

The background of the slide features a large, faint, circular seal of the State of Indiana. The seal contains the text "THE STATE OF INDIANA" at the top, "SEAL OF THE STATE OF INDIANA" around the inner border, and "1816" at the bottom. The central part of the seal depicts a landscape with a figure and a plow.

# Frank O'Bannon Grant

**2025-2026 Schedule of Awards**

Josh Garrison, Chief of Staff

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November 14, 2024

# OVERVIEW - FRANK O'BANNON GRANT

- ▶ The Frank O'Bannon Grant is Indiana's primary need-based financial aid program.
- ▶ The General Assembly appropriated \$167.7 million to the Frank O'Bannon Grant in FY24 and FY25.
- ▶ The Frank O'Bannon Grant is made up of two awards: The Higher Education Award and the Freedom of Choice Grant.

# OVERVIEW -FRANK O'BANNON GRANT

- ▶ The Higher Education Award is available to students who attend Indiana's public and proprietary institutions.
- ▶ The Freedom of Choice Grant is available to students who attend Indiana's private non-profit institutions.
- ▶ The Freedom of Choice Grant award amounts must be twice as much as the Higher Education Award amounts per Indiana Code.

# OVERVIEW - FRANK O'BANNON GRANT

- ▶ Students must achieve certain credit completion benchmarks to renew the Frank O'Bannon Grant.
- ▶ Recipients must earn 30 credits per academic year to renew the full grant known as the “on-time” amount.
- ▶ Recipients who earn less than 30 credits, but at least 24, receive a reduced award known as the “full-time” amount.

# OVERVIEW - FRANK O'BANNON GRANT

- ▶ Due to declining enrollments, the Frank O'Bannon Grant has built a significant fund balance.
- ▶ In 2022, the Commission approved increasing the maximum Frank O'Bannon Grant awards by 35% for 2023-2024 (FY24).
- ▶ The current maximum base awards for 2024-2025 (FY25) are \$12,400 at a private institution and \$6,200 at a public institution.

# OVERVIEW - FRANK O'BANNON GRANT

- ▶ The Commission is required to approve Frank O'Bannon Grant amounts on an annual basis.
- ▶ The State Budget Committee must review the amounts once they are approved by the Commission.
- ▶ The amount a student receives is based on a student's need as determined by the Free Application for Federal Student Aid (FAFSA.)

