

A Report on the Efficiency and Sustainability of the Monetary Award Program

**As Directed by House Joint Resolution 75
and in Response to House Joint Resolution 54**

**Submitted by
the Staff of the Illinois Board of Higher Education
in Consultation with the Staff of the Illinois Student Assistance
Commission and
the Staff of the Illinois Community College Board
To the Illinois General Assembly**

April 2010



THE ILLINOIS PUBLIC AGENDA
FOR COLLEGE AND CAREER SUCCESS

TABLE OF CONTENTS

Executive Summary	5
Introduction	8
Where We Are	9
How Does Illinois Compare Nationally?.....	9
What is MAP and How Much Funding Does it Receive?	13
How do Students Receive MAP Funding?	15
How are MAP Awards Determined.....	16
Who Receives MAP Grants, and Which Institutions Do They Attend?.....	18
How Successful are MAP Grant Recipients in Achieving Degrees?	21
Is MAP Administered Efficiently?	23
What's Next?	25
What Makes for Good State Financial Aid Policy?.....	25
What Can Be Done to Maximize the Educational Impact and Economic Efficiency of MAP? 26	
Change Aspects of the MAP Formula.....	27
Allocate MAP Funding Between Sectors More Proportionately	31
Build 2 + 2 Relationships Between Community Colleges and 4-Year Institutions	32
Implement Changes to Institutional Tuition and Financial Aid Policies.....	34
Add Merit-Based Modifications to MAP	35
Implement a Human Capital Development Bonds Program	40
Limit MAP to Public Colleges and Universities	41
Re-Evaluate Institutional Eligibility.....	46
Develop a Shared-Responsibility Financial Aid Program.....	47
Can the State Improve the Way It Coordinates the Three Legs of the State Higher Education Finance Stool?	47
Conclusion	49
Reference List	53
Appendices	55

EXECUTIVE SUMMARY

In October 2009, the Illinois General Assembly directed this study of the Monetary Award Program (MAP) while restoring a 50 percent reduction in MAP funding occasioned by the state's poor fiscal climate. House Joint Resolution 75 (HJR 75) requires that the Illinois Board of Higher Education (IBHE), in consultation with the Illinois Student Assistance Commission (ISAC) and the Illinois Community College Board (ICCB), study and provide recommendations on the efficiency and sustainability of MAP. The purpose of the study is to ensure that alternatives to current aid delivery methods are considered so that the State can be assured that student access, choice, and success will be met in the most effective and practical manner. HJR 75 requires reviews of:

- The success rates of all MAP students, as defined by either degree completion or skill set attainment;
- The demographics of MAP recipients regarding the disbursement of funds between and among public, private, and proprietary institutions;
- Potential steps to maximize efficiencies by ISAC in the delivery of student financial aid;
- The feasibility of re-structuring student eligibility to maximize the educational impact and economic efficiency of MAP expenditures; and
- The relationship between State appropriations for public university and community college operations, tuition and fees, and funding of MAP.

The study included a review of ISAC and IBHE data and recent publications about financial aid, including reports from The College Board, the National Association of State Student Grant and Aid Programs, and the National Center for Public Policy and Higher Education. The study also benefitted greatly from a College Affordability Summit held February 26, 2010, at the University of Illinois at Chicago. The summit resulted from another General Assembly resolution aimed at addressing college affordability – House Joint Resolution 54.

Findings

- MAP is the fourth largest need-based aid program in the country and, with a budget of about \$398.5 million (plus \$4 million from federal S/LEAP), will provide grants to approximately 140,000 students in fiscal year 2010.
- Student eligibility for MAP is based on both student and family resources for college and college costs. Due to limited state funding, college costs in the current formula are based on fiscal year 2004 tuition and fees plus a fixed living allowance of \$4,875, a figure that has not changed in nearly a decade.
- Roughly 130,000 students were left without MAP awards in the 2009-10 academic year due to the earliest ever application suspension date, May 15, 2009. Unfortunately, the situation is much worse for the 2010-11 academic year. Due to unprecedented numbers of applications, ISAC suspended MAP for 2010-11 on April 19, 2010.

- The purchasing power of MAP has diminished. MAP awards are currently limited to the lesser of \$4,968 or 2003-04 tuition and fees. The maximum award in fiscal year 2002 covered 100 percent of the average tuition and fee rate at community colleges and public universities, but in fiscal year 2010 it covered 66 percent and 48 percent at community colleges and public universities, respectively.
- MAP awards totaled \$384.0 million in fiscal year 2009. Students at public 4-year institutions received the largest percent of total dollars (39 percent), followed by private 4-year institutions (38 percent), community colleges (15 percent), proprietary institutions (6 percent), and hospital and private 2-year institutions (2 percent).
- ISAC has recently begun comparing graduation rates of MAP grant recipients to graduation rates of all students. Preliminary results indicate that MAP grant recipients graduate at rates similar to the general student population when the analysis controls dependency type, enrollment status, and school choice.
- ISAC's student aid delivery system is highly efficient, using data students submit on the Free Application for Federal Student Aid (FAFSA) and online processes to share information with students and colleges. Since fiscal year 2006, ISAC has not required general funds support for its agency operations.
- David Longanecker, a nationally recognized expert in financial aid, has described the MAP program as among a group of state programs that serve students exceptionally well. However, resource constraints are challenging its ability to meet the goal of enabling all students to attend the institution of their choice.
- Multiple options are available to policymakers that may target MAP funds more effectively to achieve student access and success goals, though many have negative consequences as well when compared to current MAP policies. The options considered in this study include the following:
 1. Changing aspects of the MAP formula;
 2. Allocating MAP funding among public universities, community colleges, and private colleges and universities more proportionately to their numbers of eligible students;
 3. Building 2 + 2 relationships between community colleges and 4-year institutions that allow students to be enrolled in two partner institutions at the same time;
 4. Implementing changes to institutional tuition and financial aid policies within the context of state goals to focus more funds on needy students;
 5. Adding merit-based modifications to the existing need-based MAP program to incentivize better academic preparation for college;
 6. Using "human capital development bonds" to increase funding available for the MAP program;
 7. Limiting MAP to public institutions;

8. Re-evaluating institutional eligibility to participate in MAP based on student success rates; and
 9. Developing a shared-responsibility model akin to Oregon's financial aid program.
- Illinois' budgeting practices have tended to uncouple state appropriations from institutional decisions on tuition rates and state funding for the MAP program. These three legs of the college affordability stool should be considered together in a more intentional fashion during the appropriations process.

Conclusion

College affordability is the *raison d'être* for MAP and it is one of the four goals of the *Illinois Public Agenda for College and Career Success*. Approximately 140,000 Illinois students will receive a MAP award during fiscal year 2010. Many of these students would be unable to attend college without MAP. Unfortunately, nearly 130,000 MAP-eligible students will not receive the assistance they need because of insufficient state funding. Beyond the addition of new state funds, which is unlikely given the current fiscal environment, there are opportunities for rethinking MAP along various lines such as the parameters that determine award size, sector distribution of aid, alternative funding sources, and the responsibilities of students and colleges – such as student preparation and progression requirements – that benefit from MAP. Finally, the state should be more intentional about taking into account state funding for institutions, tuition and fee increases, and state funding for financial aid programs.

Five key factors for creating or recreating good financial aid policy:

- A clear rationale/philosophy for the program.
- Clear goals and measures.
- A program that supports the goals and the rationale.
- A winning coalition to sell the program.
- A program the state can afford today and tomorrow.

David Longanecker, *What's Happening Around the Country in Reforming State Student Financial Aid Programs, 2008*

INTRODUCTION

The recession of 2007 to 2009 has hit workers and state revenues hard. In nearly every state the need for state services has grown at the same time that resources to meet those needs have shrunk. Higher education is affected by this countercyclical dynamic in several ways. The need for education and retraining has led to enrollment increases while the states' abilities to fund colleges and universities have decreased, leading to tuition increases. Families, now less able to pay for tuition, fees, and other costs of attendance, turn to states' financial aid programs for assistance, but find that funding for financial assistance cannot keep up with demand either. In Illinois, the primary need-based aid program, the Monetary Award Program (MAP), has experienced record high applications, but the State has been forced to suspend awards and constrain maximum award amounts because funding does not match need.

In October 2009, as it was restoring a 50 percent reduction in MAP funding occasioned by the poor state fiscal climate, the Illinois General Assembly adopted House Joint Resolution 75 requiring that the Illinois Board of Higher Education (IBHE), in consultation with the Illinois Student Assistance Commission (ISAC) and the Illinois Community College Board (ICCB), study and provide recommendations on the efficiency and sustainability of MAP. The stated purpose of the study is to ensure that alternatives to current aid delivery methods are considered so that the State can be assured that student access, choice, and success will be met in the most effective and practical manner. Specific requirements of HJR 75 include reviews of:

- The success rates of all MAP students, as defined by either degree completion or skill set attainment;
- The demographics of MAP recipients regarding the disbursement of funds between and among public, private, and proprietary institutions;
- Potential steps to maximize efficiencies by ISAC in the delivery of student financial aid;
- The feasibility of re-structuring student eligibility to maximize the educational impact and economic efficiency of MAP expenditures; and
- The relationship between State appropriations for public university and community college operations, tuition and fees, and funding of MAP.

The study involved an extensive review of ISAC and IBHE data and recent publications concerning financial aid, including reports from the College Board, National Association of State Student Grant and Aid Programs, and the National Center for Public Policy and Higher Education. The study also benefitted greatly from a College Affordability Summit held February 26, 2010, at the University of Illinois at Chicago. The summit resulted from another General Assembly resolution – House Joint Resolution 54 – which required the IBHE, ISAC, and ICCB to undertake a study to include the following:

- A review of State financial aid programs for low-income students to ensure the programs are effective, efficient, widely understood, and aligned with all *Public Agenda* goals;
- Strategies to help students achieve their educational objectives faster;

- Measures to assist middle-income students who do not typically qualify for need-based grant aid; and
- Steps to find institutional operating efficiencies that reduce costs while expanding access and maintaining quality.

The summit included presentations by three national experts on higher education financing, operations, and financial aid programs: Dennis Jones and Aims McGuinness of the National Center for Higher Education Management Systems and David Longanecker of the Western Interstate Compact for Higher Education. The conceptual frameworks and national best practices they presented were particularly helpful for considering modifications to the current MAP program.

The study includes a brief overview of need-based financial aid programs in the nation; an overview of the MAP program; demographics of MAP recipients and the distribution of funds and students across sectors; a review of the success rates of MAP recipients at public colleges and universities; potential steps to maximize the efficiency of aid delivery; and the feasibility of restructuring MAP eligibility to maximize the educational impact and economic efficiency of MAP expenditures.

WHERE WE ARE

I. How Does Illinois Compare Nationally in Terms of Grant Aid to Undergraduate Students?

Nearly all states provide some form of financial aid to students apart from the general subsidy students receive by attending a state-supported college or university, but state student financial aid programs vary in size and goals. In his policy brief on state student aid programs (*The States and Student Financial Aid: A Mixed Bag with Mixed Results*, 2008), David Longanecker describes the evolution of state-based grants programs as occurring in three phases: the traditional need-based program, the merit-based programs, and the blended aid programs.

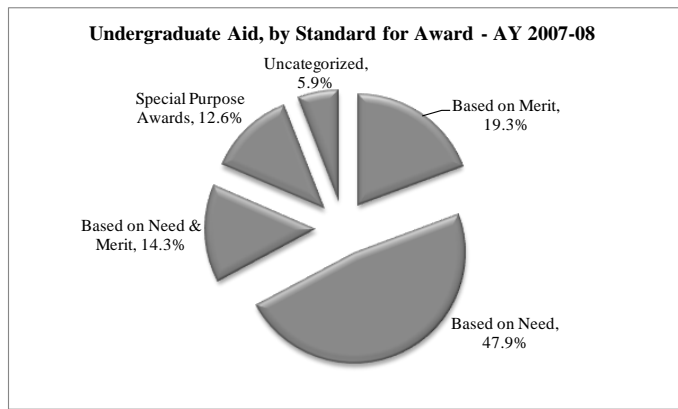
The first phase of state financial aid program, which began in the 1960s, witnessed the creation of “traditional” need-based aid programs, including Illinois’ MAP. The programs began as states realized that a policy of focusing only on keeping tuition low was not sufficient for enrolling students from low- and moderate-income families. According to Longanecker, the traditional programs took hold primarily in the Northeast and the Midwest, while most other states – aside from California and Washington – continued to focus on low tuition rather than need-based aid. Longanecker singles out California, Washington, Minnesota, New York, Pennsylvania, and Illinois as having “a long tradition of serving students in those states exceptionally well.”

The second phase, which began in the early 1990s, saw the advent of merit-based aid programs such as Georgia’s HOPE Scholarship. Merit-based aid programs are particularly popular in the South. These programs typically pay all or part of tuition charges for students who graduate from high school with a 3.0 grade point average and maintain an adequate grade point average in college. These programs are often criticized for aiming resources at middle- and upper-income students who would attend college with or without the funding. Longanecker points out, however, that the programs also addressed other state needs such as poor preparation

for college and low college-going rates, and that many financially needy students also qualify and benefit from the programs.

The third phase, which also began in the 1990s, blended components of need-based and merit-based programs. States including Indiana and Oklahoma developed programs that reached out to low-income students in middle school with a promise of state grants equal to tuition if the students “took a rigorous curriculum, did reasonably well in that curriculum, and stayed out of trouble with the law.” The programs were designed to address both the lack of adequate preparation for college and the widespread belief among low-income students that college is unaffordable.

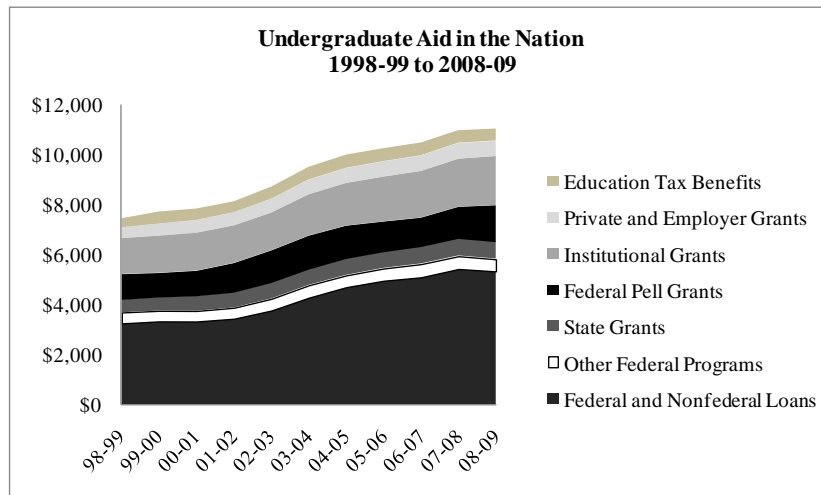
According to the annual report on state student aid programs undertaken by the National Association of State Student Grant and Aid Programs (NASSGAP), during the 2007-08 academic year, the largest percentage of state financial aid awarded to undergraduates nationwide, 47.9 percent, was based on need (NASSGAP, 2008) The remaining aid was based on merit, need and merit, special purposes (e.g., teacher shortage areas), or was uncategorized. The following chart provides the national distribution of aid for the 2007-08 academic year.



Source: NASSGAP, *39th Annual Survey Report on State-Sponsored Student Financial Aid*

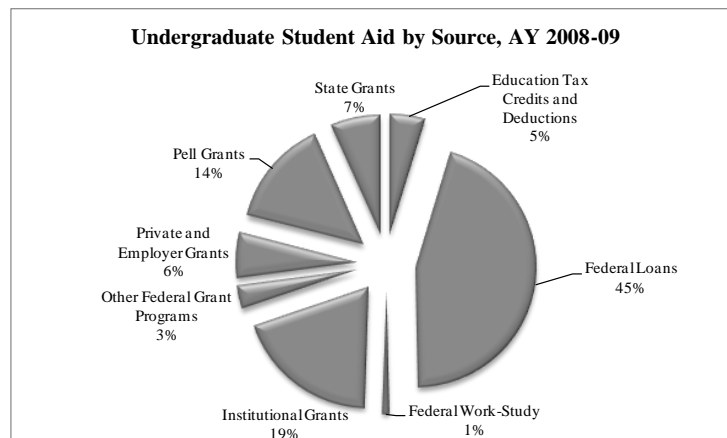
Approximately 69 percent of all undergraduate need-based aid in academic year 2007-08 was awarded in nine states (California, Illinois, Indiana, New Jersey, New York, North Carolina, Pennsylvania, Texas, and Washington). California (14 percent) and New York (14 percent) provided the most funding for undergraduate need-based grant aid. Illinois (7 percent) provided the fourth highest need-based undergraduate grant aid in the country.

Nationally, undergraduate aid has increased rapidly. According to the College Board’s annual *Trends in Student Aid* report, total student aid and nonfederal loans per full-time equivalent student (FTE) used to finance undergraduate education, measured in constant 2008 dollars, rose 47.8 percent from academic year 1998-99 to 2008-09 (College Board, 2009). The following chart provides the distribution of undergraduate aid per FTE in constant 2008 dollars.



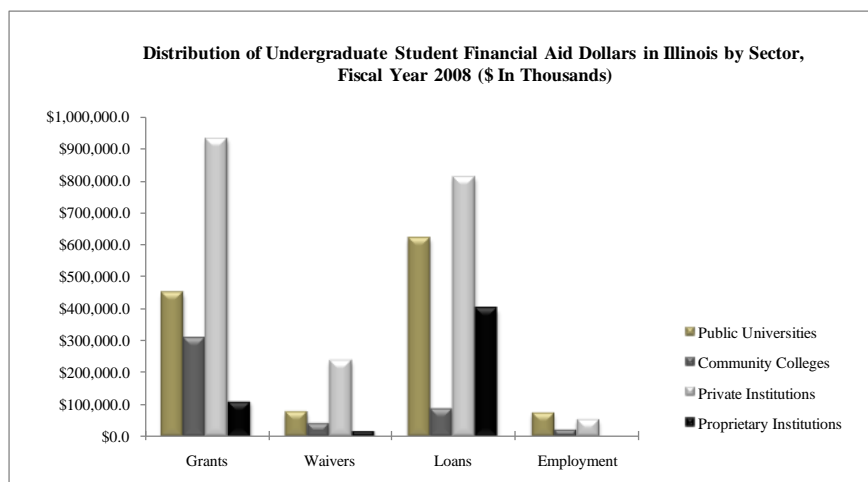
Source: College Board, *Trends in Student Aid 2009*

Federal loans made up nearly half of the national undergraduate student aid for the academic year 2008-09. Institutional and Pell grants were the second and third largest sources (19 percent and 14 percent, respectively). State grants made up the fourth largest source of undergraduate student aid (6.6 percent). The following chart provides the national distribution of undergraduate student aid by source for academic year 2008-09.



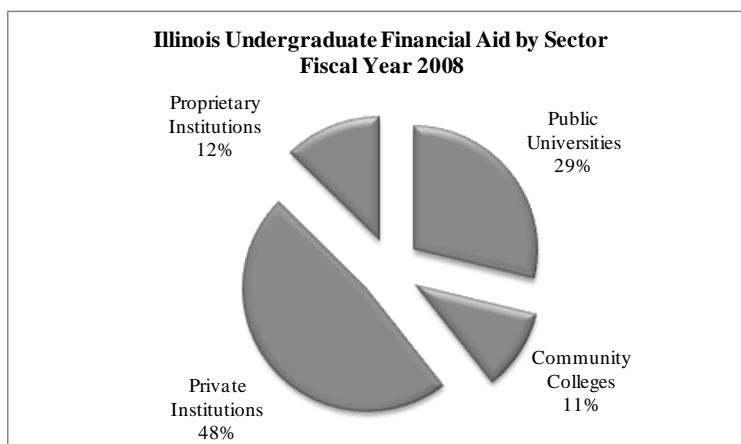
Source: College Board, *Trends in Student Aid 2009*

In fiscal year 2008, Illinois undergraduate students received \$4.2 billion in financial aid consisting of grants and scholarships, tuition waivers, loans, and employment. The largest percentage of Illinois undergraduate financial aid dollars was loans (45.3 percent). Grants made up the second largest percentage of aid (42.4 percent). Of the total dollars distributed, tuition waivers and employment made up 8.8 percent and 3.5 percent, respectively. The following chart provides the distribution of Illinois undergraduate student aid dollars for fiscal year 2008.



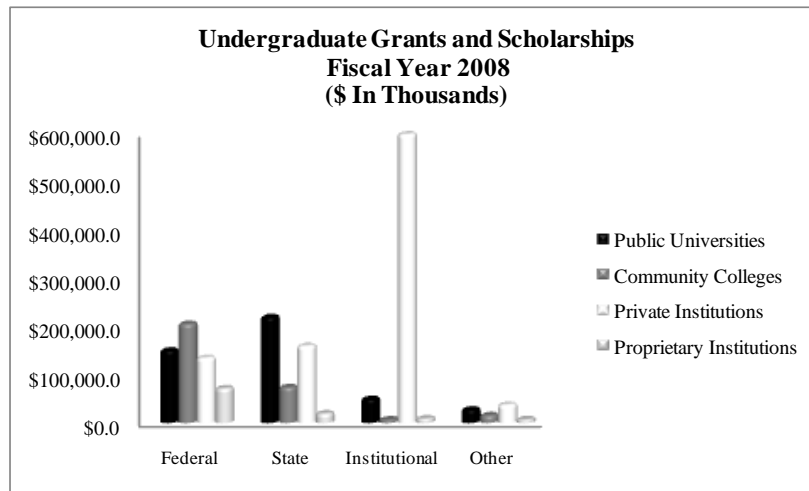
Source: IBHE, *Illinois Student Financial Aid Survey 2008 Report*

Students at private institutions received the largest percentage of undergraduate financial aid dollars from all sources (including loans) in fiscal year 2008, 45 percent of which was institutional aid. Public universities received the second largest percentage of undergraduate financial aid dollars with 39.7 percent being federal aid. Proprietary institutions and community colleges received 12 percent and 11 percent, respectively, of the total dollars distributed. Federal aid provided the majority of aid distributed to community college students (51 percent). The following chart provides the percentage of Illinois undergraduate student aid dollars by sector for fiscal year 2008.



