



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 463 (Substitute S-3 as passed by the Senate)  
Sponsor: Senator Darrin Camilleri  
Committee: Education

Date Completed: 11-21-23

**CONTENT**

**The bill would add Section 1278e to the Revised School Code to require a student to submit the Free Application for Federal Student Aid (FAFSA) to the United States Department of Education or receive a parental or alternative 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 2025-2026 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 student unless the student fulfilled the following conditions:

- The student had submitted the FAFSA to the United States Department of Education.
- The student's parent or legal guardian, or, if the student were 18 years of age or older or was an emancipated minor or an unaccompanied youth, the student had submitted a parental waiver to the school district or PSA, exempting the student 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.

A student also could be exempted from this requirement by a school district or PSA through an alternative waiver, which would be granted if the student were unable to complete the FAFSA due to privacy concerns. Additionally, an alternative waiver could be granted if all the following conditions were met:

- After a good faith effort, the student's parent or legal guardian refused, was unresponsive, or could not sign the parental waiver.
- The student was unable to submit the FAFSA as an independent student.
- The student agreed to opt out of completing the FAFSA.
- Other than the requirement to complete the FAFSA, the student was on track to graduate.
- A school administrator of the student's high school demonstrated to the board of the school district or the board of directors of the PSA that good-faith efforts had been made to assist the student or the student's parent or legal guardian in meeting these requirements.

- The board of a school district or board of directors of a PSA ensured compliance with 42 USC 11432(g)(6)(a).<sup>1</sup>

The bill would require MiLEAP to create an informational packet that contained information regarding the following, which MiLEAP would have to provide to school districts and PSAs:

- 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, 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 allowable under Federal law.
- 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.

"Unaccompanied youth" would mean that term as defined in 42 USC 11434a: a homeless child or youth not in the physical custody of a parent or guardian.

Each school district and PSA would have to ensure that each student enrolled in a school district or PSA received the informational packet at least once before beginning grade 12. Additionally, 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.

By July 15, 2026, 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 Michigan Department of Education (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 students enrolled who submitted a parental waiver.
- The number of students enrolled who were granted an alternative waiver.

By August 15, 2026, and each August 15 following, for each school district and PSA that operated a high school, MiLEAP, in consultation with the MDE, would have to include all 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 parental waivers submitted.
- The percentage of alternative waivers that were granted.

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<sup>1</sup> Federal law requires each school district to employ a local homeless education liaison, who, under Section 11432, must ensure that unaccompanied children are enrolled in school; have opportunities to meet the same challenging State academic standards as the State establishes for other children and youth; are informed of their status as independent students and may obtain assistance from the liaison to receive verification of such status for purposes of the FAFSA, among other things.

The MDE would have to post the same information on its website within two weeks. It also would have to share data with MiLEAP, and MiLEAP would have to maintain the Michigan student scholarships and grants (MiSSG) data management system. This system would have to include student-level FAFSA data, including 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 MiLEAP 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

### **BRIEF RATIONALE**

For many Michigan students, college presents a serious financial burden. The FAFSA provides students with financial resources that may decrease this burden; however, many students fail to take advantage of it. By June 2023, only about half (50.5%) of Michigan 12<sup>th</sup> graders had completed the FAFSA, ranking the State 31 out of 50 states and Washington, District of Columbia.<sup>2</sup> According to testimony before the Senate Committee on Education, completing the FAFSA may make attending college possible for many Michigan students. Accordingly, it has been suggested that students be required to complete the FAFSA before they graduate high school.

### **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

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.

#### Emancipated and Homeless Students

An emancipated minor is a minor who has been judicially emancipated from the minor's parents or has reached the age of majority and is free from the custody and control of the

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<sup>2</sup> "Current FAFSA Completion Rates by State", [www.national.fafsatracker.com](http://www.national.fafsatracker.com). Retrieved on 10-25-23.

minor's parents.<sup>3</sup> A minor may be emancipated either expressly or implicitly. Express emancipation is accomplished through a court order, such as voluntary emancipation by a minor's parents. Implicit emancipation occurs when a minor reaches the age of majority and acts without parental consent.

In addition to the requirements described above, 42 USC 11432 prescribes grants for State and local activities for the education of homeless children and youth. Among other things, it authorizes the Secretary of State to make grants to states to enable them to carry out certain activities; namely, to provide homeless children and youths, as well as their families, access to educational resources.<sup>4</sup>

### MiLEAP

On July 11, 2023, Governor Gretchen Whitmer signed an executive order creating MiLEAP. According to the Governor, MiLEAP's purpose is to build "an education system from preschool through postsecondary that can support our kids, families, and the economy of the future by ensuring anyone can make it in Michigan".<sup>5</sup> The Order transferred several offices from other departments to MiLEAP, including the Office of Sixty by 30 from LEO. It also created several new offices as part of MiLEAP, including the Office of Early Childhood Education, the Office of Higher Education, and the Office of Education Partnerships. The Department will partner with the MDE and the State Board, among other, to fulfill their goals.

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, providing equal language access to students and parents or legal guardians with limited English proficiency, as well as additional reporting requirements regarding student FAFSA completion. The Department of Treasury, the Department of Lifelong Education, Advancement, and Potential (MiLEAP), and the MDE would see additional costs from reporting and material development requirements that would be completed within existing appropriations.

Fiscal Analyst: Ryan Bergan  
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<sup>3</sup> The age of majority is the age at which an individual is legally considered an adult, capable of voting, joining the military, and signing a contract. It differs by state or territory. Most states set it at 18; however, in, Alabama and Nebraska, the age of majority is 19. In Maine, the age is 21.

<sup>4</sup> For more information, see [www.uscode.house.gov](http://www.uscode.house.gov).

<sup>5</sup> Executive Order 2023-6.

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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.