FRANK O'BANNON GRANT: SCHEDULE OF AWARDS

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# FAFSA



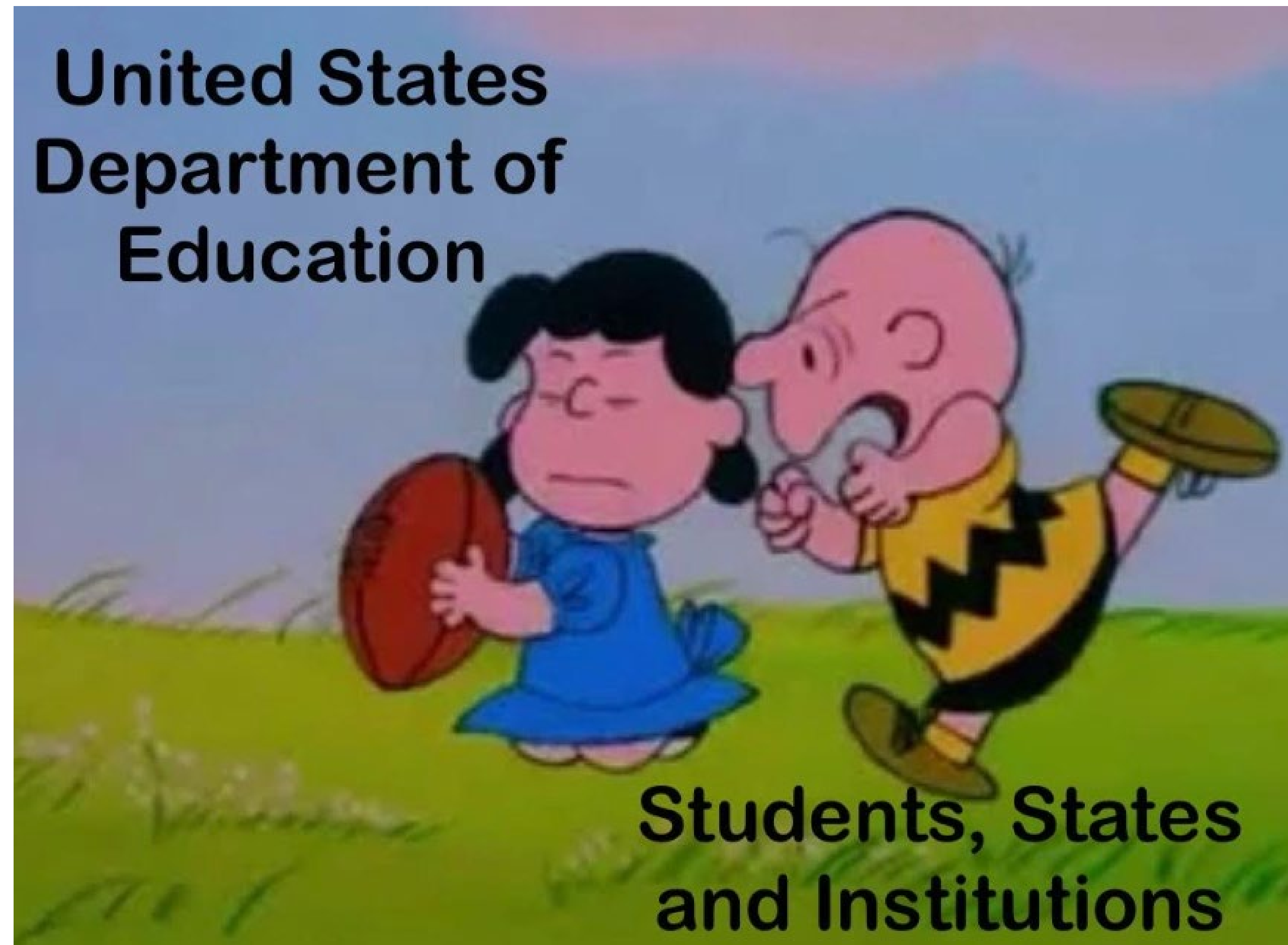
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# FAFSA: SIMPLIFICATION?

- ▶ FAFSA = Free Application for Federal Student Aid
  - ▶ Used to award federal, state, and institutional aid
- ▶ FAFSA Simplification Act: Significant changes to FAFSA form and eligibility calculation
  - ▶ Expected Family Contribution (EFC) changed to Student Aid Index (SAI).
  - ▶ More students qualified for federal, state, and institutional aid.
  - ▶ Implementation by the United State Department of Education was a disaster.



# FAFSA: TIMELINE



## FAFSA: TIMELINE (2023)

- ▶ **March:** Federal Student Aid (FSA) announced the FAFSA, which normally opens on October 1, would not be available until December 2023.
- ▶ **November 15:** FSA announced the FAFSA form would be available by Dec. 31, 2023, and Institutional Student Information Records (ISIRs) would be available by end of January.
- ▶ **December 1:** *The Washington Post* reported FSA failed to update income protection guidelines used to calculate eligibility for financial aid.
- ▶ **December 30:** The new FAFSA opened with limited availability and significant technical challenges for students who tried to complete the form.

## FAFSA: TIMELINE (2024)

- ▶ **January 8:** FSA announced the online FAFSA form was finally open full time although families still experienced significant glitches.
- ▶ **January 23:** FSA announced it will follow the law and fix the income protection guidelines which would have reduced aid if not corrected.
- ▶ **February 2:** Due to the significant delays, Commission staff, with unanimous support from the Indiana Student Financial Aid Association (ISFAA) Government Relations Committee, agreed the best way forward was to not change awards for 2024-2025 (FY25).

## FAFSA: TIMELINE (2024)

- ▶ **February 27:** FSA made a technical update to the SAI formula which removed a floor for a dependent student's income. FSA also announced first batch of test ISIRs to be delivered.
- ▶ **February 29:** Congress attached a provision to the spending bill which set floors for dependent student income reversing FSA's February 27 technical correction.
- ▶ **March 4:** FSA announced it would soon begin transmitting the first batch of ISIRs.
- ▶ **March 13:** FSA announced it would begin transmitting a larger batch of ISIRs.