Source: IBHE, *Illinois Student Financial Aid Survey 2008 Report*

Narrowing the focus to exclude loans, waivers, and work study, Illinois undergraduate students received \$1.8 billion in grants and scholarships in fiscal year 2008. Institutional grants and scholarships constituted the largest percentage of dollars (37.1 percent). Federal grants and scholarships made up the second largest percentage (31.4 percent). Of the remaining grant and scholarship dollars distributed, State and other made up 26.4 percent and 5 percent, respectively. MAP made up 80.4 percent of the total State grant and scholarship dollars, the remainder being other ISAC programs and institutional use of state appropriations for student aid. The following chart provides the distribution of Illinois grant dollars for fiscal year 2008.

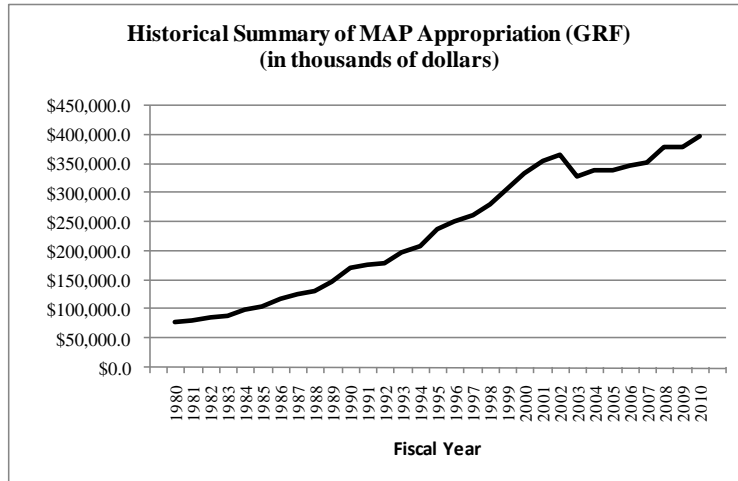


Source: IBHE, *Illinois Student Financial Aid Survey 2008 Report*

II. What is MAP and How Much Funding Does It Receive?

The Monetary Award Program (MAP), created in 1967, was designed to help low- and middle-income Illinois residents attend the colleges of their choice. The program has evolved over the years in response to changes in the postsecondary education environment. What began as a \$600,000 program in the late 1950s became the second largest need-based grant program in the country in the mid-1990s. MAP eligibility was expanded in 1974 and again in 2003 to include part-time attendees, helping Illinois' returning adults improve their lives with a college education. In the early 1980s, MAP began to piggyback with the federal Pell application to simplify the application process. Students at qualifying proprietary schools became eligible for MAP in fiscal year 1998. Today, MAP is the fourth largest need-based program in the country and, with a budget of about \$402.5 million, will provide aid to about 140,000 students in fiscal year 2010.

The MAP appropriation (GRF) for fiscal year 2010 is \$398.5 million compared to \$79.1 million in fiscal year 1980. MAP also receives about \$4 million per year from the federal Leveraging Educational Assistance Program, a program begun in the 1960s by the federal government to encourage states to create their own need-based aid programs. The bulk of the increase in state appropriations for MAP occurred prior to fiscal year 2002. In fiscal year 2003 MAP experienced a \$38 million reduction from fiscal year 2002, and it was not until fiscal year 2008 that MAP surpassed fiscal year 2002 funding (see Appendix C for a complete appropriation history).



Source: ISAC, 2009 Data Book

Although MAP has received increases in State funding, the appropriation has not been able to meet the increases in tuition and fees and application volume. Driven by declines in state funding since fiscal year 2002, community colleges and public universities have become increasingly dependent on tuition and fees. At the Governor’s proposed fiscal year 2011 appropriation levels for college and universities, the institutions will be receiving approximately the same amount from the state that they received in fiscal year 2000: \$1,307,746,000 in fiscal year 2011 vs. \$1,329,400,800 in fiscal year 2000 for universities, and \$300,353,000 in fiscal year 2011 vs. \$298,602,900 in fiscal year 2000 for community colleges.

Fiscal Year	Public University	Public 2-Year	Private 4-Year	Private 2-Year	Proprietary	All Combined
2000	\$4,160	\$1,576	\$15,625	\$8,864	\$8,441	\$5,801
2001	\$4,406	\$1,653	\$16,362	\$9,162	\$9,066	\$6,095
2002	\$4,786	\$1,731	\$17,105	\$9,491	\$9,882	\$6,525
2003	\$5,298	\$1,830	\$17,905	\$10,050	\$10,109	\$6,964
2004	\$5,785	\$1,935	\$18,944	\$10,537	\$10,403	\$7,363
2005	\$6,565	\$2,138	\$19,994	\$11,284	\$14,360	\$7,993
2006	\$7,151	\$2,318	\$21,148	\$11,650	\$17,587	\$8,605
2007	\$7,875	\$2,465	\$22,311	\$11,677	\$15,322	\$9,344
2008	\$8,553	\$2,603	\$23,719	\$13,207	\$16,700	\$10,077
2009	\$9,452	\$2,762	\$25,305	\$14,240	\$18,905	\$10,881
2010	\$10,442	\$2,939	\$26,257	\$14,866	\$20,266	\$11,617

* Weights equal Fall Undergraduate FTE.

Source: ISAC, 2009 Data Book, from ISAC College Budget Records and IBHE Enrollment Reports

The number of MAP applications nearly doubled from fiscal years 1995 to 2009, from 378,996 to 661,621. The percentage of eligible applicants receiving awards has decreased every year since fiscal year 2005. In fiscal year 1995, 49.5 percent of applicants were eligible and 67.8 percent of eligible applicants received awards. In fiscal year 2005, 43.4 percent of applicants were eligible and 62.5 percent received awards. In fiscal year 2009, 39.2 percent of applicants were eligible and 55.6 percent of eligible applicants received awards. Students are automatically checked for MAP eligibility when they file their FAFSA. The FAFSA is used to determine

eligibility for federal grant aid and Stafford loans. Many more students from middle and upper-middle incomes today are filing FAFSAs to qualify for Stafford loans that they would not have needed fifteen years ago, driving up total application volume. Therefore, while the *percentage* of eligible applicants has decreased, the *total number* of eligible applications has increased significantly over the period. In 1995, 187,665 students were eligible for MAP grants; by 2009, that number had increased to 259,333, an increase of 38 percent.

MAP Application Volume and Award - FY 1995 to FY 2009					
Fiscal Year	Application			Award	
	Total	Eligible	Paid	Mean	Maximum
1995	378,996	49.5%	67.8%	\$ 1,884	\$ 3,800
1996	388,788	48.4%	69.1%	\$ 1,964	\$ 3,900
1997	400,056	47.6%	66.9%	\$ 2,063	\$ 4,000
1998	408,413	47.4%	65.7%	\$ 2,201	\$ 4,120
1999	412,213	47.3%	70.0%	\$ 2,247	\$ 4,320
2000	418,757	46.3%	70.4%	\$ 2,383	\$ 4,530
2001	426,485	46.4%	70.5%	\$ 2,500	\$ 4,740
2002	456,252	46.1%	66.9%	\$ 2,646	\$ 4,968
2003	490,846	43.6%	61.6%	\$ 2,539	\$ 4,968
2004	537,907	44.0%	59.5%	\$ 2,355	\$ 4,968
2005	553,962	43.4%	62.5%	\$ 2,198	\$ 4,968
2006	550,021	42.9%	62.2%	\$ 2,365	\$ 4,968
2007 *	576,557	41.0%	62.1%	\$ 2,613	\$ 4,968
2008	597,441	40.1%	60.8%	\$ 2,637	\$ 4,968
2009	661,621	39.2%	55.6%	\$ 2,662	\$ 4,968

* MAP received \$26.9 million in SLOF, but it is not included in total.

Source: ISAC, 2009 Data Book

In fiscal year 1995, the maximum MAP award was \$3,800, and the mean award was \$1,884. In fiscal year 2002, the maximum MAP award was \$4,968, and the mean award was \$2,646. In fiscal years 2003 through 2006, reduction factors were placed on the maximum award of \$4,968 to ration the MAP appropriation – i.e., spread the available funds across more students. In 2008, Public Act 95-917 increased the maximum award – subject to appropriation – to \$5,468 in fiscal year 2009, \$5,968 in fiscal year 2010, and \$6,468 in fiscal year 2011 and each year thereafter. However, additional funds to pay for the increases were not provided, and by fiscal year 2009, the maximum award was still at \$4,968, and the mean award had increased by only \$16 since fiscal year 2002, to \$2,662.

III. How do Students Receive MAP Funding?

Applying for a MAP grant does not require a special application. Students who apply for Federal student aid, such as Pell grants and Stafford loans, do so by filling out the Free Application for Federal Student Aid (FAFSA.) ISAC uses the same application to determine eligibility for a MAP grant. When a student is accepted by a MAP approved institution, ISAC calculates the MAP award the student will receive and sends the data to the school via the Web-based MAPnet. The financial aid director then “packages” the MAP grant with other federal and institutional aid to make up the student’s financial aid package.

ISAC forecasts the total demand for MAP grants and determines the suspension deadlines; that is, the dates after which award announcements will no longer be made due to lack of funds. In 2001, ISAC did not have to suspend making award announcements. Every eligible student who ultimately attended school received an award. The suspension date for the 2009-10 academic year was May 15, the earliest ever, leaving about 130,000 students without grants. Early suspension dates are particularly harmful to community college students, who often decide late in the summer or fall that they want to attend college. The suspension date may be lifted as funds become available, as was the case in academic years 2001-02, 2004-05, and 2008-09. A historical summary of suspension dates and the number of eligible applicants left in suspension is located in Appendix D.

To receive MAP funds, MAP-approved institutions file claims to ISAC on behalf of their students. ISAC verifies these claims and then sends the invoices to the Illinois Office of the Comptroller for payment. Students are eligible for up to 135 MAP-paid credit hours. Only 75 of the 135 hours can be used at a community college, reserving 60 hours for completing more expensive upper division work. The 135-hour cap ensures the state does not pay for more than 4.5 years of coursework, encouraging students to finish in a timely fashion. ISAC tracks total student eligibility as students move from school to school and determines when students have exhausted their eligibility.

IV. How are MAP Awards Determined?

State need-based grant dollars are efficient when they remove the financial barrier to completion for students from lower income families unable to pay for college. Directing dollars to students who cannot afford to attend college results in behavior changes – some students will choose to attend college and some of those will complete their programs. The process by which MAP grants are allocated directs the most dollars to students with the greatest need.

MAP eligibility is determined by the expected family contribution to a child's education (EFC), which is calculated from data captured on the FAFSA. The EFC is calculated from both parental and student income and assets. Certain fractions of these assets and income are considered available to pay for college. The total parental contribution is equally distributed among all their children attending college. The parental contribution plus the student's contribution equals the total EFC.

ISAC takes the total federally calculated EFC for each applicant and first determines if it is less than \$9,000. Students with EFCs of \$9,000 or greater are excluded from consideration for MAP. The correlation between EFC and income varies based on a number of factors including family size, the number of students in college, and the percentage of income from the student. Noting the factors above, for dependent students, a \$9,000 EFC translates very roughly into an income in the upper \$60,000s; for independent students without dependents, a \$9,000 EFC roughly translates to an income in the low \$30,000s.

Students with EFCs less than \$9,000 are evaluated for eligibility for MAP. First, the EFC is divided into the parents' and student's contribution. The parents' contribution is inflated with two multipliers that provide a greater weight to higher EFCs. This inflation process is a rationing mechanism, not a comment on whether the EFC is a realistic measure of ability to pay. Many analysts believe that the federal EFC is not realistic, and it indicates more than the family can reasonably provide. ISAC's further inflation of the parents' portion of the EFC exacerbates the deviation from reality.

The student's contribution is not automatically inflated, but ISAC assumes all students can contribute a minimum of \$1,800 per year toward their education. If the student's EFC is not \$1,800, ISAC increases it to \$1,800. If a student qualifies for the Federal Pell grant, 80 percent of the amount qualified is considered as an asset available to pay for college in the MAP formula. ISAC then adds the inflated parents' contribution, the student's contribution, and the Pell grant together to get the resources available for college.

The second part of determining the MAP award is the cost of attending college. College costs include the cost of tuition and fees plus a fixed living allowance. The current MAP formula uses cost of attendance rates that are lower than current costs to remain within the appropriation level as tuition and fees increase and the volume of applications increase. For the 2009-10 academic year, ISAC continued to use the cost of tuition and fees from the 2003-04 academic year and the fixed living allowance from 2002 (\$4,968) as rationing mechanisms.

Cost Estimate:
Tuition and Mandatory Fees
+
Living Allowance

LESS

Student Resources:
ISAC Adjusted EFC
+
Pell Grant

EQUALS

MAP Eligibility:
Maximum of \$4,968

ISAC's last calculation in determining the MAP award is to subtract the resources available for college from the costs of attending college. The result is the student's MAP eligibility level. The student is eligible for the student's calculated eligibility level or the maximum amount, whichever is lower. A maximum amount of \$4,968 per student has been used since fiscal year 2002 as another rationing mechanism to remain within the appropriation level. The current MAP formula is located in Appendix E.

As noted above, ISAC has adopted rationing mechanisms to remain within the appropriation level as the volume of MAP applications increases. The MAP Summary table on the following page provides a summary of MAP appropriations, application volume increases, the academic year used for the cost of tuition and fees (T & F), the fixed living allowance, the reduction factor applied to awards (if any), and the date when application processing was suspended due to lack of funds.

MAP SUMMARY						
	MAP Appropriation	Announced Application Volume Increase	T & F Component in Formula	Living Allowance	Reduction Factor	Suspension Date
FY 2002	\$370.6	7.2%	01-02 T & F	\$4,875	None	10/27/2001
FY 2003	\$333.2	6.2%	01-02 T & F	\$4,875	5%	8/31/2002
FY 2004	\$338.7	6.7%	02-03 T & F at 95%	\$4,875	10%	8/2/2003
FY 2005	\$338.7	3.7%	02-03 T & F at 95%	\$4,875	1%	8/16/2004
FY 2006	\$348.7	0.5%	03-04 T & F	\$4,875	9%	9/1/2005
FY 2007	\$384.7	0.8%	03-04 T & F	\$4,875	None	8/26/2006
FY 2008	\$384.8	1.6%	03-04 T & F	\$4,875	None	8/16/2007
FY 2009	\$385.2	8.1% to date	03-04 T & F	\$4,875	None	7/26/2008
FY 2010	\$398.6	16.7%	03-04 T & F	\$4,875	None	5/15/2009

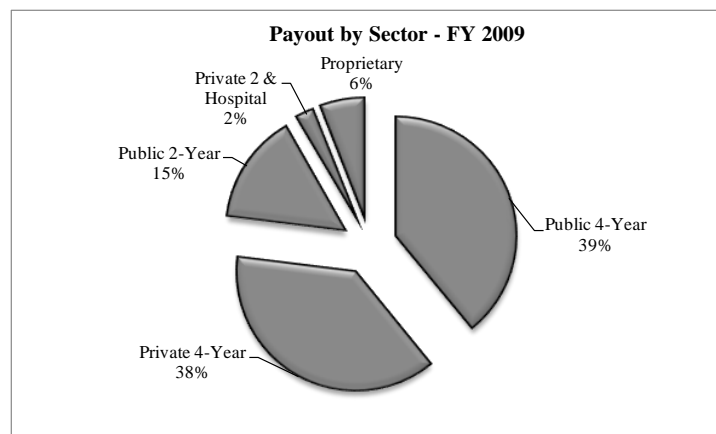
Source: ISAC, Agenda Item 8, January 22, 2010

V. Who Receives MAP Grants, and Which Institutions Do They Attend?

The following facts describe the characteristics of MAP recipients and their distribution by sector in fiscal year 2009. Additional information on demographics and attendance can be found in Appendix F and at http://www.collegezone.com/elibrary/2290_2826.htm.

In fiscal year 2009 . . .

- There were 401,627 announced applicants, 259,333 eligible applicants, and 144,230 MAP recipients. Announced applicants are the subset of all Illinois FAFSA filers (applicants) who have not received a bachelor's degree, plan to attend a MAP-approved institution, and have submitted a complete FAFSA. Eligible applicants are the subset of announced applicants who are eligible for at least \$300 in aid according to the MAP formula.
- The total MAP payout was \$381.1 million, an increase of 16.2 percent, or \$53.4 million, over fiscal year 2005. The number of awards, however, was a decrease of 6,081 from fiscal year 2005, or less than 1.0 percent.
- A plurality of MAP recipients attended community colleges (39 percent), followed by public universities (29 percent), private not-for-profit institutions (25 percent), proprietary institutions (5 percent) and hospital and private 2-year institutions (2 percent).
- Mean (average) awards were \$3,542 at public universities; \$1,008 at community colleges; \$4,098 at four-year private, not-for-profit institutions; \$3,537 at private two-year and hospital institutions, and \$3,009 at private, for-profit institutions.
- Students at public 4-year institutions received the most MAP dollars (39 percent), followed by private 4-year institutions (38 percent), community colleges (15 percent), proprietary institutions (6 percent), and hospital and private 2-year institutions (2 percent). These percentages have been fairly constant for several years; however, early suspension dates will begin to negatively impact the share of funds going to students attending community colleges in fiscal year 2010.

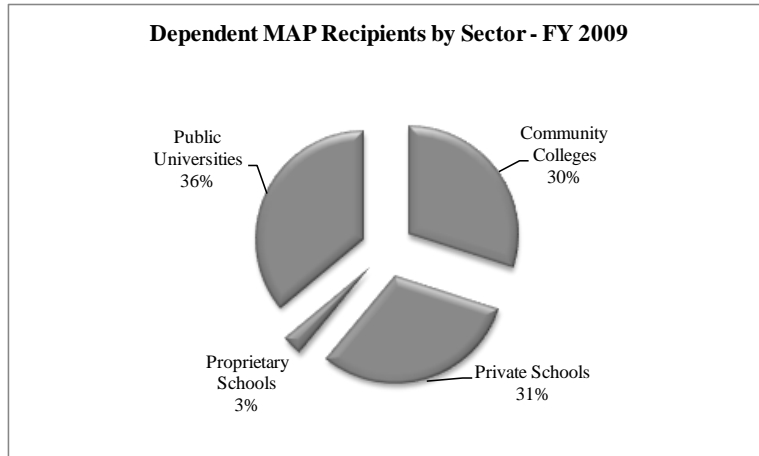


Source: ISAC, 2009 Data Book

- Nearly half (44.3 percent) of MAP applicants were freshmen. Sophomores, juniors, and seniors accounted for 22.5 percent, 18.0 percent, and 15.2 percent, respectively. During the last five years, the distribution has remained relatively unchanged.
- The largest percentage of MAP applicants was over 25 years old, followed by 22- to 25-year-olds. Between fiscal years 2005 and 2009, the age distribution remained relatively unchanged.
- The largest percentage of MAP recipients, 39.4 percent, came from the Chicago collar counties (beginning zip codes of 600-605/7/8). Recipients with City of Chicago zip codes -- beginning in 606 -- made up 27.3 percent, and the remaining zip codes made up 33.4 percent. These numbers are changing over time, especially for dependent students. Dependent students in the collar counties who receive MAP grants increase from 41 percent to 44 percent over the past five years, corresponding to a decrease in MAP recipients from outside the Chicago suburbs from 34 percent to 30 percent.
- Married recipients constituted 8.6 percent of MAP recipients.
- The majority of recipients were renewals (71.1 percent), under the age of 24 (63.8 percent) and Pell eligible (79.6 percent).

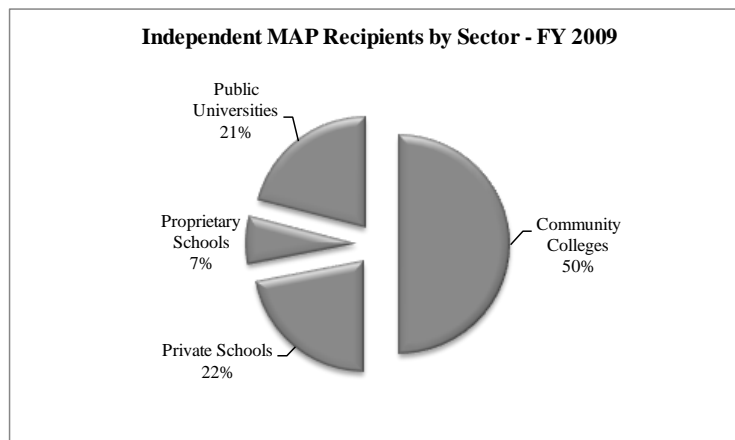
MAP applicants – like federal Pell Grant applicants – are classified either as dependent or independent. Dependent students are considered “traditional students,” 18 to 23 years of age. Independent students are 24 years of age or older or are married, have dependents, were wards of the state, or were in the military. In fiscal year 2009:

- Dependent recipients received 55.1 percent of the total MAP awards for fiscal year 2009 while independent recipients received 44.9 percent.
- The average MAP eligibility for dependent recipients with a greater than zero EFC was \$3,677, and the average MAP claim was \$3,149. The mean taxable income for dependent recipients was \$5,259, the mean federal EFC was \$2,102, and 72.4 percent were eligible for Pell grants.
- The distribution of dependent MAP recipients by sector was 36 percent at public universities, 31 percent at private institutions, 30 percent at community colleges, and 3 percent at proprietary schools.



