to submit a data user agreement to the Student Financial Services Bureau and would have to annually resubmit a data user agreement to maintain access to the system.
- A school administrator would have to designate at least one authorized high school user to access the system.

Proposed MCL 380.1278e

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

The bill is similar to House Bill 4614 of the 2019-2020 Legislative Session.

BACKGROUND

The FAFSA is a form that current and prospective college students complete to determine their eligibility for student financial aid. Students provide their demographic and financial information, as well as the information of their parents or legal guardians, if applicable. Results of the FAFSA are sent directly to the colleges and universities specified by the applicant. Among other forms of Federal financial aid, the FAFSA determines eligibility for the Pell Grant, the Federal Supplemental Educational Opportunity Grant, and subsidized and unsubsidized loans.

The CEPI is part of the State Budget Office under the protection of the Department of Technology, Management, and Budget. It is responsible for collecting, managing, and reporting education data in Michigan. The Department of Treasury's Student Financial Services Bureau provides students with financial resources and information. The MiSSG data management system may be accessed by pupils, authorized high school users, and financial aid administrators. The MiSSG student portal provides students with online access to records and State scholarship applications.

Legislative Analyst: Abby Schneider

FISCAL IMPACT

The bill would have a negative fiscal impact on State and local government. Districts would see increased costs from ensuring all students receive assistance and information regarding FAFSA completion as well as additional reporting requirements regarding student FAFSA completion. The Department of Treasury and the MDE would see additional costs from reporting requirements that would be completed within existing appropriations.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.