## FAFSA: TIMELINE (2024)

- ▶ **March 14:** The Commission approved the 2024-2025 Frank O'Bannon Schedule of Awards.
- ▶ **March 22:** FSA announced the FAFSA processing system was not correctly calculating the SAI for dependent students who reported assets.
- ▶ **March 29:** FSA announced errors in tax data which impacted up to 20 percent of submitted FAFSAs.
- ▶ **April 4:** FSA said it would reprocess the 20 percent of FAFSAs which contained tax discrepancies.

## FAFSA: TIMELINE (2024)

- ▶ **April 9:** FSA announced it will reprocess ISIRs affected by known errors starting the week of April 15.
- ▶ **April 19:** A National Association of Student Financial Aid Administrators (NASFAA) survey conducted in mid-April showed more than half of colleges and universities had not started packaging aid offers.
- ▶ **April 19:** The Indiana State Budget Committee reviewed and approved the 2024-2025 Frank O'Bannon Schedule of Awards.

## FAFSA: TIMELINE (2024)

- ▶ **April 30:** Secretary Cardona said “that is our expectation to reach the Oct. 1 deadline” when asked if the 2025-2026 FAFSA would open on time.
- ▶ **May 1:** The traditional day students commit to enroll.
- ▶ **May 10:** FSA announced it would begin processing paper FAFSA forms.
- ▶ **August 7:** FSA announced the 2025-2026 FAFSA would be released for testing on Oct. 1, and the full application would be available to all students by Dec. 1.

FRANK O'BANNON GRANT: SCHEDULE OF AWARDS

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# 2024-2025 AWARD YEAR



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# 2024-2025 AWARD YEAR

- ▶ Despite the worst FAFSA cycle nationally ...
  - ▶ Filing in Indiana for high school seniors was basically **flat** for 2024-2025 compared to 2023-2024.
  - ▶ Indiana was the only state in the nation to see an increase in filing for **low-income high schools**.
  - ▶ Indiana was one of only 4 states in the nation to see an increase in filing for **high-minority high schools**.
- ▶ The Commission and University partners recognized the 2025-2026 schedule of awards would need to be adjusted.

**1st** IN THE NATION  
for change compared to last year in submissions and completions.

A blue banner with a white graduation cap icon on the right. The text reads "1st IN THE NATION" in large white letters, followed by "for change compared to last year in submissions and completions." in smaller white text. Below the banner is a dark blue silhouette of the state of Indiana with a white graduation cap icon on top.

**1st** IN THE NATION  
For low-income high school FAFSA filings compared to last year

A blue banner with a white graduation cap icon on the right. The text reads "1st IN THE NATION" in large white letters, followed by "For low-income high school FAFSA filings compared to last year" in smaller white text. Below the banner is a dark blue silhouette of the state of Indiana with a white graduation cap icon on top.