Source: ISAC, 2009 Data Book

- The distribution of independent recipients by sector was 50 percent at community colleges, 22 percent at private institutions, 21 percent at public universities, and 7 percent at proprietary schools.



Source: ISAC, 2009 Data Book

- Fifty-seven percent of independent recipients had no resources to pay for college compared to 34 percent of dependent recipients. Forty percent of independent recipients had at least one parent who was a college graduate compared to 47 percent of dependent recipients.
- The mean taxable income for independent recipients was \$17,075, the average EFC was \$1,048, and 88.3 percent were Pell-eligible. The average MAP eligibility for independent recipients with a greater than a zero EFC was \$3,199 and the average claim was \$2,064. Sixty-two percent of independent recipients had dependents.

VI. How Successful Are MAP Grant Recipients in Achieving Degrees?

Although college attendance is a critical first step toward achieving a degree, completing a degree or certificate benefits the student and the state much more than just attending. According to financial aid analyst Thomas Mortenson, the estimated nationwide bachelor's degree completion rate by age 24 for bottom-income-quartile, dependent students was 23.1 percent in 2008, a figure that has barely moved since 1970. Second income quartile students were slightly better off, with a completion rate of 27.1 percent, while third and top quartile rates were 48.2 percent and 95.0 percent, respectively. Family income ranges for Mortenson's study were below \$38,340 for the bottom quartile, \$38,340 to \$66,675 for the second quartile, \$66,675 to \$107,000 for the third quartile, and over \$107,000 for the top quartile. Note that these figures are for students who start college. Baccalaureate degree attainment by age 24 for the bottom income quartile overall is only 9.5 percent (Mortenson, 2009).

According to ISAC research, lower-income students tend not to graduate for four reasons. First, lower-income students may not have the financial resources to graduate. Grant aid is insufficient, costs are too high, and lower income students are afraid of student loan debt. Second, lower-income students may be unfamiliar with college. Third, lower-income students tend to come from weaker schools and may not be prepared for college. Lastly, lower-income students may be more likely to attend colleges with lower graduation rates. Many attend proprietary schools or urban public universities with high costs and low graduation rates and community colleges, which have reasonable costs but lower graduation rates.

Completion Rates

In a recent study, ISAC tracked the progress of MAP recipients towards post-secondary credentials (certificates, associate's degrees, and bachelor's degrees). ISAC tracked and calculated four-, five-, and six-year graduation rates for students who were first-time freshmen MAP recipients at community colleges and public universities beginning in fiscal year 2003. According to the study, "Preliminary results indicate that MAP recipients graduate at rates similar to the general student population **when the analysis controls dependency type, enrollment status, and school choice**" (ISAC Agenda Item 7, September 18, 2009, emphasis added).¹

The percentage of dependent full-time MAP recipients at community colleges receiving a certificate or degree from any public institution was higher than independent full-time recipients. The percentage of independent part-time MAP recipients at community colleges receiving a certificate or degree from any public institution was higher than dependent part-time recipients. The following table provides the graduation rates of first-time freshmen MAP recipients enrolled at community colleges in fiscal year 2003.

¹ The 2009 ISAC study included only student attending public universities and community colleges because those students are included in the Illinois Shared Enrollment and Graduation File. As a result of the passage of P.A. 96-107, all private institutions that participate in MAP will be required to participate in the state's P-20 Longitudinal Student Data System by July 1, 2012. This will increase ISAC's ability to track MAP-recipient outcomes. In other studies, ISAC has found that graduation rates at private and public four-year institutions are quite similar and increase with institutional selectivity.

FY 2003 First-Time Freshmen MAP Recipients - Community Colleges																		
	Certificate From Original School			AA/AS From Original School			Certificate From Different School			AA/AS From Different School			BA/BS From Different School			Certificate or Degree From Any Public School		
	FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008
Dependent Full-Time	4.1%	4.8%	5.4%	14.3%	16.7%	17.9%	0.5%	0.7%	1.0%	0.9%	1.3%	1.7%	2.8%	8.1%	11.5%	22.5%	31.7%	37.5%
Independent Full-Time	9.4%	10.0%	10.5%	13.3%	15.4%	16.4%	0.9%	1.1%	1.4%	1.0%	1.2%	1.5%	1.0%	2.1%	2.9%	25.6%	29.9%	32.7%
Dependent Part-Time	5.2%	5.8%	6.8%	4.8%	7.2%	8.6%	0.5%	0.8%	1.1%	0.5%	0.7%	1.0%	0.3%	1.0%	2.5%	11.3%	15.6%	20.0%
Independent Part-Time	8.3%	9.3%	10.1%	7.3%	10.3%	12.0%	0.8%	1.1%	1.3%	0.5%	0.8%	1.2%	0.1%	0.4%	0.8%	17.1%	21.9%	25.5%

Source: ISAC

Dependent full-time MAP recipients at public universities had higher graduation rates than independent full-time and part-time recipients. Independent full-time recipients had higher graduation rates than part-time recipients. Graduation rates increased as the university average ACT increased. The following table provides the graduation rates of first-time freshmen MAP recipients enrolled at public universities in fiscal year 2003.

FY 2003 First-Time Freshmen MAP Recipients - Public Universities															
	BA/BS Original School			Certificate From Different School			AA/AS From Different School			BA/BS From Different School			Certificate or Degree From Any Public School		
	FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008
School Average ACT < 21															
Dependent Full-Time	1.9%	7.7%	15.4%	1.0%	1.6%	2.6%	0.8%	1.1%	1.9%	0.0%	0.8%	1.8%	3.7%	11.3%	21.7%
Independent Full-Time	7.0%	13.4%	17.2%	0.6%	0.6%	0.6%	0.0%	0.6%	1.9%	0.0%	1.9%	1.9%	7.6%	16.6%	21.7%
Part-Time	0.0%	3.1%	9.2%	3.1%	4.6%	6.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%	7.7%	15.4%
School Average ACT 21-22															
Dependent Full-Time	15.8%	35.3%	43.1%	0.9%	1.4%	2.0%	2.1%	3.2%	3.7%	0.8%	3.0%	4.4%	19.6%	42.8%	53.3%
Independent Full-Time	13.7%	27.8%	33.9%	0.6%	1.0%	1.0%	1.6%	2.6%	3.5%	0.3%	1.0%	2.9%	16.3%	32.3%	41.2%
Part-Time	0.0%	0.0%	4.9%	0.0%	0.0%	0.0%	2.4%	2.4%	2.4%	0.0%	0.0%	0.0%	2.4%	2.4%	7.3%
School Average ACT 23-24															
Dependent Full-Time	19.0%	43.0%	50.7%	0.9%	1.2%	1.5%	1.8%	3.3%	4.5%	0.5%	2.1%	3.2%	22.3%	49.5%	60.0%
Independent Full-Time	18.5%	29.6%	35.8%	4.9%	6.2%	6.2%	2.5%	3.7%	3.7%	0.0%	2.5%	2.5%	25.9%	42.0%	48.1%
Part-Time	8.3%	16.7%	16.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.3%	8.3%	8.3%	25.0%	25.0%
School Average ACT > 24															
Dependent Full-Time	41.9%	66.5%	73.4%	0.5%	0.7%	0.9%	0.7%	0.9%	1.3%	0.8%	2.8%	4.6%	43.8%	70.9%	80.3%
Independent Full-Time	29.6%	55.6%	59.3%	0.0%	0.0%	0.0%	0.0%	3.7%	7.4%	0.0%	0.0%	0.0%	29.6%	59.3%	66.7%
Total															
Dependent Full-Time	20.1%	40.4%	48.0%	0.8%	1.2%	1.7%	1.6%	2.6%	3.3%	0.7%	2.5%	3.9%	23.3%	46.7%	57.0%
Independent Full-Time	13.3%	25.4%	30.8%	1.2%	1.6%	1.6%	1.2%	2.2%	3.3%	0.2%	1.4%	2.4%	15.9%	30.6%	38.1%
Part-Time	0.8%	3.4%	8.5%	1.7%	2.5%	3.4%	0.8%	0.8%	0.8%	0.0%	0.8%	0.8%	3.4%	7.6%	13.6%

Source: ISAC

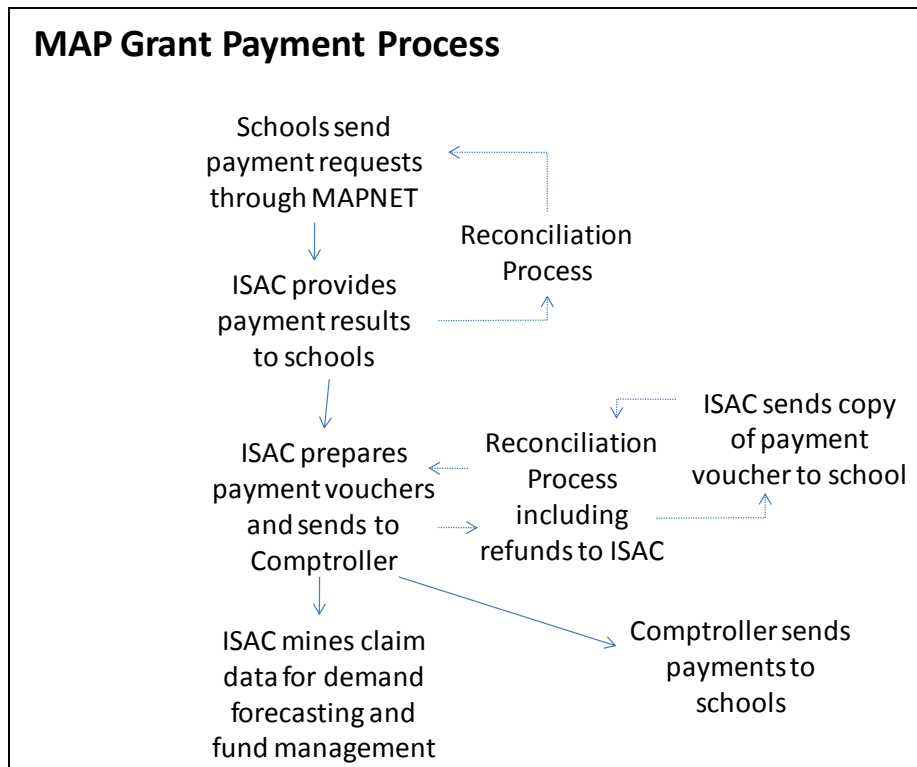
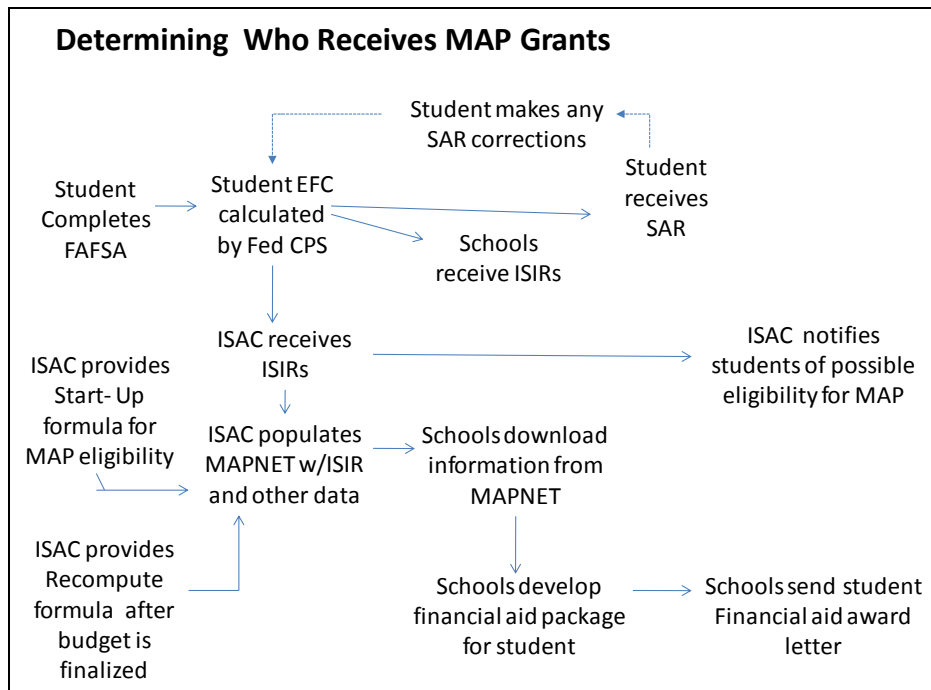
VII. Is MAP Administered Efficiently?

In the context of delivering aid dollars to students and institutions, the delivery process is most efficient to the extent that it reduces costs – both in time and financial outlay – to students, institutions, and the state to the greatest extent possible while maintaining high levels of accuracy, service, and convenience. ISAC’s administration of the MAP is highly efficient on multiple levels.

- **Cost to Students.** Illinois students apply for MAP awards at the same time that they apply for federal student aid using the same application – the Free Application for Student Financial Aid (FAFSA). As the application is free, there is no out-of-pocket cost to students to apply for MAP grants, and the cost in time is no more than would have been spent to apply only for federal grants.
- **Ease for Students.** The FAFSA is a web-based application, though paper copies are still available. The FAFSA is known as a difficult form to complete, but ISAC provides assistance to students through outreach activities such as financial aid nights and through the ISACorps, a group of recent college graduates assigned to community college districts who work directly in high-poverty high schools to help students with their college choices, applications, and FAFSAs. The ISACorps is funded from federal grant funds.
- **Ease for Institutions.** ISAC data exchanges with the federal government and with colleges and universities are highly automated. ISAC employs a web-based grant administration system known as MAPnet to communicate with colleges and universities. The MAPnet system is populated with data from FAFSA submissions and MAP eligibility information is downloaded by colleges and universities from MAPnet. MAPnet is also used by colleges and universities to send payment request information to ISAC based on which students enroll and how many credit hours they are taking.
- **Administrative Costs.** ISAC spent \$4,393,741 to administer its grant and scholarship programs, including MAP, in fiscal year 2009. Those costs covered 203,005 grants valued at \$427,821,660. The ratio of administrative costs to the value of grants is 1.0 percent, which, according to NASSGAP data, compares very favorably to grant programs administered by other states.
- **Cost to the State.** In terms of tax dollars, administration of MAP is costless to the state as ISAC has not requested or received state funding to administer the program since fiscal year 2005. Administrative costs associated with ISAC’s scholarship and grant programs are paid from revenues generated by the guaranteed student loan program.

The diagrams on the following page demonstrate the flow of information between students, the federal government, ISAC, and the colleges and universities. Additional information on MAP administrative practices, including a full accounting of the steps in the process, is available in Appendix G. The students’ responsibilities are limited to completing the FAFSA, making corrections to the FAFSA after receiving their Student Aid Report, and working with their college or university financial aid office.

Note: ISIR is the federal Institutional Student Information Report; SAR is the federal Student Aid Report; CPS is the federal Central Processing Center.



Source: ISAC

WHAT'S NEXT?

The review of MAP policies and procedures demonstrates that a.) the program is well administered; b.) MAP is directed at the neediest students *and* provides aid to students whose incomes make them ineligible for federal Pell grants; c.) MAP recipients generally perform as well as other similarly prepared and situated students; and d.) while its position is slipping, MAP remains a national leader among state financial aid programs. The review also demonstrates that a.) the “purchasing power” of MAP awards is slipping across all sectors; b.) the tuition and fees and living allowances used in the MAP formula no longer reflect reality; c.) students who apply late for MAP – who are much more likely to enroll in community colleges – are increasingly shut out of the MAP program; and d.) the amount of funding needed to revert to pre-2002 goals of full coverage of tuition and fees and year-round processing is prohibitively expensive given the State’s dire fiscal situation.

So what’s next? How can the State make a good program better? Should MAP funding privilege access to college over choice of college? Should MAP be used to incentivize student preparation to increase college completion? Should MAP funding be used to encourage colleges to improve the success rates of their MAP recipients? Are there partnership opportunities that lower costs for students, encourage completion, and stretch MAP dollars over more students? And how can we assess answers to these questions?

VIII. What Makes for Good State Financial Aid Policy?

At the HJR 54 affordability summit held February 26, 2010, David Longanecker, president of the Western Interstate Commission for Higher Education and former Assistant Secretary for Postsecondary Education at the U.S. Department of Education, presented a best-practices framework for evaluating financial aid programs and evaluated current MAP policies against that framework (see Appendix L, *What Goals Does Student Financial Aid Advance*; see also Longanecker’s *The States and Student Financial Aid: A Mixed Bag with Mixed Results*, 2008). The framework provides a useful starting point for consideration of any changes to the current MAP program, and each alternative should be evaluated against the principles of the framework.

- Principle 1: Establish a clear philosophy and identify measureable goals. For example, “are students the focus of these programs, and if so, is the purpose to advance access, to enhance student success in completing their education, or both?” (Longanecker, 2008).
- Principle 2: Align state financial aid programs with other state financing policies, particularly state institutional finance policies and tuition policies.
- Principle 3: Understand the significant partnership with the federal government in providing financial assistance. “Legislators need to understand the possibilities for building on these federal programs to achieve state objectives and do so in the most cost-effective manner” (Longanecker, 2008).
- Principle 4: Adopt clear metrics for measuring whether your goals are being achieved.

- Principle 5: State policy must be both transparent and predictable. “[P]rospective students need to understand clearly what they are likely to be eligible to receive,” and “[C]olleges and universities need predictability so they can plan how to fill the financial gaps that always occur and how to expand or contract their offerings in response to the demand for higher education that financial aid drives” (Longanecker, 2008).
- Principle 6: Programs must be scalable to a statewide level.

By and large, Longanecker has very positive views of the MAP program, although he expresses concern about the state’s ability to maintain funding for the program and suggests that Illinois consider being more intentional about incorporating federal policy into MAP policy, consider how it balances access with choice, and consider a new philosophy of cost sharing.

IX. What Can Be Done to Maximize the Educational Impact and Economic Efficiency of MAP?

HJR 75 requires that options to maximize the educational impact and economic efficiency of MAP expenditures be examined. While the ten options considered below do not constitute an exhaustive list, they do cover a wide variety of approaches to meet those goals and provide alternatives that could be used alone or in concert. These options could be mandated through legislation and adopted via administrative rules and include the following:

1. Changing aspects of the MAP formula;
2. Allocating MAP funding among public universities, community colleges, and private colleges and universities more proportionately to their numbers of eligible students;
3. Building 2 + 2 relationships between community colleges and 4-year institutions that allow students to be enrolled in two partner institutions at the same time;
4. Implementing changes to institutional tuition and financial aid policies within the context of state goals to focus more funds on needy students;
5. Adding merit-based modifications to the existing need-based MAP program to incentivize better academic preparation for college;
6. Using “human capital development bonds” to increase funding available for the MAP program;
7. Limiting MAP to public institutions;
8. Re-evaluating institutional eligibility to participate in MAP based on student success rates; and
9. Developing a shared-responsibility model akin to Oregon’s financial aid program.

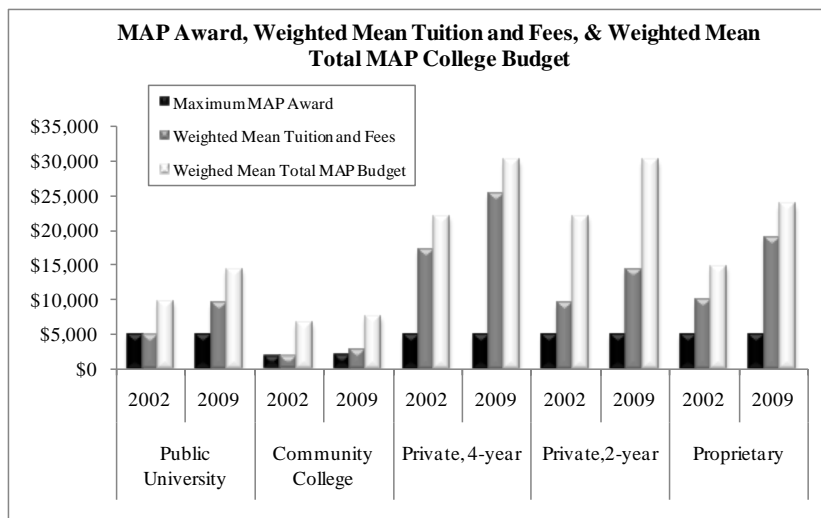
1. Change Aspects of the MAP Formula.

When asked repeatedly by ISAC on surveys, MAP recipients responded that the number one problem to continuing their education was the cost. If MAP grants are too small, students may initially mount the financial hurdles with extra loans or credit card debt initial but may eventually sink under the weight of excess debt and not graduate. The ISAC MAP Longitudinal Data Study found a significant difference in the size of credit card debt between completers and non-completers. For students who made it through to the second year of school and who had a credit card, only 34 percent of completers carried a balance, compared to 59 percent of non-completers. The average balance of the completers was \$488, compared to \$930 for the non-completers.

