

Legislative Analysis



SUBMISSION OF FAFSA FOR HIGH SCHOOL GRADUATION

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Senate Bill 463 (S-3) as passed by the Senate

Sponsor: Sen. Darren Camilleri

House Committee: Education

Senate Committee: Education

Complete to 12-10-24

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 463 would amend the Revised School Code to require submission of a student's FAFSA (Federal Application for Free Student Aid) to the United States Department of Education as part of the state's graduation requirements. This requirement would take effect starting in the 2025-26 school year. The bill would also provide exemptions to the requirement as described below. In addition, a student's parent or legal guardian, or the student themselves if they are 18 years of age or older, an emancipated minor, or an unaccompanied youth, could submit a parental waiver to the school district or public school academy (PSA) where the student is enrolled to be exempted from the requirement.

The parental waiver would have to be obtained through a standard form developed by the Department of Lifelong Education, Advancement, and Potential (MiLEAP) in consultation with at least the following organizations:

- The Institute for College Access and Success.
- The Michigan College Access Network.
- The Michigan Immigrant Rights Center.
- The Wayne Regional Educational Service Agency.

Additionally, the board of a public school district or PSA could grant an alternate waiver that exempts a student from the FAFSA requirement if the student is unable to complete the FAFSA due to a privacy concern or if all the following are met:

- After a good-faith effort, the student's parent or legal guardian refuses, is unresponsive, or cannot sign the parental waiver.
- The student is unable to complete the FAFSA as an independent student.
- The student agrees to opt out of completing the FAFSA.
- Other than the requirement of completing the FAFSA, the student is on track to graduate from high school.
- A school administrator from the student's high school demonstrates to the board of the school district or PSA that good-faith efforts have been made to have the student's FAFSA completed or main waiver filed.

The bill would also require MiLEAP to create an informational packet and provide it to school districts and PSAs for schools to then provide to students at least once before a student reaches grade 12. The packet would have to include information on the following:

- 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, with particular attention given to the ability of unaccompanied youth and youth who were in foster care after the age of 13 to complete the FAFSA as independent students to the extent allowed under federal law.
- Information regarding the parental waiver from the FAFSA requirement.
- 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.

Each school district and PSA would have to take reasonable steps to provide equal language access to students and parents or legal guardians with limited English proficiency throughout the FAFSA submission and opt-out process.

Starting July 15, 2026, and by every July 15 thereafter, each district or PSA that operates a high school would have to report to the Michigan Department of Education (MDE) the number of enrolled students who submitted a parental waiver, disaggregated by school, along with the number of enrolled students who were granted an alternate waiver, also disaggregated by school. MDE would have to share the information with the Center for Educational Performance and Information (CEPI) and make the information public.

By August 15, 2026, and annually thereafter by August 15, MiLEAP, in consultation with MDE, would have to include the following information on its website:

- The percentage of students who submitted the FAFSA.
- The percentage of students who completed the FAFSA.
- The percentage of submitted parental waivers.
- The percentage of granted alternative waivers.

No more than two weeks after MiLEAP posts this information on its website, MDE would have to post the same information on its website.

Finally, the bill would require MDE to share, subject to federal and state privacy laws, certain information with MiLEAP that MiLEAP would use to maintain its MiSSG data management system (MiLEAP's student scholarships and grants management system). This information would have to include uploaded student-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 PSA would have to ensure that both of the following requirements are met:

- A school administrator must submit a data user agreement to the MiLEAP and annually resubmit that agreement to maintain access to the system.
- A school administrator must designate at least one authorized high school user to access the system.

Proposed MCL 380.1278e

FISCAL IMPACT:

Senate Bill 463 would create new costs for the state and for local school districts and public school academies.

The Department of Lifelong Education, Advancement, and Potential would incur costs under the new requirements to create a parental waiver and informational packet. MiLEAP would also incur new costs under the requirements to update their website with FAFSA completion data and maintain the MiSSG data management system by uploading student-level FAFSA data. The magnitude of these costs would be determined by the implementation timeline and whether the exemption form can be electronically provided to districts. Other costs, including the requirement to update their website, would likely be absorbed using existing staff time.

The Department of Education would incur costs under the requirements to post FAFSA completion data on its website and share FAFSA data with MiLEAP. These costs would likely be absorbed using existing staff time.

Districts and PSAs would incur costs under the requirements to track FAFSA completion status for each student, process parental waivers, provide equal language access to students and parents through the FAFSA process, and report FAFSA completion data to MDE.

The magnitude of these costs are variable and cannot be properly determined at this time.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.