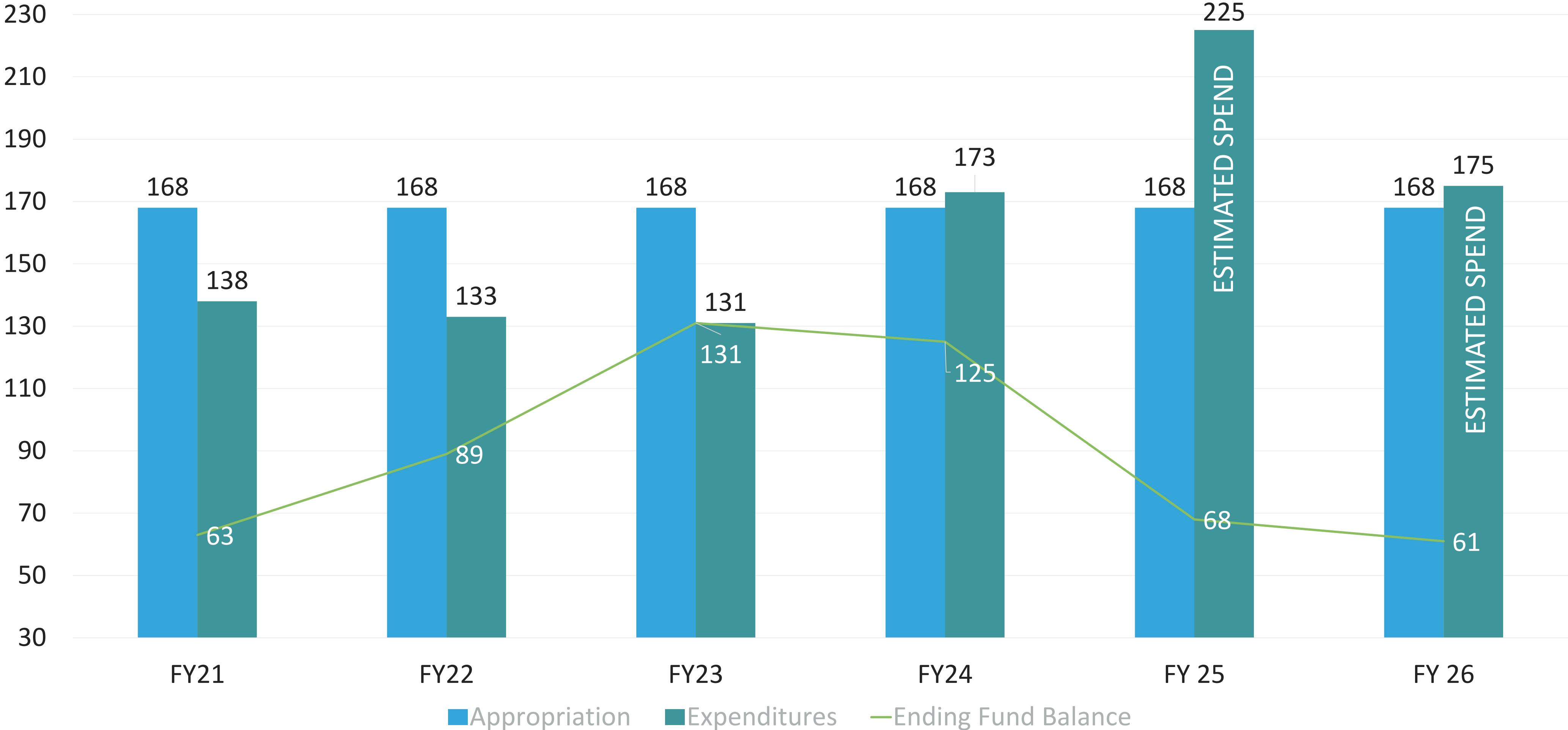
**4th** IN THE NATION  
For high-minority high school FAFSA filings compared to last year

A blue banner with a white graduation cap icon on the right. The text reads "4th IN THE NATION" in large white letters, followed by "For high-minority high school FAFSA filings compared to last year" in smaller white text. Below the banner is a dark blue silhouette of the state of Indiana with a white graduation cap icon on top.

## 2024-2025 AWARD YEAR

- ▶ As of April 15, 2024, overall FAFSAs were down year-over-year by about 3%.
- ▶ However, students with the highest need were up by 8.6% overall and 14.1% for high school seniors.
- ▶ The increase was more than expected and increased our projected spend from around \$210M to an estimated \$225M.

# 2024-2025 AWARD YEAR



FRANK O'BANNON GRANT: SCHEDULE OF AWARDS

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# STAFF RECOMMENDATION



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# STAFF RECOMMENDATION: 2025-2026 AWARDS

- ▶ The Commission has three ways of controlling Frank O'Bannon Grant expenditures.
  - ▶ Removing incentives
  - ▶ Award amounts
  - ▶ FAFSA filing deadline

# STAFF RECOMMENDATION: 2025-2026 AWARDS

- ▶ Commission staff used the following as guidelines for updating the 2025-2026 Frank O'Bannon Grant Schedule of Awards.
  - ▶ Prioritize investment in low-income students.
  - ▶ Ensure a similar number of Frank O'Bannon Grant recipients compared to previous years.
  - ▶ Keep spend aligned with the appropriation.
  - ▶ Maintain an increase from the 2022-2023 Frank O'Bannon Grant Schedule of Awards.
  - ▶ Move toward a stable schedule to minimize award fluctuations for students.



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