Changing the factors within the MAP formula that determine the size of a MAP award is a relatively simple and incremental way to alter the size and distribution of MAP awards to achieve desired outcomes. Changes to the existing MAP formula could include updating tuition and fees; raising the maximum award; raising the living allowance; raising the expected family contribution (EFC) cap; postponing the suspension date; or a combination of changes. Each of these formula factors has a solid basis in financial aid policy, but each can also be used as a rationing mechanism. Without additional MAP funding to ensure that students in the various institutional sectors are held harmless, changes to the factors also have a strong impact on the distribution of aid across higher education sectors.

Updating Tuition and Fee Rates. MAP awards are currently limited to the lesser of tuition and fee rates or the maximum award of \$4,968. Ideally, financial aid would increase in proportion to changes in tuition and fees; however, tuition and fee rates from the 2003-04 school year have been used in the MAP formula since fiscal year 2006, and the increases in tuition and fees since 2003-2004 have increased students' unmet need. As tuition and fee increases have outpaced MAP grants, ISAC has seen the impact on MAP claim rates. According to ISAC, MAP claim rates for the State's poorest students have fallen about 5 percent during the past seven years. Nearly three-fourths of zero-EFC MAP recipients claimed their awards in 2002; today less than 70 percent do.

The maximum MAP award in fiscal year 2002 covered 100 percent of the average tuition and fee rate at community colleges and public universities, but because 2003-04 tuition and fees are still used in the MAP formula, in fiscal year 2009 MAP covered only 70 percent and 53 percent of tuition and fees at community colleges and public universities, respectively. For fiscal year 2010, coverage falls even further: 66 percent and 48 percent, respectively. The chart on the following page compares the maximum MAP award to the weighted tuition and fee rates and weighted mean total college (tuition and fees, room and board or an ISAC determined commuter allowance, and ISAC determined personal allowance) by sectors for fiscal years 2002 and 2009 (also see Appendix H).



Source: ISAC, 2009 Data Book

Incorporating 2004-05 tuition and fees into the MAP formula would cost approximately \$17.7 million. This change would provide larger awards to zero EFC students and approximately 1,595 new MAP awards. The change would have little effect on students attending independent colleges and universities because tuition and fees at most of those institutions already exceed the maximum award of \$4,968. The following table provides the impact of incorporating 2004-05 tuition and fees into the MAP formula. Dollars claimed and dollar increases are in millions.

Incorporating 2004-2005 Tuition and Fees				
Sector	Number of Recipients	Dollar Claimed	Number Increase	Dollar Increase
Public Universities	45,009	\$170.0	1,053	\$10.9
Private Schools	40,562	\$167.6	21	\$0.3
Community Colleges	52,446	\$58.9	506	\$6.4
Proprietary	7,508	\$23.4	15	\$0.0
EFC				
Zero	80,429	\$212.6	-	\$7.4
\$1-\$2,999	34,934	\$107.9	194	\$3.3
\$3000-\$4,999	15,661	\$51.0	291	\$2.9
\$5,000-\$6,999	9,320	\$30.7	687	\$2.9
\$7,000-\$8,999	5,181	\$18.3	423	\$1.2
\$9,000 +	-	\$0.0	-	\$0.0
Total	145,525	\$420.5	1,595	\$17.7

Source: ISAC

Incorporating 2008-09 tuition and fees and increasing the Pell table used in the MAP formula from \$4,050 to \$4,731 would cost approximately \$41.1 million. This change would provide approximately 5,218 new MAP awards. Because the MAP formula treats Pell grants as an asset, increasing the Pell table in the MAP award calculation increases the student resources available to meet college costs, thus offsetting some of the cost of increasing the tuition and fee rates used in the formula. As in the first example, and for the same reason, students at

independent colleges and universities would benefit little from this change. The following table provides the impact of incorporating 2008-09 tuition and fees and increasing the Pell table.

Incorporating 2008-2009 Tuition and Fees and the 2008-2009 Pell Table				
	<u>Number of Recipients</u>	<u>Dollar Claimed</u>	<u>Number Increase</u>	<u>Dollar Increase</u>
Sector				
Public Universities	47,790	\$188.0	3,834	\$28.3
Private Schools	40,625	\$168.6	84	\$1.3
Community Colleges	53,159	\$63.3	1,219	\$10.8
Proprietary	7,572	\$24.0	79	\$0.6
EFC				
Zero	80,429	\$214.1	-	\$8.9
\$1-\$2,999	34,921	\$110.2	181	\$5.6
\$3000-\$4,999	16,133	\$55.3	763	\$7.2
\$5,000-\$6,999	10,883	\$39.7	2,250	\$11.9
\$7,000-\$8,999	6,782	\$24.6	2,024	\$7.5
\$9,000 +	-	\$0.0	-	\$0.0
Total	149,148	\$443.9	5,218	\$41.1

Source: ISAC

Incorporating 2009-10 tuition and fees and increasing the Pell table from \$4,050 to \$5,550 (the 2010-11 maximum) would cost approximately \$38.8 million. This would provide approximately 4,938 new MAP awards. Some students at low-cost schools (community colleges) with EFCs nearing \$3,000 who previously received the minimum MAP award of \$300 would not be eligible for awards in this scenario because of the increase in the Pell table. As in the two prior examples, students at independent colleges and universities would benefit little from this change. The following table provides the impact of incorporating 2009-10 tuition and fees and increasing Pell.²

Incorporating 2010-2011 Tuition and Fees and the 2010-2011 Pell Table				
	<u>Number of Recipients</u>	<u>Dollar Claimed</u>	<u>Number Increase</u>	<u>Dollar Increase</u>
Sector				
Public Universities	48,778	\$193.9	4,822	\$34.2
Private Schools	40,644	\$168.7	103	\$1.4
Community Colleges	52,691	\$54.9	751	\$2.4
Proprietary	7,576	\$24.1	83	\$0.7
EFC				
Zero	80,429	\$208.0	-	\$2.8
\$1-\$2,999	34,564	\$108.3	(176)	\$3.7
\$3000-\$4,999	15,868	\$54.7	498	\$6.6
\$5,000-\$6,999	11,049	\$42.7	2,416	\$14.9
\$7,000-\$8,999	7,778	\$27.9	3,020	\$10.8
\$9,000 +	-	\$0.0	-	\$0.0
Total	149,688	\$441.6	5,758	\$38.8

Source: ISAC

² Because of the large Pell increase, the cost for incorporating fiscal year 2010 tuition and fees is actually less than incorporating fiscal year 2009 tuition and fees. The 2009-10 maximum Pell award is \$5,350.

Changes to the Maximum Award. Increasing the \$4,968 maximum MAP award would bring awards more in line with current tuition and fees. In fiscal year 2002, the maximum MAP grant completely covered the average tuition and fees at an Illinois public university. Today it covers less than half, leaving a gap of about \$5,000.

P.A. 95-0917 raised the statutory maximum MAP grant to \$5,468 in fiscal year 2009, \$5,968 in fiscal year 2010, and \$6,468 in fiscal year 2011. The Act also stipulated that any increase in the size of the maximum award must be matched by an increase of the same percentage for MAP recipients not eligible for the maximum award. Due to the lack of additional funds appropriated to increase the maximum MAP grant, the current maximum level of \$4,968 remains unchanged. Increasing the MAP minimum award to \$500 and the maximum award to \$5,468 would cost approximately \$29 million. Increasing the MAP maximum award to \$5,968 would cost approximately \$54 million, and increasing the MAP maximum award to \$6,468 would cost approximately \$77 million.

MAP Formula Improvements Increasing Maximum Award

SECTOR	Increase to \$5466 Maximum (\$4968 used since FY2002)			Increase to \$5970 Maximum (\$4968 used since FY2002)			Increase to \$6468 Maximum (\$4968 used since FY2002)		
	# recipients	\$ claimed	\$ diff	# recipients	\$ claimed	\$ diff	# recipients	\$ claimed	\$ diff
Public	43,956	\$169.5	\$9.8	43,956	\$176.1	\$16.4	43,956	\$180.6	\$20.9
Private	40,541	\$183.7	\$16.4	40,541	\$200.3	\$33.0	40,541	\$216.5	\$49.2
Community	51,940	\$52.5	\$0.0	51,940	\$52.5	\$0.0	51,940	\$52.5	\$0.0
Proprietary	7,493	\$25.6	\$2.2	7,493	\$27.9	\$4.5	7,493	\$30.2	\$6.8
EFC									
Zero	80,429	\$219.3	\$14.1	80,429	\$231.5	\$26.3	80,429	\$242.3	\$37.1
\$1 - \$2999	34,740	\$112.2	\$7.6	34,740	\$119.0	\$14.4	34,740	\$125.2	\$20.6
\$3000 -	15,370	\$51.5	\$3.4	15,370	\$54.6	\$6.5	15,370	\$57.5	\$9.4
\$5000 -	8,633	\$29.9	\$2.1	8,633	\$31.9	\$4.1	8,633	\$33.9	\$6.1
\$7000 -	4,758	\$18.4	\$1.3	4,758	\$19.8	\$2.7	4,758	\$20.9	\$3.8
\$9000 on up	0	\$0.0	\$0.0	0	\$0.0	\$0.0	0	\$0.0	\$0.0
Total	143,930	\$431.3	\$28.5	143,930	\$456.8	\$54.0	143,930	\$479.8	\$77.0

Source: ISAC

Without incorporating more current tuition and fees into the MAP formula, increasing the maximum award only benefits students at schools where 2003-04 tuition and fees are above the maximum award; that is, private colleges and universities and eight of the public universities. Students at community colleges would not benefit from increases in the maximum award because no tuition and fees at community colleges exceed the current maximum award of \$4,968. In addition, students at the lower end of the EFC spectrum benefit most from higher maximum award amounts because their eligibility amounts are more likely to be higher than the existing maximum. Students with higher EFCs will at some point have their award restricted by their own eligibility amount instead of the maximum award. Increasing the maximum award does not add any MAP recipients because it has no effect on the eligibility formula.

Increasing the Living Allowance, Increasing the EFC Cap, or Postponing Suspension. The cost of living factor in the MAP formula has been unchanged for the last eight years. Increasing the living allowance from \$4,875 to \$6,000 would cost approximately \$20 million. Increasing the cost of living allowance would help students whose awards are not currently restricted by tuition and fees or by the maximum award – i.e., mostly at public

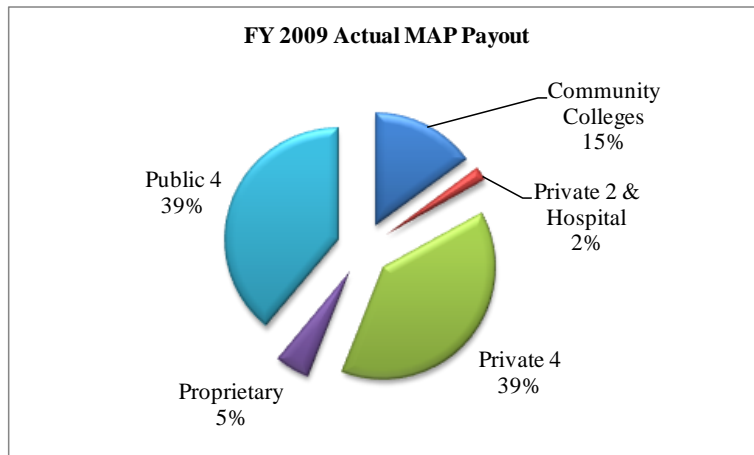
universities and community colleges since most private school awards are restricted by the maximum award.

Increasing the EFC cap from \$9,000 to \$10,000 – that is, making awards to students who’s expected family contribution is up to \$10,000 rather than the current \$9,000 – would cost approximately \$5 million, and increasing the EFC from \$9,000 to \$12,000 would cost approximately \$10 million. Most students who would benefit from an increase to the EFC cap attend independent colleges and universities.

Eliminating the suspension date completely – that is, paying eligible applications year round – would cost an additional \$183 million, all other factors remaining the same. Announcing awards through August would cost approximately \$96 million. Both of these alternatives would benefit community colleges students, particularly independent community college students, as they tend to make enrollment decisions and file FAFSAs later than traditional students.

2. Allocate MAP funding between public universities, community colleges, and private colleges and universities more proportionately to their share of eligible students.

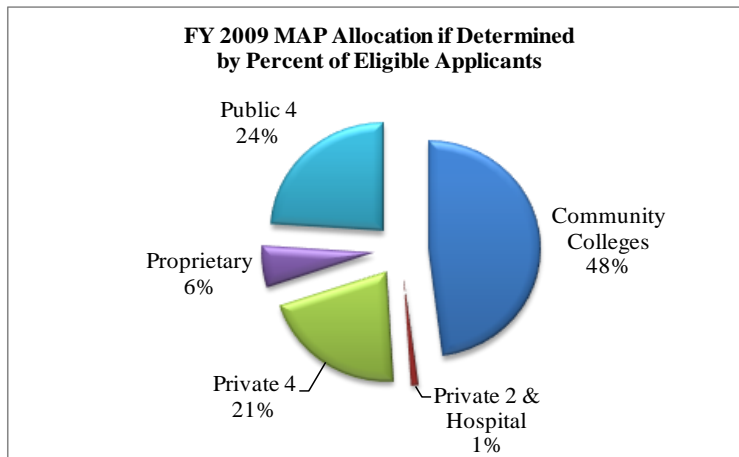
As noted earlier, many community college students, especially independent students, decide to attend college late in the year relative to students attending four-year institutions. If MAP grants were processed year round, the late decisions would not affect the students’ ability to receive MAP grants. However, with the MAP suspension date now in May, many eligible community college students do not receive awards.



Source: ISAC, 2009 Data Book

One way to alleviate this problem without spending tens of millions of additional dollars could be to allocate MAP funding more proportionately by sector. For example, since community college students make up about 48 percent of eligible applicants but receive only about 15 percent of the MAP awards, some proportion of MAP funding could be set aside for community college students, and those funds could be subject to a later suspension date or to two distinct suspension dates. Strict proportionality would not work under the parameters of the current formula because if community colleges were to receive 48 percent of the total payout with the mean award staying constant and no other changes to the MAP formula, the allocation to

community college students would exceed the need by \$69.4 million. However, provisions could be instituted to redirect funds to students attending four-year institutions.



Source: Calculation based on ISAC's 2009 Data Book

A change to proportionality would signify a major MAP policy shift away from college choice and toward college access. While the approach could alleviate a problem experienced by community college students, without a large infusion of new funding for MAP, the proportionate distribution of aid would shift dollars away from students attending four-year colleges and universities even after correcting for the distribution to account for smaller average awards at community colleges. Students attending other institutions would be subject to smaller awards and/or even earlier suspension dates.

3. Build 2 + 2 relationships between community colleges and 4-year institutions.

The 2+2 agreement is an innovative approach to maximizing MAP eligibility in which students are dually admitted to a community college and a public university and are subject to the same admission, matriculation, and degree requirements governing the two institutions. One pilot program now exists between Western Illinois University (WIU) and two of its “feeder” community colleges. For MAP purposes, MAP eligibility for all four years is calculated based on WIU’s tuition and fees, and “excess” MAP awards in the first two years – awards in excess of the community college tuition and fees – are “banked” by ISAC to be added to regular MAP eligibility in the second two years. In 2009, two pilot agreements were concluded between Carl Sandburg College and WIU (The Western Illinois Advantage) and Black Hawk College and WIU – Quad Cities.

Students at Carl Sandburg College may take a minimum of one WIU semester hour during the second semester of the freshman year. Thereafter, one course may be taken during the fall and spring semester of the sophomore year. The Western Illinois Advantage also allows WIU to offer a limited number of 100- and 200-level courses on its campus to juniors and seniors in order to earn a baccalaureate degree. Depending upon where a student plans to complete her or his junior and senior year, Carl Sandburg College students participating in the Advantage are assessed WIU-Macomb or WIU-Quad Cities tuition and fee rates. Rates are frozen for four years and the difference between the assessed and actual tuition and fees will be placed in a reserve account that can only be used if the student enrolls at WIU to complete the baccalaureate degree.

The funds in the reserve account are non-transferrable to other institutions of higher education. For financial aid purposes, Carl Sandburg College is the “home institution.”

The agreement between Black Hawk College and WIU – Quad Cities is similar to The Western Illinois Advantage. WIU – Quad Cities may offer a limited number of 100- and 200-level “collaboration courses” to juniors and seniors in order for the participants to earn a baccalaureate degree. Assessed tuition and fee rates and the reserve account follow the same principal as the Illinois Western Advantage. For financial aid, Black Hawk College is the “home institution.”

The reserve account of the agreements provides a positive opportunity for participants. The reserve account allows the excess funds to be back loaded – that is, used in the junior and senior years – to meet the higher tuition and free rates associated with a public university. For example, according to the March 2009 WIU Strategic Plan Update, at the time of junior year and “with the maximum MAP award banked, a participant can save up to approximately 25 percent on the four-year cost of attendance and there is an approximately 50 percent savings for the junior and senior year on the Quad Cities Campus.” The following table provides a cost comparison of four years at a public university with a 2 + 2 approach for a student with a zero-EFC.

Cost Comparison of Four Years at a Public University with a 2 + 2 Program									
Four Years at Public University									
Year	Tuition & Fees ¹	Other Costs ²	Total Cost	Pell ³	MAP	Total Grant Aid	Need After Grants	Loans ⁴ (&/or Workstudy)	Remaining Need ⁵
1	\$9,925	\$9,496	\$19,421	\$5,350	\$4,968	\$10,318	\$9,103	\$5,500	\$3,603
2	\$9,925	\$9,496	\$19,421	\$5,350	\$4,968	\$10,318	\$9,103	\$6,500	\$2,603
3	\$9,925	\$9,496	\$19,421	\$5,350	\$4,968	\$10,318	\$9,103	\$7,500	\$1,603
4	\$9,925	\$9,496	\$19,421	\$5,350	\$4,968	\$10,318	\$9,103	\$7,500	\$1,603
Total	\$39,700	\$37,984	\$77,684	\$21,400	\$19,872	\$41,272	\$36,412	\$27,000	\$9,412
2 + 2									
Year	Tuition & Fees ¹	Other Costs ²	Total Cost	Pell ³	MAP	Total Grant Aid	Need After Grants	Loans ⁴ (&/or Workstudy)	Remaining Need ⁵
1	\$2,900	\$5,951	\$8,851	\$5,350	\$2,900	\$8,250	\$601	\$601	None
2	\$2,900	\$5,951	\$8,851	\$5,350	\$2,900	\$8,250	\$601	\$601	None
3	\$9,925	\$9,496	\$19,421	\$5,350	\$7,036	\$12,386	\$7,035	\$7,035	None
4	\$9,925	\$9,496	\$19,421	\$5,350	\$7,036	\$12,386	\$7,035	\$7,035	None
Total	\$25,650	\$30,894	\$56,544	\$21,400	\$19,872	\$41,272	\$15,272	\$15,272	\$0
¹ FY 2009 average, increased by 5 percent ² FY 2007 books, transportation, room and board, adjusted by 10 percent ³ Estimated FY 2010 number, may increase thereafter ⁴ Stafford maximums, both subsidized and unsubsidized for dependent students ⁵ Met by working, private loans, and institutional aid EFC assumption is zero									

Source: ISAC, Agenda Item 11, April 3, 2009

ISAC estimates that students in these types of programs can cut their student loan debt in half compared to the debt incurred attending a four-year institution exclusively. A student with an EFC of zero attending a university for four years may expect to have an unmet need of \$9,412 after all aid and loans are included, whereas all needs may be met under a 2 + 2 approach. Under a 2 + 2 approach total grant aid remains the same, while total costs, need after grants and loans and/or work-study decreases.

4. Implement changes to institutional tuition and financial aid policies within the context of state goals to focus more funds on needy students.

In fiscal year 1993, ISAC and the IBHE implemented a program to supplement state MAP funding with university tuition dollars that was commonly referred to as the “28 percent offset.” At the time, ISAC regularly received annual increases in the MAP appropriation to cover all or a portion of tuition and fee increases. Tuition and fee costs at public universities were below the MAP maximum award. Since a student’s MAP award is the lesser of actual tuition and fees or the MAP maximum award, tuition and fee increases at public universities directly impacted MAP award amounts paid to needy students at public universities and overall MAP payouts. Private institution tuition and fees exceeded the maximum award; therefore, annual tuition and fees increases at those institutions generally did not directly impact MAP payouts.

The budget for fiscal year 1993 held MAP appropriations stable, leaving no funding to cover tuition and fee increases at public universities. To supplement state MAP funding, a plan was developed and implemented that 1) calculated the amount of revenue generated by tuition increases beyond 4 percent, 2) determined the financial impact these tuition increases had on MAP award amounts and payouts, and 3) transferred a portion of the additional tuition revenues to ISAC/MAP. MAP models and revenue estimates determined that approximately 28 percent of the revenue generated by tuition increases at public universities beyond 4 percent was needed to fund the MAP program to hold needy students harmless.

In fiscal year 2011, students will again face tuition and fee increases while MAP funding is expected to change little from fiscal year 2010. This will only increase the impact on needy students who must come up with ways to finance the “MAP gap,” or the difference between their MAP awards and their actual tuition and fees. An offset approach that directs a portion of funds derived from tuition and fee increases above a certain percentage toward MAP recipients would provide additional funding for MAP-eligible students in times of budget constraints. Many public universities already provide institutional financial aid to MAP recipients to help them close the “Map gap.”

