



**FEDERAL FAFSA SIMPLIFICATION ACT AND COMPLIANCE WITH NORTH CAROLINA SELECTIVE SERVICE
REGISTRATION REQUIREMENTS FOR STATE-SUPPORTED GRANTS**

Report to the
Joint Legislative Education Oversight Committee

Submitted by
The North Carolina State Education Assistance Authority

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As Required by
[Section 8A.3 of Session Law 2022-74](#)

Background

The North Carolina State Education Assistance Authority (SEAA) is a political subdivision of the State created under Article 23 of Chapter 116 of the NC General Statutes to help North Carolinians pay for education. The work of SEAA includes administering various student financial aid programs. Among these programs are several State-funded grants for higher education. These programs include the North Carolina Need-Based Scholarship for Public Colleges and Universities¹, and the Need-Based Scholarships for Students Attending Private Institutions of Higher Education (State-funded grants). SEAA also administers the Residency Determination Service (RDS) which determines whether a student qualifies for in-State tuition. Qualifying for in-State tuition is a requirement for receiving the State-funded need-based grants above.

To be considered for these grants, a student must first complete a Free Application for Federal Student Aid (FAFSA). The FAFSA is used to determine eligibility for federal financial aid, including federal Pell grants. After Pell grant eligibility and amounts are determined, SEAA uses the student's FAFSA to determine eligibility for any State-funded grants. There is not a separate State grant application for state funded need-based financial aid programs.

FAFSA Simplification Act ([P.L. 116-260](#))

In 2020, the federal FAFSA Simplification Act made numerous changes to federal student aid eligibility. Prior to the FAFSA Simplification Act, the [2022-2023 FAFSA](#) contained questions relating to Selective Service Registration. Specifically, applicants were asked "Are you male or female?" and if the individual indicated "male", he was reminded of the Selective Service registration law and could request registration on the FAFSA form if he had not already registered².

The FAFSA Simplification Act eliminated the questions related to Selective Service registration; therefore, while Selective Service registration is still required unless the student is exempt, doing so is no longer a condition of receiving federal financial aid. Unlike previous FAFSA forms, the [2023-2024 FAFSA](#) form does not require an applicant to indicate gender on any questions.

The FAFSA Simplification Act also provides that if a State requires additional information that is not on the FAFSA, the State has to [provide a list](#) to the US Department of Education which will publish this information on a website. Federal law also requires the Secretary of Education to [study](#) how much financial aid awards would change if the additional information was not required.

Impact of FAFSA Simplification Act on NC Law Requiring Selective Service Registration

North Carolina law ([G.S. 143B-421.1](#)) provides that a person who is required to register with the [Selective Service System](#) must do so in order to be eligible for State-supported financial aid³. For the State-funded

¹ Formerly the University of North Carolina Need-Based Financial Aid Program, the North Carolina Community College Grant Program, and the Education Lottery Scholarship. These grants were consolidated in Section [8A.2 of S.L. 2021-180](#).

² See [2022-2023 FAFSA](#) Questions 21 & 22.

³ In 2022, there were 19,812 State grant recipients who were required to register for the Selective Service based on their FAFSA filings.

grants, SEAA does not require additional information beyond the student's FAFSA and valid RDS determination.

Prior to the FAFSA Simplification Act, SEAA used information from the FAFSA form as verification of Selective Service registration. However, with the removal of the Selective Service questions, SEAA has no process to confirm registration.

Methods of Ensuring Compliance, Barriers, and Administrative Costs

As stated above, FAFSA is the sole application for State-funded grants. SEAA uses information from the FAFSA to determine a student's eligibility for these grants. Furthermore, the primary goal of the consolidation of the University of North Carolina Need-Based Financial Aid Program, the North Carolina Community College Grant Program, and the Education Lottery Scholarship was to simplify a complex process. Requiring SEAA to develop an application to confirm registration would be counter to the legislation's simplification goal resulting in significant difficulties for SEAA, the campuses, and most importantly, the students, including:

- SEAA would have to develop a mechanism to request Selective Service registration information, including questions on gender and age/date-of-birth and whether the student is exempt from registration under federal law. This process would result in IT programming costs.
- Prior to the FAFSA Simplification, the US Department of Education had a data-sharing agreement with the Selective Service System to verify registration; however, the Department is not renewing or extending the agreement since Selective Service registration is no longer required as a condition of receiving federal financial aid. SEAA, as a State agency, does not have access to the Selective Service System database; therefore, each verification would have to be done individually via the [Selective Service System's website](#). Significant staff resources would be required since each verification must include the last name, social security number, and date of birth.
- If a student indicates he is exempt, there is no mechanism to verify whether the student qualified for the exemption or is non-compliant. SEAA does not have the authority or expertise to determine if a student is exempt from the federal Selective Service registration law.
- Any verification requirements would cause not only confusion, but delays, possibly significant, in awarding financial aid.

The same concerns set forth above would also apply if campuses are required to verify Selective Service registration. These requirements will add a significant burden to financial aid officers at UNC constituent institutions, NC community colleges, and private colleges and universities. Furthermore, SEAA would not be able to release financial aid awards until campuses have verified either Selective Service registration or an exemption. This burden would likely result in not only additional administrative costs for campuses, but would also cause confusion and delays, possibly significant, in the awarding of financial aid.

Adding a question on gender and/or Selective Service registration to RDS would still require SEAA to verify that the student had registered, was exempt from registration, or was non-compliant. However, the sole purpose of RDS is to establish residency for tuition purposes. Furthermore, although students who receive State-funded grants must go through the RDS system to ensure they are eligible for in-State tuition, under North Carolina law, students are presumed to have the same domicile as their parents. Therefore, RDS collects information on the student's *parents* as evidence of North Carolina residency. While RDS does collect the student's date-of-birth, it does not collect information on gender. Moreover, adding a

Selective Service question to RDS would apply to *all* students seeking to qualify for in-State tuition, not only those students who are required to register for the Selective Service to receive State-funded grants. Therefore, failure to satisfactorily complete the Selective Service question would delay a determination of residency even if the student was not eligible for or seeking a State grant.

In addition, most students initially go through RDS prior to age 18. Unlike the FAFSA which must be completed annually, students are not required to complete RDS again unless there is a change in circumstances that could affect their tuition status. Requiring use of RDS as a proxy for Selective Service registration would require SEAA or campuses to flag those students under age 18, notify them upon reaching age 18 that they would be required to register for the Selective Service, and verify they completed the registration or are exempt prior to receiving a State grant. This process would be especially complex if a student reaches age 18 during an academic year.

Finally, North Carolina drivers' license law ([G.S. 20-9.2](#)) does require registration with the Selective Service when applying for the issuance, renewal, or duplication of a driver's license, commercial driver's license, or identification card. SEAA met with DMV concerning the feasibility of using a drivers' license as a "proxy" for Selective Service registration. SEAA and DMV would need to enter into a data-sharing agreement for Selective Service registration and State grant matches; however, not all students who are required to register for the Selective Service have a drivers' license. Therefore, SEAA would have to track 17-year old State grant recipients and individually reach out to those who do not have a NCDL upon turning age 18. Thus, many of the same administrative problems outlined above would still exist with a DMV data match.

Recommendation

Since the award of State-funded grants is tied directly to the federal FAFSA, the least burdensome option is conforming to federal law. *It is important to note that nothing in the federal FAFSA Simplification Act removes or modifies the requirement for Selective Service registration. Individuals who are required by federal law to register must still do so.*

As stated above, requiring SEAA or campuses to verify Selective Service registration and exemptions from registration would result in significant administrative and financial burdens on both SEAA and the campuses, but more importantly, would likely result in significant delays of financial aid awards to students. In addition, during the 2021 legislative session, at the request of SEAA, the UNC System, and the Community College System, the General Assembly consolidated the three State-funded public higher education grant programs to create a simpler, more user-friendly program that helps students and families learn about their options and eligibility earlier in the process and make better informed decisions about planning for, applying to, and paying for college. Shifting the burden of verifying Selective Service registration either to SEAA or the individual campuses would necessarily result in more, not less, complexity for students and families.

In conclusion, conforming to federal law would not require any administrative changes, IT, or personnel costs, would not alter the requirements to register for Selective Service, and would ensure that the State grant process remains simple for students and families and that financial aid awards would continue to be made in a timely manner.