The “offset” option – particularly for public universities whose market position allows them to raise tuition without affecting enrollment – was raised at the February 26, 2010, Affordability Summit by Dennis Jones and Aims McGuinness and generated significant discussion. However, a fiscal year 2011 offset program would need to be constructed very differently from the fiscal year 1993 offset program because 1) public university tuition and fees now far exceed the maximum MAP award, 2) tuition revenues are held locally, 3) ISAC is still using fiscal year 2004 tuition and fees to calculate MAP awards, 4) unfunded mandates, such as the Illinois Veterans Grant program and other mandatory waivers, are absorbing a growing portion of tuition dollars at public universities and community colleges, 5) the approach has significant potential to harm middle-income students who do not qualify for MAP or Pell grants,

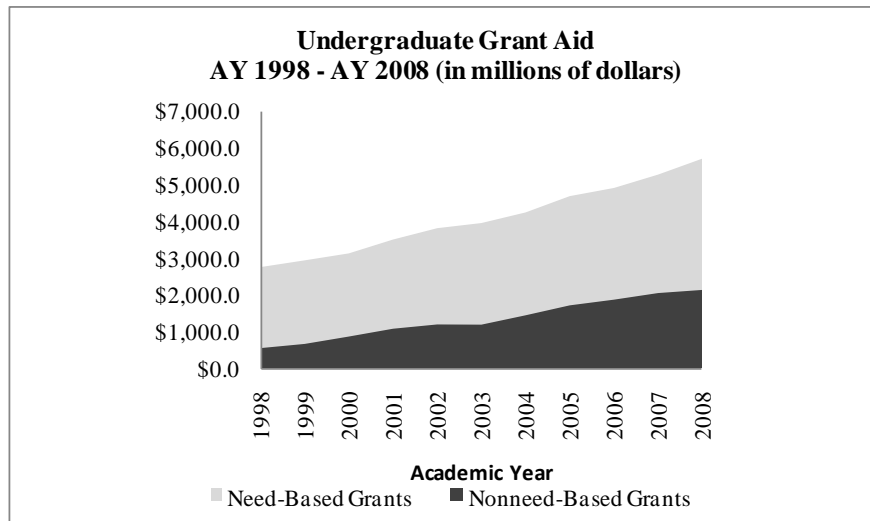
and 6) the state is not currently providing appropriated operating funds to universities in a timely manner, making them ever more dependent on tuition and fee income.

5. Add merit-based modifications to the existing need-based MAP program to incent better academic preparation for college.

As noted in the introduction and below, many states, particularly Southern states, began implementing merit-based financial aid programs in the 1990s. The purposes of merit aid vary somewhat by state, but the principal purposes are to encourage high school students to achieve in their coursework at high levels, which will leave them better prepared for college and less likely to need remediation, and to encourage high-performing students to remain in state for college. Various merit-aid options could be built into or substituted for MAP, but only two will be considered here, one based on GPA and ACT performance and another built on high school course-taking requirements.

Merit Option I – Using GPA and ACT to Determine MAP Eligibility.

During the 2007–2008 academic year, states provided \$7.9 billion in need and non-need grant aid to undergraduates (NASSGAP, 2008). The majority of undergraduate aid grant aid, \$5.7 billion, or 72.6 percent, was for need-based grants. However, since academic year 1997-98, funding for non-need-based grants has increased by nearly 300 percent while need-based grants increased by only 108 percent. (NASSGAP, 2008). The following chart provides a historical summary of the total undergraduate grant aid in inflation adjusted 2008 dollars for academic years 1998 to 2008.



Source: NASSGA, *39th Annual Survey Report on State-Sponsored Student Financial Aid*

According to ISAC research, shifting MAP from a need-based to a merit-based grant program would benefit middle and upper income students who would not qualify under a need-based program, while negatively impacting some lower income students who would not qualify under a merit-based program. This is a common criticism of merit-aid programs nationwide.

The MAP program has two academic restrictions. First, students must be accepted by a MAP-approved institution. MAP-approved institutions are based in Illinois, are degree-granting, and are fully accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. Aside from community colleges, which are open admission institutions, most MAP-approved institutions have GPA, class rank, and/or test score or placement score requirements for the students they admit. Second, to continue to receive MAP, students must meet the satisfactory progress requirements of the school attended.

MAP-eligible students often come from underperforming high schools. State reliance on standardized test score performance to allocate MAP could easily penalize poor students who, through no choice of their own, had to attend an underperforming high school. One would expect a correlation between ACT score and GPA – that a good ACT score would be coupled with a good GPA score. In the ISAC 6-Year Longitudinal Survey of MAP Recipients, for the control group – first- and second-generation students with incomes greater than \$60,000 (non-MAP recipients) – this was the case. For the second-generation students from families with incomes above \$60,000, the ACT score and GPA “matched” 85 percent of the time. Only 3 percent of the second generation students and only 8 percent of the first generation students from higher income families had mid to high GPAs but low ACT scores. However, for lower-income students, especially first generation, the situation is much different.

First-generation, low-income students matched GPA and ACT only 61 percent of the time. About 21 percent of first-generation, low-income students had a high GPA/low ACT mismatch. These are students who are doing everything asked of them by their high schools – hence their high GPA, but their high schools may not be asking enough, resulting in low standardized test scores. Using ACT or other standardized test scores to allocate grant aid penalizes this group of students twice. They are hurt first by their underperforming schools and then again by the state. Allocating grant aid based on ACT scores may compound the possible unfairness in the Illinois school system. The following table provides an overview of first and second generation student by income level in relation to ACT level and GPA.

	1st Gen	2nd Gen	1st Gen	2nd Gen
	< \$60,000	< \$60,000	> \$60,000	> \$60,000
High ACT/High GPA	10%	23%	17%	35%
High ACT/Low-Mid GPA	2%	6%	3%	3%
Mid ACT/High GPA	26%	25%	33%	29%
Mid ACT/Mid GPA	17%	18%	18%	17%
Mid ACT/Low GPA	5%	9%	4%	7%
Low ACT/Mid-High GPA	21%	10%	8%	3%
Low ACT/Low GPA	8%	4%	4%	4%
Missing ACT and/or GPA	12%	5%	13%	1%
Total	100%	100%	100%	100%

Source: ISAC

It is debatable whether the ACT score is a good predictor of college success. ISAC’s MAP Longitudinal Data Survey found that for students with both high grades and high ACT scores, the graduation rates are high, although still better for students from higher income families. And for students with both low ACT scores and low GPAs, the graduation rates are dismal, although again, it helps to come from a higher income family.

The surprises ISAC found were in the middle. First generation students with low ACT scores and high GPAs completed at higher rates than those with mid-level ACT scores and low GPAs. First generation students, especially those from low-income families face many hurdles in their attempt to complete a postsecondary degree. The ability to provide sustained effort appears to be more important than initial aptitude for postsecondary course work. The table below shows the percentage of each group of dependent students who had some kind of postsecondary credential after six years.

	1st Gen	2nd Gen	1st Gen	2nd Gen
	< \$60,000	< \$60,000	> \$60,000	> \$60,000
High ACT/High GPA	78%	71%	81%	86%
High ACT/Low-Mid GPA	40%*	57%	67%*	65%
Mid ACT/High GPA	63%	68%	81%	88%
Mid ACT/Mid GPA	53%	71%	64%	77%
Mid ACT/Low GPA	37%	55%	38%	67%
Low ACT/Mid-High GPA	54%	46%	54%	43%
Low ACT/Low GPA	27%	36%	39%	59%
Missing ACT and/or GPA	44%	45%	63%	24%
Total % w/ Credential	51%	60%	66%	76%

*small sample size

Source: ISAC

The MAP Longitudinal Data Study results showed that dependent MAP recipients with less than a 2.5 high school GPA did poorly in terms of graduation regardless of where they attended school. About three-quarters of them failed to acquire any type of postsecondary credential. However, eliminating grants to students with lower GPAs would seriously hurt independent students who are often getting a second chance at higher education after many years out of high school. In the MAP Longitudinal Data Study, over half of independent MAP recipients attended community colleges, and their graduation rate was about the same as the rate of the majority of independent students at four-year institutions.

Dependent students with less than a 2.5 GPA did not graduate at high rates (only 26 percent in the longitudinal survey obtained any credential after six years). Restricting freshman MAP grants for students whose high school GPAs were less than 2.5 to community colleges could save the MAP program a little money without doing much damage to graduation rates. If those students are in four-year institutions, they are predominantly in the schools where graduation rates are the lowest. Students who achieve a 2.5 GPA or better (or a 2.75 or a 3.0 or whatever is determined to be reasonable) during their first year at a community college could be allowed to take their MAP grant to a public or private university after the first year; the remainder would complete their sophomore year at the community college and then transfer. Less than 20 percent of dependent, low-income students would be subject to this constraint; many are already in community colleges. According to ISAC, each student who selects a community college instead of a four-year institution could save the MAP program approximately \$3,000.

Using GPA as a rationing device for independent students would be problematic. About half (46 percent) of all fiscal year 2008 MAP recipients were independent students who were at least 24 years old. They often did not have a successful experience in high school, and on average their GPAs were well below 3.0. However, when they returned to school, their attitudes had changed and they came to school, often community colleges, looking for work skills with

purpose and focus. Restricting MAP grants to certain GPA levels could eliminate many independent students from pursuing additional education and retraining.

Independent MAP recipients cluster at community college and less selective four-year public and private institutions. About half of the 67,000 recipients attend community college, and another third attend 15 public and private four- year institutions, the majority of them the least selective in the state with low graduation rates. Independent MAP recipients graduated at about half the rate of dependent students in the MAP Longitudinal Data Study – only 29 percent had any postsecondary credential after six years. This is in line with the graduation rates of the schools they attend – the lowest is 9 percent, and only three schools have a graduation rates above 50 percent - and two just barely. It would be inaccurate to denote low graduation rates with “failure” – some students, particularly independent students, attend college to acquire specific skills and leave once having done so. Others take all the courses for a degree but then choose not to graduate because of costs associated with procuring the certificate or diploma. The following table provides the graduation rate and number of independent MAP recipients at postsecondary institutions.

Postsecondary Institutions	School	Independent
Top 15 plus Community Colleges	Graduation Rate¹	MAP Recipients
Public Universities		
Chicago State University	16%	1,954
Northeastern Illinois University	16%	1,613
Northern Illinois University	53%	1,623
Southern Illinois Carbondale	41%	1,841
Southern Illinois Edwardsville	43%	1,051
University of Illinois at Chicago	50%	1,412
Private Institutions		
Columbia	34%	1,072
DePaul	64%	1,271
DeVry	34%	2,335
Illinois Institute of Art	38%	608
National-Louis University	9%	910
Northwestern Business College	N/A	993
Robert Morris	48%	1,816
Roosevelt	41%	871
St. Augustine	N/A	666
Community Colleges ²	33%	33,865
Total at Top 15 plus community colleges		53,901
All Independent MAP		66,862
¹ Federal Graduation Rate Survey Methodology		
² ISAC data-graduated from any school		

Source: ISAC

These results from the MAP recipient respondents and the control group reinforce national studies that indicate GPA to be a better predictor of future performance than standardized

test scores (Bowen et al., 2009). If academic performance restrictions are placed on MAP, some allocation using GPA would be less unfair than using standardized test scores. Class rank might also work, but many schools are moving away from identifying or using class rank.

Another form of merit rationing could be requiring a “time-out” for students who flunk out of one institution and then attempt to enroll in another. This sometimes occurs when students are not successful at a four-year institution and then directly enroll in a two-year institution. Data from ISAC’s MAP Longitudinal Survey indicate that this behavior pattern rarely leads to the completion of any type of postsecondary credential. Requiring students to take a year off before reapplying for MAP would be a reasonable response. While it wouldn’t save the program much money, it would prevent students from getting further into debt that they will have difficulty repaying.

Merit Option II – Limiting MAP Eligibility Based on High School Course Taking.

Improving student preparation for college-level course work is a critical issue for all parties involved in P-20 education. Reducing the need for remediation, particularly for recent high school graduates, will reduce costs and time to degree for students and colleges and universities and boost degree attainment. Illinois is already making headway in these efforts through ICCB’s College and Career Readiness program and state efforts to develop new academic standards that align high school requirements and college expectations.

A number of states have begun tying some financial aid to college preparation in order to encourage low-income high school and middle school students to take a rigorous high school curriculum. The encouragement typically includes a promise of financial aid – sometimes full tuition and fees – for students who meet course-taking and other behavioral requirements. Two examples of these programs are the Oklahoma Promise and the Wisconsin Covenant.

The **Oklahoma’s Promise** program was established in 1992. Eligible participants receive tuition at an Oklahoma public two-year college *or* four-year university *or* a portion of tuition at an Oklahoma accredited private college *or* for courses offered at qualified public technology centers. Students may apply to the Promise program during the eighth, ninth, or tenth grade and must meet the following requirements:

- Family income must be less than \$100,000 for students receiving the award for the first time in 2010-2011;
- Successfully complete 17 units of required high school courses including four units of English, three units of lab science, three units of mathematics (Algebra I and higher), three units of history, and two units of non-English language;
- Maintain a cumulative GPA of 2.5 or better in the 17 required units and an overall cumulative GPA of 2.5;
- Remain in school and complete homework;
- Refrain from drug and alcohol abuse;
- Refrain from committing criminal or delinquent acts;
- Meet with a counselor, principal, or teacher to review schoolwork and records;
- Apply for other financial aid during the senior year of high school; and
- Participate in the Promise college preparation activities.

Homeschooled students may apply to the Promise between the ages of 13 and 15. Homeschooled students and students graduating from a high school not accredited by the Oklahoma State Board

of Education or a recognized accrediting agency must also achieve a composite ACT score of 22 or higher.

The **Wisconsin Covenant** began in 2006 and will make its first awards in fall 2011. Participating students will be granted a place and a Wisconsin Covenant Scholars Grant for up to 8 semesters at a University of Wisconsin System Institution, a Wisconsin Technical College, or a Wisconsin private college or university. The grant of \$250 to \$1,500 is based on the student's average family income. Graduates from a Wisconsin high school must meet the following requirements:

- Maintain at least a B average in high school;
- Take classes that prepare for entrance into higher education and that will meet or exceed college entrance requirements;
- Demonstrate good citizenship and engage in community activities;
- Apply for state and federal financial aid; and
- Apply to a University of Wisconsin System institution, a Wisconsin Technical College, and/or a Wisconsin private college or university.

Illinois could adapt these programs by requiring new high school graduates to take a college-ready curriculum in order to receive a MAP grant or by rewarding students with additional funds in they complete a college-ready curriculum – for example, additional MAP funds or a textbooks and supplies voucher. The recent creation of the ISACorps provides a solid foundation for early intervention and counseling services for low-income students, which is often a feature of such programs. In order to avoid disadvantaging students at underperforming high schools, this effort must be paired with other school reforms that the state is working towards: high schools must offer high-quality college and career preparatory classes, and students must enroll and succeed in them.

6. Implement a Human Capital Development Bonds Program to Finance MAP Grants.

While state General Funds appropriations have funded MAP for the past fifty years, for the past decade funds have been unable to keep up with demand. A decade ago, the maximum MAP grant covered 100 percent of the average tuition and fees at a public university and all students who were eligible for aid and attended a MAP-approved school received an award. Today, the maximum MAP award covers less than half of average tuition and fees at a public university and ISAC now suspends nearly as many grants as it awards.

Financing MAP grants for students through human capital development bonds, a variation of the Tax Increment Financing program, may provide the needed additional revenue to lessen the gap between state funding and students' need. Funding MAP using revenue bonds would allow the program to behave countercyclically. In hard economic times, when many students return to college for retraining, revenue bonds can provide all the MAP grants needed. When times are better and the MAP recipients return to work, often at better jobs, their tax revenues can pay off the bonds.

ISAC is exploring a proposal to finance MAP grants for community colleges using human capital development bonds. Revenue bonds work for the community college portion of MAP because the grants are relatively small (averaging about \$1,000 per student); most community college students work while attending school, thus generating tax revenues even

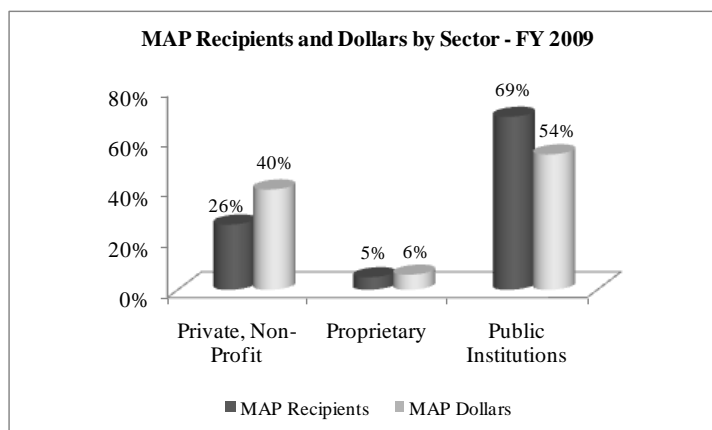
while in college; and community college programs are two years or less, allowing students to return to the workforce fairly quickly. Under these conditions, revenue bonds issued for community college MAP grants can be paid back in a relatively short period of time. Students who attend four-year schools have much larger average awards (around \$3,500), work less, and are in school longer than community college students, making issuing revenue bonds for this group more difficult. The program would not be designed to separate community colleges from the rest of the MAP program, but simply to *diversify* MAP funding by financing a portion of MAP with revenue bonds.

ISAC has investigated the viability of human capital development bonds using historical tax data from the Illinois Department of Revenue for community college MAP recipients. Based on the results, bond experts have indicated that there is a sufficient income stream to finance 10-year revenue bonds. Over a lifetime, a worker with an associates' degree can expect to make between 33 percent and 55 percent more than a worker with a high school diploma. While the bond will capture the tax revenue for ten years, the higher taxes associated with rest of the student's working life will be added to state coffers. The tax data for community college MAP recipients shows an increase in tax revenues even for those MAP recipients who do not graduate. Gains of 70 percent for the non-graduates and over 100 percent for the graduates over the six years of data collected were found for independent MAP recipients.

Under this program, eligibility for MAP will not change, though the suspension date for community college students may be extended if sufficient revenue bonds are issued. Maintaining the status quo no longer treats community college students equitably. In fiscal year 2009, about 57,000 community college students received MAP; in 2010 that figure will shrink to about 50,000. If the state does not provide additional funds for fiscal 2011, the number will decrease further. All decreases are a direct result of application suspension dates that become earlier each year. For fiscal year 2011, the suspension date was April 19, 2010, and ISAC estimates that 140,000 community colleges students will apply for aid after the suspension date. Already, more community college students are suspended than served, and this problem will get even worse without additional funding.

7. Limit MAP to Students Attending Public Colleges and Universities.

While it would be an extreme anomaly in state financial aid practices, MAP awards could be limited to students attending public institutions. According to the 2007-08 NASSGAP study of state financial aid programs, only Nevada and Wyoming provided need-based aid to students attending public institutions but not private institutions. In fiscal year 2009, 38,070 awards, totaling \$154.5 million, were made to students attending Illinois non-profit institutions, and another \$22.5 million in MAP grants were distributed to 7,462 students attending proprietary schools. Together, about \$177 million, or 46 percent of the MAP appropriation, went to students at non-public institutions who comprise 31 percent of the students receiving MAP. The table on the following page illustrates the number of MAP recipients and MAP dollars broken out between private non-profit, proprietary, and public institutions for fiscal year 2009.



Source: ISAC, 2009 Data Book

If students attending private institutions were not eligible for MAP awards, most of the 45,532 students now receiving them would be unable to stay at their current institution. Lower-income private school students already receive the maximum institutional aid and are very often “all loaned up” with private loans as well as Stafford loans, which are guaranteed by the federal government. An additional shortfall of \$4,968 would be a difficult financial obstacle to surmount.

These 45,000 students would have few other institutions to choose from in Illinois, which could result in more Illinois students going to out-of-state schools and a shortage of available seats at the public universities. In 1978, students attending private institutions made up 22.8 percent of Illinois post-secondary enrollments; in 2008, that percentage had risen to 35.5 percent. During a time when postsecondary enrollments have increased by over 130,000 students, seats at public universities have increased by less than 10,000. Community colleges have added about 20,000 seats. The rest have gone to private institutions, especially proprietary schools. Illinois would need to increase seats at public universities by a third to accommodate the increase in demand – an increase equal to the combined undergraduate enrollment of Eastern Illinois, Illinois State, and Southern Illinois University Carbondale.

At least 13,000 of the students who receive MAP grants at Illinois private institutions are attending selective or very selective schools. These students would have to go out of state to obtain the same education they are now receiving. According to research carried out by Thomas Mortenson, Illinois already exports the largest number of Pell-grant recipients in the nation – over 5,550 in fiscal year 2007 (Mortenson, 2008). The State would lose these students in addition to the 10,000 or more that Illinois loses annually because the state does not have enough seats at the type of institutions that very good students want to attend (ISU Center for Study of Education Policy, 2006.) The table on the following page provides a list of MAP grants to selective private schools for fiscal year 2009.

MAP Grants to Selective Private Schools FY2009	
DePaul	4,441
Loyola University	2,530
Bradley	1,456
Elmhurst	899
North Central	616
Augustana	598
Illinois Institute of Technology	532
Northwestern	517
Illinois Wesleyan	448
University of Chicago	311
Lake Forest	284
Knox College	265
Wheaton	104
TOTAL	13,001

Source: ISAC

Retention and Completion at Private Institutions. As noted earlier, ISAC survey data indicate that MAP recipients graduate at about the same rate as other students in a given school. For similarly prepared students, private schools graduate as many of their students as public schools, and sometimes at higher rates. For example, for the six private institutions that admit students with characteristics similar to students entering the University of Illinois Urbana - Champaign (UIUC), the graduation rates range from 75 percent to 93 percent, comparing favorably with UIUC's 83 percent.

The seven private institutions that admit students similar to Illinois State University (ISU) have graduation rates ranging from 62 percent to 81 percent, which compare well with ISU's 70 percent. The three institutions that admit students similar to the University of Illinois at Chicago (UIC) graduate significantly better – 60 to 69 percent compared to UIC's rate of 50 percent. The five private institutions that admit students similar to Northeastern Illinois University (NEIU) and Chicago State University (CSU), both with graduation rates of 16 percent, graduate two to four times as many students. In general, students attending less selective schools graduate at higher rates from private institutions than public universities, but students attending moderately selective to selective private institutions graduate at rates similar to the public institutions.

Economic Effects of Limiting MAP to Public Institutions. Although it appears that eliminating MAP at private schools would “save” the MAP program about half the program funds, in reality it would cost the state. MAP funds to private institutions are accompanied by millions of dollars in institutional aid. In fiscal year 2008, private not-for profit institutions reported awarding nearly \$900 million in institutional grants and waivers to undergraduate students (IBHE, 2009). Students who attend private institutions also receive about \$225 million in Federal Pell grants each year. Many of these students would likely go out of state without MAP, and the additional funds they bring would be lost. To avoid losing these students, public universities would have to be expanded, which would greatly increase the need for public operating and capital subsidies.

Furthermore, private colleges and universities have a profound impact on the state's economy and local economies. In fall 2008, independent not-for-profit colleges and universities employed over 44,000 full-time staff and nearly 22,000 part-time staff. For-profit colleges and

universities reported employing nearly 5,200 full-time staff and nearly 4,800 part-time staff. In addition to employing staff, the institutions purchase supplies and services; provide educational, research, economic development, cultural, and athletic opportunities to their communities; and their students and their parents spend money at local businesses, creating additional employment and tax revenues. Many private institutions would face financial hardship without MAP grants, some possibly to the point of closing. The table below, provided by ISAC, includes private four-year, not-for-profit institutions whose proportion of students receiving MAP grants is 25 percent or more.

Four-year Independent, Not-For-Profit Institutions Ordered by Percent MAP Recipients, Fiscal Year 2009

	<u>Tuition & fees</u>	<u># MAP Recip</u>	<u>% MAP Recip</u>	<u>Total FT</u>	<u>Total PT</u>	<u>Black</u>	<u>Hispanic</u>
<i>East West</i>	\$ 13,575	831	84%	992		72%	13%
<i>Robert Morris</i>	\$ 18,000	3,282	61%	4706	712	39%	24%
<i>Eureka</i>	\$ 16,255	303	57%	503	33	5%	1%
<i>Blackburn</i>	\$ 15,880	334	55%	589	16	7%	1%
<i>MacMurray</i>	\$ 17,450	368	53%	642	57	11%	3%
<i>Rockford</i>	\$ 23,500	443	51%	731	141	7%	5%
<i>St Xavier</i>	\$ 23,006	1,586	50%	2391	791	18%	13%
<i>Dominican</i>	\$ 23,800	611	46%	1146	191	7%	19%
<i>U of St Francis</i>	\$ 23,083	564	44%	1138	138	9%	7%
<i>Nat'l Louis</i>	\$ 20,925	922	43%	1588	572	26%	8%
<i>Monmouth</i>	\$ 24,000	567	42%	1329	16	3%	3%
<i>Illinois C</i>	\$ 20,300	434	42%	1010	20	3%	1%
<i>Aurora</i>	\$ 17,500	803	42%	1686	221	13%	12%
<i>Benedictine</i>	\$ 22,210	916	39%	1518	802	10%	7%
<i>Millikin</i>	\$ 25,195	1,010	39%	2438	178	9%	2%
<i>Greenville</i>	\$ 18,694	482	35%	1374	0	8%	2%
<i>Lewis</i>	\$ 21,844	1,209	34%	2662	931	12%	9%
<i>Elmhurst</i>	\$ 26,007	901	33%	2362	329	6%	6%
<i>Roosevelt</i>	\$ 19,050	1,339	33%	2041	2032	24%	11%
<i>Concordia</i>	\$ 22,390	339	33%	961	71	8%	7%
<i>Judson</i>	\$ 21,850	370	31%	915	278	4%	5%
<i>DePaul</i>	\$ 26,069	4,453	30%	11381	3359	10%	13%
<i>McKendree</i>	\$ 21,270	681	30%	1617	640	13%	2%
<i>Quincy</i>	\$ 20,336	320	30%	927	148	6%	3%
<i>N Central</i>	\$ 25,938	634	30%	1910	223	4%	5%
<i>N Park</i>	\$ 24,560	555	29%	1575	325	12%	9%
<i>Bradley</i>	\$ 22,814	1,544	29%	5055	314	6%	2%
<i>Loyola</i>	\$ 29,486	2,643	29%	8318	922	6%	10%
<i>Trinity Christian</i>	\$ 20,046	363	28%	1049	231	8%	5%
<i>Columbia C</i>	\$ 18,610	2,786	27%	8728	1416	14%	9%
<i>Augustana</i>	\$ 30,150	608	25%	2363	23	2%	3%
<i>Olivet Nazarene</i>	\$ 21,590	738	25%	2582	320	7%	3%

Source: ISAC

Proprietary Schools. According to ISAC research, the MAP recipients who attend proprietary schools would likely be at a community college if they had selected public institutions

or would not attend college at all. Only seven proprietary schools are MAP eligible: Argosy University, DeVry University, Kendall College, Midstate College, Northwestern Business College, The Cooking and Hospitality Institute of Chicago, and The Illinois Institute of Art – Chicago. Half of the 6,800 MAP recipients who attend proprietary schools attend DeVry. Graduation rates at these institutions – 34 percent for DeVry, 29 percent for Midstate, 44 percent for Kendall (when it was still not-for-profit), and 38 percent for the Illinois Institute of Art – are similar to the 33 percent “any school” graduation rate of MAP recipients who attend community colleges.

If all students who attended proprietary schools alternatively enrolled in community colleges, the graduation rate would be substantially similar. However, proprietary schools do attract students who might otherwise not attend college with their flexible schedules and year-round admissions. According to ISAC, if all the students currently enrolled in proprietary schools enrolled instead in a community college, the savings would be in the \$10.0 to \$13.0 million range. Graduation rates for this group of students would remain about the same. If proprietary students chose instead to attend one of the least selective public or private university in the state, the costs would remain about the same but the graduation rate for this group could fall.

Limiting Freshman and Sophomore MAP Awards to Students Attending Community Colleges. A variation of limiting MAP to students attending public institutions combined with MAP proportionality considered earlier in this report (see Option 2) would limit MAP awards in the freshman and sophomore years to students attending community colleges.

In terms of cost savings, this alternative is attractive. According to ISAC models, about 29 percent of MAP recipients attend a public university, 27 percent attend a private institution, 39 percent already go to a community college, and 5 percent attend a proprietary school. Nearly all community college students are either freshmen or sophomores, as are about 72 percent of students at proprietary schools, 40 percent of students at public universities, and 45 percent of those attending private institutions. If the approximately 40,000 freshmen and sophomores attending four-year schools were required to go to community colleges instead of their chosen institution, about one-quarter would lose eligibility (because MAP is based on both resources and school cost) and the remainder would receive smaller awards. For those that lose awards, the average loss is \$4,136; for those who receive smaller awards, the average loss is \$3,308. The savings to MAP would be about \$92 million if the same number of students claimed awards. If the dollars were used to expand the program, about 35,000 additional students would receive awards.

Unfortunately, not all consequences of limiting freshman and sophomore MAP grants to community college students are as positive as the financial outcomes. Some of these outcomes have been laid out earlier in this report. First, just as requiring student to attend a public institution to receive a MAP grant would likely cause many students to go out of state for the experience they seek, so requiring students to attend a community college for their first two years would likely cause students to go to college out of state. Second, as noted above, given the high proportion of MAP recipients at many private colleges and universities, a substantial number of institutions would face financial hardship if their students were no longer eligible for MAP. Third, just as public institutions would be hard pressed to accommodate all MAP students if private institutions were no longer eligible for MAP, so community colleges would have difficulty accommodating students no longer eligible for MAP at both private institutions and public universities.

Another likely outcome of limiting MAP for freshmen and sophomores to community colleges would be a decline in baccalaureate graduation rates. According to ISAC's MAP database analysis, the graduation rate – with any kind of postsecondary credential from a community college or public university– for MAP recipients who first attend a community college is about 32 percent after six years. That is considerably below the graduation rates attained by MAP recipients who first enrolled in a public university. The ISAC data is slightly different from but is consistent with a major national finding from *Crossing the Finish Line*: “High school seniors who wanted to earn a bachelor’s degree eventually, but who began at two-year colleges, were much less likely to earn a bachelor’s degree than were comparable students who went directly from high school to a four-year program” (Bowen et al, 2009, p. 229). While transfer-in students typically complete degrees at about the same rate as students who begin as first-time students at their four-year institution, many students who intended to earn a bachelor’s degree never make the transition from a two-year institution to a four-year institution.

A final outcome of requiring freshmen and sophomores with MAP awards to attend community colleges would be loss of diversity at public universities. Currently, about 21 percent of undergraduate students attending public universities are African-American or Latino (13 percent African-American and 8 percent Latino). African-Americans and Latinos are already under-represented at most Illinois public universities compared to community colleges and private institutions. Since relatively high proportions of African-American and Latino students receive MAP grants, removing freshman and sophomore MAP recipients from public universities would initially drop the proportion of African-American and Latino undergraduates to about 16 percent. Over time, the percentages could decline since the low transfer rates from community colleges to public universities would likely reduce the number of minority upperclassmen.

8. Re-evaluate institutional eligibility to participate in MAP based on student success rates.

As noted earlier, MAP recipients tend to graduate at rates similar to other students attending the same institutions. MAP recipients at colleges and universities with low graduation rates tend to graduate at similarly low rates, while MAP recipients at institutions with high graduation rates tend to graduate at similarly high rates. While it is heartening that student outcomes are similar for MAP recipients and nonrecipients, Illinois needs to do more to increase certificate and degree attainment across the board, with a particular emphasis on low- and middle-income students. The *Illinois Public Agenda* identified degree completion as a major area of concern for Illinois postsecondary education, and a number of initiatives to improve degree completion are currently underway, including Illinois’ participation in the Complete College America initiative.

Given the advent of the Illinois P-20 Longitudinal Data System (ILDS) created by P.A. 96-107, the state will soon have a more complete picture of student progression from matriculation through transfer or graduation because all MAP-eligible institutions will be required to participate in the ILDS. With that information, and in conjunction with state participation in Complete College America, the state can set benchmarks and goals for progression and completion that are not possible using only the federal Graduate Rate Survey method, which calculates retention and graduation for cohorts of first-time, full-time undergraduate students for comparative purposes. The ILDS should be capable of collecting enough information on student and family income and MAP eligibility to allow degree completion efforts to differentiate student outcomes by income. Institutions that retain or graduate MAP recipients at low rates – e.g., rates lower than nonrecipients or lower than MAP

recipients at peer institutions – could be required to implement plans to boost retention and graduation of MAP recipients as a way of increasing the state’s return on its investment in those students.

9. Develop a shared-responsibility financial aid program such as Oregon’s financial aid program.

In his article, *The States and Student Financial Aid: A Mixed Bag of Results*, David Longanecker highlights Oregon’s “shared responsibility” model as a financial aid program based on a clear philosophy and measurable goals that relate to the state’s broader agenda (2008). Until recently, Oregon, like Illinois, had a long-standing traditional student grant program that was losing ground financially. Upon review of the program, Oregon’s Access and Affordability Working Group developed the concept of “shared responsibility,” which is aligned with the philosophy of Oregonians that every student should be able to attend college, but that the student, as beneficiary, should bear the greatest share of the cost.

The “shared responsibility” model shares some features with the MAP program. Under the model, students, as the principal beneficiaries, contribute a set percentage or dollar amount from work, savings, scholarships, and/or borrowing towards the total cost of their education. In 2006-07, that amount was \$4,750, which was the equivalent of 15 hours per week at minimum wage throughout the year or ten hours per week during the school year plus full-time during the summer. MAP assumes a minimum student contribution of \$1,800 per year. Next a parental share, determined using federal methodology, and federal aid from Pell and tax credits/deductions is included as a contribution to the cost of the student’s education. The MAP formula does not include tax credits or deductions.

The end result, however, goes beyond current MAP capabilities. The state, in keeping with its commitment that every student should be able to attend college, fills in the gap between the combined student, parent, and federal share and the total educational cost. As a result of the “shared responsibility” model, the Oregon University System experienced a 17 percent enrollment increase and the state saw a nearly threefold increase in state need-based grant awards (Longanecker, 2008).

ISAC could implement a “shared responsibility” model in the MAP formula with students responsible for a larger, fixed, “first dollar” commitment and the state responsible for covering the remaining need through a “last dollar” commitment. This approach, however, would be very expensive. Currently, 44 percent of MAP recipients have zero EFCs – i.e., no resources for college – and 77 percent have EFCs of less than \$3,000. In addition, average tuition and fees at Illinois public universities are over 50 percent higher than tuition and fees at Oregon’s public universities – \$10,553 compared to \$6,910, although tuition and fees at Illinois community colleges are lower than at Oregon’s community colleges – \$2,754 compared to \$3,624 (College Board, 2009).

VIII. Can the State Improve the Way It Coordinates the Three Legs of the State Higher Education Finance Stool?

Among the five principles of the *Illinois Public Agenda* is the principle that priorities, policies, and budgets must align with state goals. This principle is particularly relevant in terms of what makes for good state financial aid policy. State financial aid policy should be synchronized with tuition increases and appropriations to create an integrated approach to higher

education finance policy. This synchronization is sometimes referred to as ATFA (appropriations, tuition, and financial aid). In the article *Are you Getting What you Pay for? Understanding Higher Education Appropriations, Tuition, and Financial Aid*, Demarè Michelau refers to ATFA as “a three-legged stool with each leg representing the three policy issues” (2008). Michelau points out that state policymakers often make important decisions in one policy area without considering how those decisions might impact related areas of policy. Appropriations for higher education are often made by one legislative committee while a separate committee sets financial aid policy and the institutional governing boards set tuition and fee rates.

A case in point is the statute governing the maximum MAP award. As noted earlier, P.A. 95-0917 raised the statutory maximum MAP grant to \$5,468 in fiscal year 2009, \$5,968 in fiscal year 2010, and \$6,468 in fiscal year 2011. The Act also stipulated that any increase in the size of the maximum award must be matched by an increase of the same percentage for MAP recipients not eligible for the maximum award. However, no additional funds were appropriated by the General Assembly for larger awards. ISAC estimates that the cost of raising the current maximum award to the statutory maximum award for fiscal year 2011 *without increasing all MAP grants by the same percentage as the increase in the maximum award* would cost \$77 million. The disconnect between the change in the statute and funds appropriated for MAP heightened students’ expectations without delivering the benefits promised in the law.

Dennis Jones noted in his presentation at the HJR 54 affordability summit that finance policy is the most powerful policy lever available to legislatures. Finance policy sends the strongest signals and creates the strongest incentives for institutional behavior. Several lessons identified in Michelau’s *Getting What You Pay For* can help Illinois’ legislators, higher education leaders, and other policymakers improve higher education financing and financial aid policy:

- 1) Be cognizant of all legs of the three-legged higher education stool – appropriations, tuition, and financial aid. Affordability for the state’s taxpayers, students, and institutions depends on all three.
- 2) Change the nature of higher education appropriations discussions. Policymakers should move the focus from each institution to overall statewide policy goals and remember that changes in one ATFA policy area impact the other areas. **This recommendation embodies the purpose of the *Illinois Public Agenda*.**
- 3) Establish tuition policy in concert with state goals. **In Illinois, this means setting tuition policy that promotes the goals of the *Illinois Public Agenda*.**
- 4) When contemplating the future of financial aid, ask the hard questions. State legislators are in a position to ask the tough questions that will lead to a better system that is aligned to state goals.
- 5) Consider how federal policy intersects with current and new state policy. Policymakers should also consider how state policies align with federal policy. **A good example of this is the need to review the Illinois Veterans Grant program in light of changes resulting from the federal Post-9-11 GI Bill to maximize resources for veterans and the state and its colleges and universities.**
- 6) Use state workforce development policy to link higher education and economic development. As with ATFA decisions, higher education and economic development policies are often made by different people with little coordination – policymakers

should find ways to integrate higher education and economic development decisions. **The Illinois P-20 Council is a new but appropriate venue for that coordination.**

- 7) Consider productivity improvements in higher education as an achievable state and federal goal, one that depends on legislative actions and the policies they create. For the U.S. to be globally competitive improvements in productivity in higher education must be part of the discussion. **In Illinois, state laws, administrative rules, and practices should be reviewed alongside institutional practices in the search for greater productivity.**
- 8) Think comprehensively about institutional mission, and work toward a balance between increased cost, service, and the public good (Michelau, 2008).

CONCLUSIONS

All told, MAP remains a well-constructed and comparatively well-funded program that continues to serve the citizens of Illinois well. Nevertheless, the lack of funding sufficient to keep up with increases in eligible applications and increases in college costs needs to be addressed along with the inequity wrought by suspending awards before many independent community college students apply for financial aid. Among the findings of this report are the following:

- MAP is the fourth largest need-based aid program in the country and, with a budget of about \$388.5 million (plus \$4 million from federal S/LEAP), will provide grants to approximately 140,000 students in fiscal year 2010.
- Student eligibility for MAP is based on both student and family resources for college and college costs. Due to limited state funding, college costs in the current formula are based on fiscal year 2004 tuition and fees plus a fixed living allowance of \$4,875, a figure that has not changed in nearly a decade.
- Roughly 130,000 students were left without MAP awards in the 2009-10 academic year due to the earliest ever application suspension date, May 15, 2009. Unfortunately, the situation is much worse for the 2010-11 academic year. Due to unprecedented numbers of applications, ISAC suspended MAP for 2010-11 on April 19, 2010.
- The purchasing power of MAP has diminished. MAP awards are currently limited to the lesser of \$4,968 or 2003-04 tuition and fees. The maximum award in fiscal year 2002 covered 100 percent of the average tuition and fee rate at community colleges and public universities, but in fiscal year 2010 it covered 66 percent and 48 percent at community colleges and public universities, respectively.
- MAP awards totaled \$384.0 million in fiscal year 2009. Students at public 4-year institutions received the largest percent of total dollars (39 percent), followed by private 4-year institutions (38 percent), community colleges (15 percent), proprietary institutions (6 percent), and hospital and private 2-year institutions (2 percent).
- ISAC has recently begun comparing graduation rates of MAP grant recipients to graduation rates of all students. Preliminary results indicate that MAP grant recipients

graduate at rates similar to the general student population when the analysis controls dependency type, enrollment status, and school choice.

- ISAC's student aid delivery system is highly efficient, using data students submit on the Free Application for Federal Student Aid (FAFSA) and online processes to share information with students and colleges. Since fiscal year 2006, ISAC has not required general funds support for its agency operations.

Unfortunately, the problems identified in this report will only increase in the future if they are not addressed. The *Illinois Public Agenda* points out that most of the growth in Illinois' population will come from lower income African-American and Latino families whose students are typically eligible for MAP grants. Multiple options are available to policymakers that could target MAP funds more effectively to achieve student access and success goals, but the options often have negative consequences of their own when compared to the status quo. Without additional funding, some options throw MAP into a zero-sum game in which positive changes for one group are offset by negative changes for another. This study drew the following conclusions about various options to change MAP policies and practices:

- 1. Changing aspects of the MAP formula.** Using current tuition and fees in the MAP formula, raising the maximum award, raising the living allowance, increasing the EFC cap, and moving or removing the suspension date for awards would all have positive effects on affordability. Unfortunately, given the state's fiscal condition, returning to the pre-2002 MAP Garden of Eden is prohibitively expensive. Various changes to the MAP formula could be made to achieve particular goals, but all of them would require additional state funding or redistribution from one sector to another.
- 2. Allocating MAP funding among public universities, community colleges, and private colleges and universities more proportionately to their numbers of eligible students.** While the number of community college students is exploding, the number receiving MAP awards is shrinking. One solution could be to split the MAP pie more proportionately by the number of eligible applicants in each sector. This would result in fewer or smaller awards to students attending public and private 4-year institutions, which would limit opportunities for low-income students to start their education at a 4-year institution, but it would address the needs of low-income community college students who decide to attend college after the MAP suspension date.
- 3. Building 2 + 2 relationships between community colleges and 4-year institutions that allow students to be enrolled in two partner institutions at the same time.** From a MAP perspective, this is a non-zero-sum option that significantly reduces costs for students without raising costs for the state. This option should be pursued further and should be integrated into baccalaureate completion efforts.
- 4. Implementing changes to institutional tuition and financial aid policies within the context of state goals to focus more funds on needy students.** This option is already being practiced at many institutions, albeit informally. Implementing a campus-based high tuition, high aid model is not appropriate for every campus, and under current state-funding circumstances, should not be required.

5. **Adding merit-based modifications to the existing need-based MAP program to incentivize better academic preparation for college.** Various college preparation and student progression requirements could be grafted onto the MAP program to incentivize better preparation and completion, including high school GPA or ACT requirements. These requirements, however, would disadvantage students from underperforming high schools and should not be applied to independent students returning to college years after high school graduation. An alternative would be to require high school graduates, beginning at a date certain, to complete a college preparatory curriculum in order to receive a MAP award. This could be combined with ongoing efforts to align high school standards with college-ready curriculum standards.
6. **Using “human capital development bonds” to increase funding available for the MAP program.** ISAC’s development of a proposal to sell bonds to increase MAP funds available to community college students is a non-zero-sum approach to providing additional aid to the students who are most disadvantaged by current MAP resource limitations. Should it choose to move forward with a legislative proposal, ISAC’s efforts should be supported.
7. **Limiting MAP to public institutions.** Limiting MAP to students attending public universities and community colleges would be a tectonic shift away from choice and toward access. Such a change would likely cause students to leave their school of choice – many of which have very good records of graduating low-income students, strain the resources of public institutions (and taxpayers) that would need to accommodate additional students, induce many students to leave the state to find the educational experience they seek, and harm financially private institutions and their local economies. Similarly, requiring freshman and sophomore MAP recipients to attend community colleges would yield financial benefits for MAP, but the benefits would be outweighed by the same costs the state would incur by limiting MAP to public institutions. This policy would also likely lead to fewer baccalaureate degree completions.
8. **Re-evaluating institutional eligibility to participate in MAP based on student success rates.** ISAC research indicates that MAP recipients tend to graduate at about the same rates as students with similar characteristics who attend the same institutions. While that is a desirable outcome, graduation rates at many Illinois colleges and universities could stand to be improved. As the state moves forward with Complete College America – a new degree-completion initiative the state has embarked upon – the state and the institutions should set institution-specific goals for improving graduation rates and hold institutions accountable for enrollment, retention, and graduation goals for low-income students, specifically, as well as all students.
9. **Developing a shared-responsibility model akin to Oregon’s financial aid program.** Oregon’s shared responsibility financial aid model has been held up as a potential model for Illinois. While the Oregon program is quite similar to MAP, it makes more explicit demands on students through a \$4,750 annual earnings expectation and more explicit demands on the state, requiring the state to cover the remaining cost of attendance after taking into account contributions from the student, parents, and federal government. More research should be done to model the cost of the shared-responsibility model in Illinois.

- Illinois' budgeting practices have tended to uncouple state appropriations from institutional decisions on tuition rates and state funding for the MAP program. These three legs of the college affordability stool should be considered together in a more intentional fashion during the appropriations process and as new financial aid and tuition and fee policies are contemplated.

While these possibilities for enhancing or altering the MAP program cover a great deal of ground, this is not a comprehensive list, and the state should continue its efforts to find ways to improve the efficiency and effectiveness of MAP while maintaining the high standards the program currently maintains.

REFERENCE LIST

- Bowen, William G., Matthew M. Chingos, and Michael S. McPherson. 2009. *Crossing the Finish Line*. Princeton University Press. Princeton, New Jersey.
- College Board. 2009. *Trends in Student Aid 2009*. New York, New York.
- Dean, Diane R., Erika L. Hunt, Ryan Smith. 2006. *Committing to Keep Illinois Students In-State: Understanding College Choice, Student Migration Patterns, and Retention Strategies*. Center for the Study of Education Policy, Illinois State University.
- Illinois Board of Higher Education (IBHE). 2009. *Report on the Fiscal Year 2007-2008 Illinois Student Financial Aid Survey*. Springfield, Illinois.
- Illinois Student Assistance Commission (ISAC). 2009. *Data Book 2009*. Springfield, Illinois.
- Illinois Student Assistance Commission. November 12, 2009. *Meeting Agenda Item 6*. Springfield, Illinois.
- Illinois Student Assistance Commission. September 18, 2009. *Meeting Agenda Item 8*. Springfield, Illinois.
- Illinois Student Assistance Commission. April 3, 2009. *Meeting Agenda Item 11*. Springfield, Illinois.
- Jones, Dennis P. 2003. "Financing in Sync: Aligning Fiscal Policy with State Objectives." *Policies in Sync: Appropriations, Tuition, and Financial Aid for Higher Education*. April 2003. Western Interstate Commission for Higher Education. Boulder, Colorado.
- Longanecker, David. 2006. *The States and Student Financial Aid: A Mixed Bag with Mixed Results*. June 2008. Draft distributed at the February 26, 2010 Affordability Summit.
- Longanecker, David. 2008. *Principles of the Oregon Earned Opportunity Grant: The Concept of Shared Responsibility*. November 2008. Western Interstate Commission for Higher Education and National Conference of State Legislatures.
- Longanecker, David. 2010. *What Goals Do Student Financial Aid Advance?* Presented at the College Affordability Summit, February 26, Chicago, Illinois.
- Longanecker, David. 2010. *What's Happening Around the Country In Reforming State Student Financial Aid Programs?* Presented at the College Affordability Summit, February 26, Chicago, Illinois.
- Michelau, Demaree K. 2008. *Are You Getting What you Pay for? Understanding Higher Education Appropriations, Tuition, and Financial Aid*. November 2008. Western Interstate Commission for Higher Education and National Conference of State Legislatures.
- Mortenson, Thomas G. 2008. "Interstate Migration of College Freshmen, 1986 to 2006." *Postsecondary Education Opportunity*, July 2008. Oskaloosa, IA.

Mortenson, Thomas G. 2009. "Family Income and Educational Attainment, 1970 to 2008."
Postsecondary Education Opportunity, November 2009. Oskaloosa, IA.

National Association of State Student Grant and Aid Programs (NASSGAP). 2008. *39th Annual Survey Report State-Sponsored Student Financial Aid 2007-2008 Academic Year*. Washington D.C.

National Center for Higher Education Management Systems (NCHEMS). 2010. *Financing in Sync: Aligning the Pieces of Higher Education Funding*. Presented at the College Affordability Summit, February 26, Chicago, Illinois.

APPENDICES

A. House Joint Resolution 75	57
B. House Joint Resolution 54	59
C. Historical Summary of MAP Appropriations	61
D. Historical Summary of Suspension Dates	62
E. Current MAP Formula	63
F. Snapshot of MAP Recipients	64
G. Description of the MAP Process Flow	66
H. MAP Award, Weighted Tuition and Fees and Weighted Mean Total College	69
I. FY 2011 MAP Formula Improvement Costs	70
J. Recipient, Program, and MAP Approved Institutions Criteria and Procedures.....	71
K. MAP Approved Schools.....	73
L. <i>What Goals Do Student Financial Aid Advance?</i>	76
M. <i>What's Happening Around the Country In Reforming State Student Financial Aid</i>	83
N. <i>Financing in Sync: Aligning the Pieces of Higher Education Funding</i>	92

APPENDIX A

HJR 75

WHEREAS, The current distressing national, regional, and State economic climates serve as the collective impetus for a re-examination of State appropriations practices; and

WHEREAS, The wisdom of a renewed focus on best-spending practices throughout all aspects of State appropriations and expenditures is warranted; and

WHEREAS, The aim of the Monetary Award Program should be to provide the most practical assistance possible in facilitating Illinois students' access and choice in opening realistic vistas of higher education; and

WHEREAS, Feasible new alternatives must always be judiciously explored by those empowered by the public trust with the responsibility of dispensing the public funds; and

WHEREAS, On December 9, 2008, the Board of Higher Education unanimously endorsed the "Public Agenda for College and Career Success", which codified the goal, among others, of matching Illinois' educational attainment to the best-performing U.S. states and world countries, as the blueprint to guide education policy in this State for the next decade; and

WHEREAS, The "Public Agenda for College and Career Success" cites, among several other barriers to the stated goal, both the diminished buying power of the Monetary Award Program grant and the denial of Monetary Award Program grant awards to one-fourth of eligible students; therefore, be it

RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-SIXTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE SENATE CONCURRING HEREIN, that the Board of Higher Education, in consultation with the Illinois Student Assistance Commission, the Illinois Community College Board, and any other appropriate entity, shall undertake a study of the most practical methodology to improve the efficiency and sustainability of the Monetary Award Program that includes all of the following:

- (1) a review of the success rates of all Monetary Award Program recipients, as defined by either degree completion or skill set attainment;
- (2) demographics of MAP recipients regarding the disbursement of Monetary Award Program funds between and among public, private, and proprietary institutions;
- (3) potential steps to maximize efficiencies by the Illinois Student Assistance Commission in the delivery of student financial aid;
- (4) the feasibility of re-structuring Monetary Award Program eligibility to maximize the educational impact and economic efficiency of MAP expenditures; and

(5) the relationship of State appropriations for public university and community college operations, tuition and fees, and funding of the Monetary Award Program; and be it further

RESOLVED, That the Illinois Board of Higher Education shall prepare a report with the findings and recommendations on improving the efficiency and sustainability of the Monetary Award Program and submit that report to the General Assembly no later than February 28, 2010; and be it further

RESOLVED, That suitable copies of this resolution be presented to the chairpersons of the Illinois Board of Higher Education, the Illinois Student Assistance Commission, and the Illinois Community College Board.

APPENDIX B

HJR 54

WHEREAS, In 2007, the Ninety-fifth General Assembly adopted House Joint Resolution 69, directing the Board of Higher Education to develop a master plan for Illinois higher education; and

WHEREAS, On December 9, 2008, the Board of Higher Education unanimously endorsed the "Public Agenda for College and Career Success" as the blueprint to guide education policy in this State for the next decade, codifying 4 major goals: (1) match Illinois' educational attainment to the best-performing U.S. states and world countries; (2) ensure college affordability for students, families, and taxpayers; (3) increase quality postsecondary credentials and elevate higher education graduation rates to meet the demands of a global society; and (4) better integrate Illinois' educational, research, and innovation assets to meet the economic needs of this State and its regions; and

WHEREAS, The Public Agenda recommends the specific goal of making this State one of the 5 most affordable states in the country; and

WHEREAS, The Public Agenda identifies several barriers to this goal:

- (1) dwindling State support for colleges, which equates to significant tuition increases;
- (2) the diminished buying power of the Monetary Award Program (MAP), resulting from the failure of State financial aid to keep pace with tuition increases;
- (3) the denial of MAP awards to one-fourth of eligible students because of funding shortfalls;
- (4) increased reliance on loans by middle-income students to finance college;
- (5) increased work hours for students to pay for rising tuition, often extending their time-to-degree and total educational costs; and
- (6) lack of support for middle-income students (those at the high end of the second income quintile through the low end of the fourth income quintile), who typically do not qualify for need-based grant aid from either State or federal sources and have been greatly affected by the rise in out-of-pocket costs as well; and

WHEREAS, The Public Agenda recommends priorities, strategies, and actions to address the growing affordability challenge; therefore, be it

RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-SIXTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE SENATE CONCURRING HEREIN, that the Board of Higher Education, working in concert with the Illinois Student Assistance Commission and the Illinois Community College Board, shall undertake a study of college affordability and funding, based on the findings and recommendations of the Public Agenda for College and Career Success and including the following:

(1) a review of State financial aid programs for low-income students to ensure that programs are effective, efficient, widely understood, and aligned with all Public Agenda goals;

(2) strategies to help students achieve their educational objectives faster;

(3) measures to assist middle-income students who do not typically qualify for need-based grant aid; and

(4) steps to find institutional operating efficiencies that reduce costs while expanding access and maintaining quality; and be it further

RESOLVED, That the Board of Higher Education, the Illinois Student Assistance Commission, and the Illinois Community College Board shall prepare a report with findings and recommendations on improving college affordability and higher education funding and submit that report to the General Assembly; and be it further

RESOLVED, That suitable copies of this resolution be delivered to the chairpersons of the Board of Higher Education, the Illinois Student Assistance Commission, and the Illinois Community College Board.

APPENDIX C

Historical Summary of MAP Appropriation

MAP Appropriation (GRF) FY 1980 to FY 2010	
(in thousands of dollars)	
Fiscal Year	Appropriation
1980	\$79,051.6
1981	\$82,166.8
1982	\$87,496.3
1983	\$90,863.3
1984	\$101,155.4
1985	\$105,779.1
1986	\$118,102.0
1987	\$127,885.7
1988	\$131,198.4
1989	\$147,083.5
1990	\$171,942.4 ^a
1991	\$178,349.9
1992	\$179,876.3
1993	\$197,731.8
1994	\$209,008.8
1995	\$239,652.3
1996	\$251,749.6
1997	\$262,407.5
1998	\$280,265.0
1999	\$308,512.0
2000	\$335,485.8 ^b
2001	\$355,090.8 ^c
2002	\$367,528.3 ^d
2003	\$329,522.8 ^{e f}
2004	\$338,699.8 ^g
2005	\$338,699.8 ^h
2006	\$346,699.8 ⁱ
2007	\$354,259.8
2008	\$381,099.8
2009	\$381,099.8
2010	\$398,521.1

^a Since FY 1990, GRF was partially derived from the Education Assistance Fund.

^b Includes \$2.6 million for MAP Summer School and Less-Than-Half-Time not for direct aid to students.

^c Includes \$4.0 million for MAP Summer School and Less-Than-Half-Time Demonstration Projects.

^d Includes \$2.0 million for MAP Summer School and Less-Than-Half-Time Demonstration Projects. Figure reflects the original appropriation minus reserve requirements.

^e Figure reflects the original appropriation minus reserve requirements.

^f Reduction factor applied to awards.

^g Reduction factor applied to awards.

^h Reduction factor applied to awards.

ⁱ Reduction factor applied to awards.

Source: ISAC, *Data Book 2009*.

APPENDIX D

Historical Summary of Suspension Dates and Number of Eligible Applicants Left in Suspension

MAP Suspensions		
Award Year	Final Suspension Date	# Eligible Left in Suspension
1999-00	None	-
2000-01	None	-
2001-02	12/8/2001	16,544
2002-03	8/13/2002	44,144
2003-04	8/2/2003	51,832
2004-05	10/16/2004	26,453
2005-06		26,375
2006-07		34,798
2007-08		43,361
2008-09	8/2/2008	59,846
2009-10		130,000*
* Estimate		

Source: ISAC

APPENDIX E
Current MAP Formula

BUDGET

1. Use 2003-2004 reported tuition and fees, assessed at 100 percent at all institutions.
2. Use one living allowance for all applicants, set to \$4,875.

RESOURCES

1. Use 80 percent of Pell Grant eligibility as determined by the 2003-2004 Pell Grant Payment Schedule, which contains a \$4,050 maximum.
2. Calculate the ISAC-adjusted EFC by inflating the Federal EFC.

Adjusted Dependent Students' Parent Contribution:

Adjustment Factor = $[(PC/11,000 + 1.10)]$ rounded to 2 decimal places

Adjusted PC = PC x Adjustment Factor

Adjusted Independent Student Contribution:

Adjustment Factor = $[(EFC/11,000 + 1.10)]$ rounded to 2 decimal places

Adjusted EFC = EFC x Adjustment Factor

3. Use a minimum self-help expectation of \$1,800 for all students.

AWARD AMOUNTS

1. Set the maximum award equal to the lesser of \$4,968 or the tuition and mandatory fees specified in the budget. Set the minimum award to \$300, and round maximum eligibility in \$150 increments to calculate partial awards.
2. Provide no award for applicants who have an EFC equal to or greater than \$9,000.
3. Students who have used 75 or more MAP paid credit hours must be a junior or senior to be eligible for MAP. Students who have used 135 or more MAP paid credit hours are not eligible.

Source: ISAC

APPENDIX F

Snapshot of MAP Recipients

Snapshot of MAP Recipients - FY 2009							
	Public 4	Private 4	Public 2	Private 2	Hospital/ Professional	Proprietary	All
Number of Recipients	42,372	35,910	56,326	1,787	849	6,986	144,230
Class Status							
Freshmen	21.6%	24.4%	56.8%	62.7%	15.4%	44.2%	37.6%
Sophomore	18.1%	20.1%	32.9%	29.5%	9.2%	28.1%	25.0%
Junior	27.5%	29.1%	8.4%	5.9%	40.6%	18.2%	19.8%
Senior	32.8%	26.3%	1.9%	1.8%	34.7%	9.5%	17.6%
Returned Second Semester	85.1%	84.1%	68.6%	73.8%	71.7%	71.5%	77.5%
Zip Code							
Chicago: 606	27.1%	27.6%	25.2%	42.5%	8.2%	41.2%	27.3%
Collar: 600-605/7/8	39.6%	49.8%	32.6%	26.1%	14.0%	45.2%	39.4%
Other	33.3%	22.5%	42.2%	31.3%	77.7%	13.5%	33.4%
Married	5.3%	6.6%	11.3%	20.3%	25.6%	11.7%	8.6%
Male	41.0%	36.5%	28.8%	30.7%	10.5%	41.7%	34.8%
Renewal	76.7%	75.2%	63.8%	31.7%	86.9%	75.5%	71.1%
Age							
Under 24	73.7%	70.9%	55.6%	50.4%	33.3%	40.0%	63.8%
24 or older	26.3%	29.1%	44.4%	49.6%	66.7%	60.0%	36.2%
Mean	22.8	23.3	25.6	27.3	27.6	27.1	24.3
Student Tax Status							
Taxable Income	77.1%	79.8%	76.7%	75.9%	94.8%	80.2%	77.9%
Nontaxable Income	19.6%	22.2%	46.5%	44.0%	52.8%	42.7%	32.4%
Assets	64.4%	66.9%	52.8%	33.4%	83.7%	50.5%	59.5%
Mean Taxable Income	\$ 8,243	\$ 10,831	\$ 12,584	\$ 15,010	\$ 18,244	\$ 17,466	\$ 11,184
Parent Tax Status							
Taxable Income	63.2%	62.3%	37.8%	39.3%	23.4%	28.8%	50.8%
Nontaxable Income	50.5%	46.6%	35.8%	33.9%	17.2%	22.9%	42.1%
Assets	52.5%	53.8%	27.1%	22.1%	23.2%	19.4%	40.7%
Mean Taxable Income	\$ 31,795	\$ 38,924	\$ 21,626	\$ 29,025	\$ 39,685	\$ 29,707	\$ 30,772
Parent College Graduate	48.4%	49.5%	37.2%	31.6%	48.1%	37.9%	43.6%
Pell Eligible	76.8%	64.3%	92.2%	80.3%	71.4%	74.3%	79.6%
Source: ISAC							

APPENDIX F continued

Comparison of Independent and Dependent MAP Recipients

Comparison of Independent and Dependent MAP Recipients - FY 2009		
	Independent Recipients	Dependent Recipients
Number of Recipients	64,819	79,411
Class Status		
Freshmen	34.5%	40.1%
Sophomore	25.6%	24.5%
Junior	20.3%	19.4%
Senior	19.6%	16.0%
Returned Second Semester	69.5%	84.1%
Zip Code		
Chicago: 606	28.2%	26.5%
Collar: 600-605/7/8	34.0%	43.7%
Other	37.8%	29.8%
Male	26.7%	41.5%
Renewal	77.9%	65.5%
Age		
Under 24	19.5%	100.0%
24 or older	80.5%	0.0%
Mean	29.7	19.9
Mean Tax Income	\$17,075	\$5,259
Zero EFC	56.7%	34.4%
Parent College Graduate	39.5%	46.9%
Pell Eligible	88.3%	72.4%

Source: ISAC

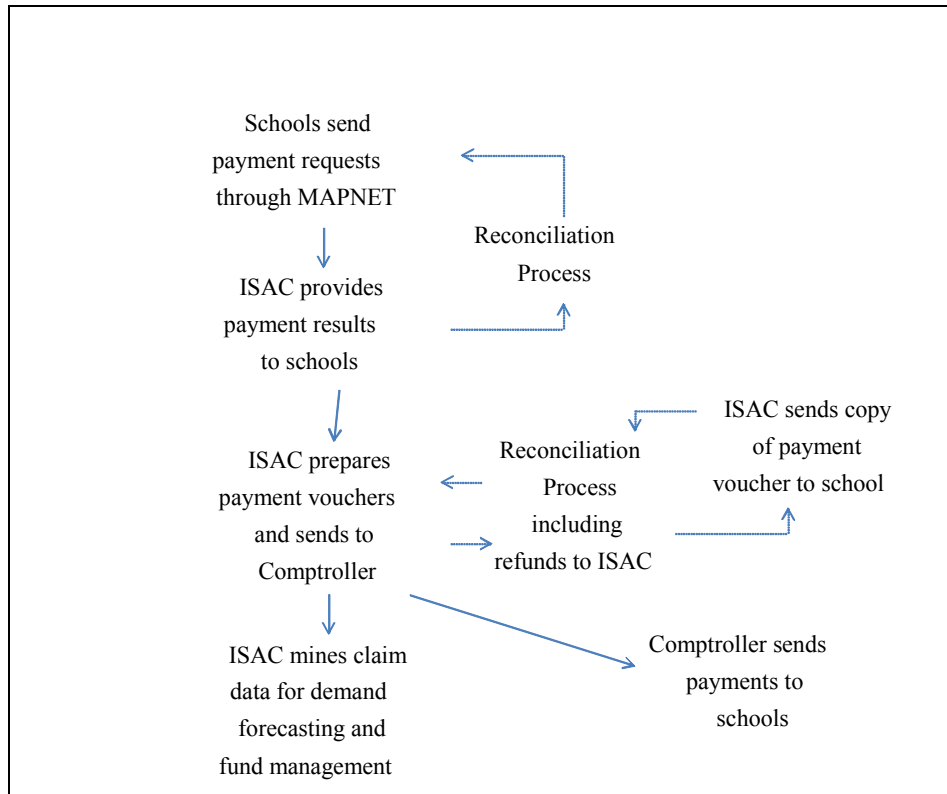
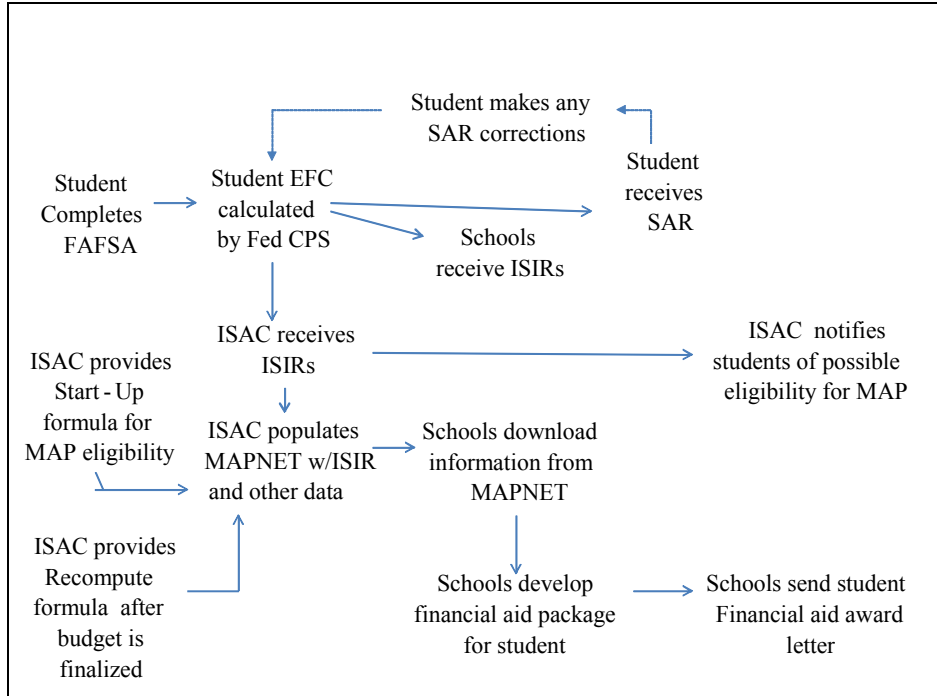
APPENDIX G

Description of the Monetary Award Program Process Flow

1. Each January prior to the new academic year, the U.S. Department of Education makes available the Free Application for Federal Student Aid (FAFSA) on the web as well as in paper form.
2. On or after January 1st, the student completes the FAFSA online or by completing and submitting the paper version.
3. The FAFSA data is received and processed by the Federal Central Processing System (CPS), calculating, most importantly, the Estimated Family Contribution (EFC).
4. Schools receive Institutional Student Information Records (ISIR) for those students who have selected the school as one of their college choices on the FAFSA.
5. The student receives a Student Aid Report (SAR) in response to a processed FAFSA. The student reviews the SAR, makes necessary corrections and returns it to the CPS for corrections processing.
6. Any corrections to the student's information results in a new ISIR being generated to the school and a new SAR to the student. These newly generated documents are distinguished from previous versions by the use of progressively assigned transaction numbers.
7. ISAC receives ISIR information daily from the CPS and populates its systems, including ISAC's internet-based system for schools, MAPnet, with the data.
8. ISAC sends correspondence to students who meet the basic eligibility requirements regarding their potential eligibility for MAP.
9. As a supplement to the ISIR data, ISAC populates MAPnet with student eligibility status information (default status, eligibility units used, etc.) to assist schools in determining a student's eligibility for a MAP grant.
10. The school reviews student eligibility status information online or downloads that information into their system.
11. The school uses the ISAC formula ^a via MAPnet or their own system to calculate a MAP award. The school also determines other financial aid award(s) available to the student.
12. The school informs the student of their financial aid award(s) (including the MAP) or of their ineligibility to receive an award^b. This is done through the financial aid award letter/notification.
13. After the budget is known and the Commission has approved the final formula for the school year, ISAC recomputes all awards, and announces them to the schools.
14. Once the payment cycle begins (typically in August/September), schools create payment requests for MAP for those students who are eligible.

15. The school submits the payment requests to ISAC via MAPnet or via File Transfer Protocol^c.
 16. ISAC processes the payment requests on a nightly basis, producing payment results for the schools and internal documentation necessary to complete payment processing.
 17. Payment results are returned to the school via MAPnet. The school reviews MAPnet reports, or downloads those results for use in reconciliation.
 18. ISAC accounting prepares MAP and IIA payment vouchers and transmits them to the State Comptroller's office for payment.
 19. The school is sent a copy of the payment voucher.
 20. The State Comptroller sends MAP and IIA award payments (funds) to the schools electronically or by paper check.
 21. The claim data (payment requests) received from schools is used by ISAC for modeling for suspension, payment projections and funds management.
 22. The school reconciles MAP and IIA payment, modifying or cancelling previous requests via MAPnet as necessary.
 23. After the close of the fiscal year, any refunds due to ISAC are requested from the school via a letter that itemizes the amount owed to ISAC.
 24. Postsecondary institutions participating in MAP are audited once every three years. ISAC's Compliance Examiners perform the audit as part of ISAC's fiduciary responsibility and to ensure the school's administration of the program is according to rules, regulations and statutes.
-
- a. MAP award calculation is based upon the approved MAP formula (either Start up or Recompute), information from the ISIR and the eligibility status information received from ISAC.
 - b. Due to limited funding, award announcement may be suspended.
 - c. Payment requests are subject to term specific priority claim deadline dates which are established annually. Claims submitted after these dates (late claims) are held and paid in date received order after all timely claims are paid.

APPENDIX G continued



APPENDIX H

MAP Award, Weighted Tuition and Fee and Weighted Mean Total College

**Maximum MAP Award, Weighted Mean Tuition and Fee, and Weighted Mean Total College
By Sector FY 2002 - FY 2009**

	Public 4-Year			Public 2-Year		
	Maximum	Weighted	Weighted	Maximum	Weighted	Weighted
	Award	Mean T & F	Mean Total College	Award	Mean T & F	Mean Total College
2002	\$4,968	\$4,786	\$9,661	\$1,731	\$1,731	\$6,606
2003 *	\$4,720	\$5,298	\$10,173	\$1,731	\$1,830	\$3,705
2004 *	\$4,471	\$5,785	\$10,660	\$1,739	\$1,935	\$6,810
2005 *	\$4,471	\$6,565	\$11,440	\$1,739	\$2,138	\$7,013
2006 *	\$4,521	\$7,151	\$12,026	\$1,935	\$1,318	\$7,193
2007	\$4,968	\$7,875	\$12,750	\$1,935	\$2,465	\$7,340
2008	\$4,968	\$8,553	\$13,428	\$1,935	\$2,603	\$7,478
2009	\$4,968	\$9,452	\$14,327	\$1,935	\$2,762	\$7,637

	Private 4-Year			Private 2-Year		
	Maximum	Weighted	Weighted	Maximum	Weighted	Weighted
	Award	Mean T & F	Mean Total College	Award	Mean T & F	Mean Total College
2002	\$4,968	\$17,105	\$21,980	\$4,968	\$9,491	\$21,980
2003 *	\$4,720	\$17,905	\$22,780	\$4,720	\$10,050	\$22,780
2004 *	\$4,471	\$18,944	\$23,819	\$4,471	\$10,537	\$23,819
2005 *	\$4,471	\$19,994	\$24,869	\$4,471	\$11,284	\$24,869
2006 *	\$4,521	\$21,148	\$26,023	\$4,521	\$11,650	\$26,023
2007	\$4,968	\$22,311	\$27,185	\$4,968	\$11,677	\$27,185
2008	\$4,968	\$23,719	\$28,594	\$4,968	\$13,207	\$28,594
2009	\$4,968	\$25,305	\$30,180	\$4,968	\$14,240	\$30,180

	Proprietary		
	Maximum	Weighted	Weighted
	Award	Mean T & F	Mean Total College
2002	\$4,968	\$9,882	\$14,757
2003 *	\$4,720	\$10,109	\$14,984
2004 *	\$4,471	\$10,403	\$15,278
2005 *	\$4,471	\$14,360	\$19,235
2006 *	\$4,521	\$17,587	\$22,462
2007	\$4,968	\$15,322	\$20,197
2008	\$4,968	\$16,700	\$21,575
2009	\$4,968	\$18,905	\$23,780

* Reduction factor applied to awards

Source: ISAC, 2009 Data Book.

APPENDIX I

FY 2011 Monetary Award Program Formula Improvement Costs (All Sectors)

<u>Base Appropriation</u>	Dollars in Millions	
FY10 GRF Appropriation		\$398.0
Federal LEAP/SLEAP		\$4.0
		\$402.0
<hr/>		
<u>Formula Improvements (over FY2010 Recompute Formula)</u>	Cost per Improvement	Total Cost
Incorporate 2004-05 T&F	\$18	\$420
Incorporate Projected 2008-09 T&F and 2008-09 Pell Table with \$4731 max	\$41	\$443
Incorporate Projected 2009-10 T&F and 2009-10 Pell Table with \$5350 max	\$33	\$435
<hr/>		
Raise Maximum Award about \$500 to \$5466	\$29	\$431
Raise Maximum Award to \$5970	\$54	\$456
Raise Maximum Award to \$6488	\$77	\$479
<hr/>		
Raise Living Allowance to \$6000 (from \$4875)	\$20	\$422
<hr/>		
Raise EFC Cap to \$10,000 (from \$9,000)	\$5	\$407
Raise EFC Cap to \$12,000	\$10	\$412
<hr/>		
Announce awards through August	\$96	\$498
<hr/>		
<u>Some Combinations</u>		
FY2010 T&F, \$5350 Pell, and \$5196 Max Award	\$48	\$450
FY2010 T&F, \$5350 Pell, and \$5268 Max Award	\$54	\$456
FY2010 T&F, \$5350 Pell, and \$5268 Max Award, EFC Cap 12000	\$75	\$477
FY2005 T&F and \$5196 Max Award	\$31	\$433
FY2006 T&F and \$5103 Max Award	\$37	\$439

Source: ISAC

APPENDIX J

Recipient, Program, and MAP Approved Institutions Criteria and Procedures

Recipient Criteria

The MAP program has numerous eligibility criteria as defined in 23 Illinois Administrative Code Section 2735. MAP recipients must:

- be a U.S. citizen or an eligible non-citizen;
- be an Illinois resident;
- demonstrate financial need;
- be enrolled a minimum of 3 hours per term at an approved Illinois college, in a degree or certificate program;
- maintain satisfactory academic progress as determined by your college;
- not be in default on any student loan, nor owe a refund on any state or federal grant;
- not have received a bachelor's degree;
- not have used the equivalent of 135 MAP paid credit hours;
- comply with federal Selective Service registration requirements; and
- not be incarcerated.

Program Procedures

The following is a list of some of the primary program procedures and constraints specified by 23 Illinois Administrative Code.

- Applicants must annually submit a Free Application for Federal Student Aid (FAFSA), including financial information of applicants, spouses, and the parents of applicants.
- The Illinois Student Assistance Commission may adjust the priority consideration dates and the priority processing guidelines.
- Awards are applicable only toward tuition and mandatory fees.
- Awards may not exceed the maximum award as specified in 110 ILCS 947/35(c) or the institution's tuition and mandatory fee charges on file with ISAC. Subject to appropriation, the statute sets the maximum award at \$5,468 for fiscal year 2009, \$5,968 for fiscal year 2010, and \$6,468 for fiscal year 2011.
- The maximum award at public community colleges is limited to the in-district tuition and mandatory fees.
- One credit hour of MAP benefits is equivalent to one MAP paid credit hour toward the maximum usage of the equivalent of 135 semester credit hours.
- The minimum MAP paid credit hours per term is 3 and the maximum is 15.
- Recipients may not use more than 75 MAP paid credit hours while enrolled at the freshman or sophomore level.
- MAP grants may not be used for academic programs intended to prepare a student for the General Education Development test or for a high school diploma or towards audit course, credit-by-examination and/or life experience, or non-credit course offerings (except for qualifying remedial courses). It is important to note that MAP paid credit

hours used towards remedial courses decrease the remaining MAP paid credit hours for courses towards college credit.

- MAP grant payment is subject to the limits of dollars appropriated to ISAC by the General Assembly.

MAP-Approved Institution Criteria

As of June 25, 2009, there were 134 MAP approved schools. In order for an institution to become a MAP approved school by ISAC, an institution must meet the following criteria.

- Provide at least an organized 2-year program of collegiate grade in the liberal arts or sciences, or both, directly applicable toward the attainment of a baccalaureate degree or a program in health education directly applicable toward the attainment of a certificate, diploma, or an associate degree.
- Must operate in the State of Illinois, operate publicly or privately (not for profit), or operate for profit. Institutions operating for profit must offer degree programs approved by IBHE for at least three years, enroll a majority of its students in such programs, and maintain accreditation by the Commission on Institutions of Higher Education of the North Central Association of Colleges and Schools.
- Meet standards equivalent to comparable State institutions, as deemed by ISAC.
- Use the State as its primary guarantor of student loans, if so required by ISAC. *(Note: This requirement will no longer be relevant with the passage of the federal Health Care and Education Reconciliation Act of 2010, which abolished the Federal Family Education Loan Program and replaced it with Federal Direct Lending.)*

APPENDIX K

Map-Approved Institutions

Advocate Trinity Hospital School of Radiologic Technology	Chicago
American Academy of Art	Chicago
Argosy University	Chicago
Augustana	Rock Island
Aurora University	Aurora
Benedictine University	Lisle
Black hawk College	All Locations
Blackburn College	Carlinville
Blessing-Rieman College of Nursing	Quincy
Bradley University	Peoria
Capital Area School of Practical Nursing	Springfield
Carl Sandburg College	Galesburg
Chicago State University	Chicago
College of DuPage	Glen Ellyn
College of Lake County	Grayslake
Columbia College	Chicago
Concordia University	River Forest
Cooking and Hospitality Institute of Chicago	Chicago
Danville Area Community College	Danville
DePaul University	Chicago
DeVry University	All Illinois Locations
Dominican University	River Forest
East-West University	Chicago
Eastern Illinois university	Charleston
Elgin Community College	Elgin
Elmhurst College	Elmhurst
Eureka College	Eureka
Fox College	Oak Lawn
Frontier Community College	Fairfield
Governors State University	University Park
Graham Hospital School of Nursing	Canton
Greenville College	Greenville
Harold Washington College	Chicago
Harper College	Palatine
Harry S. Truman College	Chicago
Heartland Community College	Normal
Hebrew Theological College	Skokie
Highland Community College	Freeport
Illinois Central College	East Peoria
Illinois College	Jacksonville
Illinois Institute of Art	Chicago
Illinois Institute of Technology	Chicago
Illinois State University	Normal

Illinois Valley Community College	Oglesby
Illinois Wesleyan University	Bloomington
John A. Logan College	Carterville
John Wood Community College	Quincy
Joliet Junior College	Joliet
Judson University	Elgin
Kankakee Community College	Kankakee
Kaskaskia College	Centralia
Kendall College/Day Div/Horizon (Evening)	Chicago
Kennedy-King College	Chicago
Kishwaukee College	Malta
Knox College	Galesburg
Lake Forest College	Lake Forest
Lake Land College	Mattoon
Lakeview College of Nursing	Danville
Lewis and Clark Community College	Godfrey
Lexington College	Chicago
Lincoln Christian College	Lincoln
Lincoln College	Lincoln
Lincoln Land Community College	Springfield
Lincoln Trail College	Robinson
Loyola University	Chicago
MacCormac College	Chicago
MacMurray College	Jacksonville
Malcolm X College	Chicago
McHenry County College	Crystal Lake
McKendree University	Lebanon
Methodist College of Nursing	Peoria
Midstate College	Peoria
Millikin University	Decatur
Monmouth College	Monmouth
Moraine Valley Community College	Palos Hills
Morrison Institute of Technology	Morrison
Morton College	Cicero
National Louis University	All Locations
National University of Health Sciences	Lombard
North Central College	Naperville
North Park College	Chicago
North Park University	Chicago
Northeastern Illinois University	Chicago
Northwestern Illinois University	Chicago
Oakton Community College	Des Plaines
Olive-Harvey College	Chicago
Olivet Nazarene University	Bourbonnais
Olney Central College	Olney
Parkland College	Champaign

Prairie State College	Chicago Heights
Quincy University	Quincy
Rend Lake College	Ina
Richard J. Daley College	Chicago
Richland Community College	Decatur
Robert Morris University - Illinois	All Locations
Rock Valley College	Rockford
Rockford College	Rockford
Roosevelt University	Chicago
Rush University College of Nursing	Chicago
Saint Anthony College of Nursing	Rockford
Saint Augustine College	Chicago
Saint Francis Medical Center College of Nursing	Peoria
Saint John's College/Department of Nursing	Springfield
Saint Xavier University	Chicago
Sauk Valley Community College	Dixon
Shawnee Community College	Ullin
Shimer College	Chicago
Southeastern Illinois College	Harrisburg
Southern Illinois University - Carbondale	Carbondale
Southern Illinois University - Edwardsville	Edwardsville
South Suburban College	South Holland
Southwestern Illinois College	Belleville
Spoon River College	Canton
Springfield College in Illinois	Springfield
Telshe-Yeshiva	Chicago
The School of the Art Institute	Chicago
Trinity Christian College	Palos Heights
Triton College	River Grove
University of Illinois - Chicago	Chicago
University of Illinois - Springfield	Springfield
University of Illinois - Urbana	Urbana/Champaign
University of St. Francis	Joliet
VanderCook College of Music	Chicago
Wabash valley College	Mount Carmel
Waubonsee community college	Sugar Grove
Western Illinois University	Macomb
West Suburban college of Nursing	Oak Park
Wheaton College	Wheaton
Wilbur Wright College	Chicago

* As of June 25, 2009

Source: Illinois Student Assistance Commission

*College
Affordability
Summit*

*University of Illinois
at Chicago
February 26, 2010*

Presentation by:
David Longanecker
President, Western
Interstate Commission for
Higher Education (WICHE)

What Goals Do Student Financial Aid Advance?

The Imperative Prefacing Statement

- Financial Aid – Integral to Financing in Sync
- Too often thought of as *the avenue to access*
- It is an necessary, but not sufficient condition for *access and success*

ATFA

The Macro Story: Where You Were Until Now

- Total State Grants Awarded:
 - Illinois: \$418 Million (2007-2008)
 - Seventh Highest Nationally
- Need-based Grant Dollars (2007-2008)
 - Total Illinois: \$289 Million
 - Per Undergraduate
 - Illinois: \$762
 - U.S. Avg.: \$468
 - National Rank: 6th
- But that was then

The Macro Story: Where You Are Today (More or Less)

- Total State Grants Awarded:
 - Illinois: \$165 Million eleventh Highest Nationally
 - Probably \$350 per student + or -, below the national average
 - A Tradition Lost May Call For A New Philosophy

What Makes for Good State Financial Aid Policy in the Modern Era

- Principle I: Establish a clear philosophy and identify measureable goals.
 - The Likely Candidates from then & now
 - Access -- The bedrock from 60s to 90s
 - Merit – The Fad of the 90s
 - Academic Excellence Warrants Reward
 - Merit attracts the best & brightest
 - Access to Success
 - Incentivize Preparation
 - Be cost effective
 - My favorite -- Oregon Shared Responsibility

How Does Illinois Measure Up on Philosophy and Goals

- Higher Education Student Assistance Act
 - Paraphrasing: For the welfare and security of the State and the Nation, and recognizing that costs of education will increase to accomodate increasing demand, all residents who desire a higher education and are properly qualified will be enabled through a system of financial assistance to attend institutions of their choice within Illinois.
 - MAP:
 - “. . . An applicant is eligible for a grant . . . when the commission finds that the applicant . . . in the absence of grant assistance, will be deterred by financial considerations from completing an educational program at the qualified institution of his or her choice.”

How Does Illinois Measure Up on Philosophy and Goals

• The Ordering of Programs in Statute:

- State scholar
- Merit Recognition Scholarship
- Monetary award program
- Silas Purnell Illinois Incentive for Access
- Monetary Award Program Plus
- The higher education license plate grant
- Illinois Veterans Grant
- Illinois National Guard and Naval Militia Grant
- Minority Teachers of Illinois scholarship
- Golden Apple Scholars
- Police officer or fire officers survivor grant
- Department of Corrections employees killed or permanently disabled dependents grant
- Student to student grant
- Children with Disabilities Traineeship and fellowship
- Education of the Gifted and Talented Fellowship
- Special education teacher scholarship
- Science mathematics teacher scholarship
- Teacher shortage scholarships
- Teach Illinois Scholarship
- Equal Opportunity Scholarship for studies in school administration
- Administrative internships
- Teacher training full-time undergraduate scholarship
- Illinois Teachers and Child Care Providers Loan Prepayment
- Optometric Education Scholarship
- Forensic science grant

What Makes for Good State Financial Aid Policy in the Modern Era

• Principle 2: Align state financial aid programs with other state financing policies.

• The Likely Candidates

- Tie to tuition *
- Tie to assessed financial need *
- Use to assuage guilt – an after thought
- To rationalize choice based on cost *
 - Eliminate cost as a factor in choice
 - Create an affordable “cost of choice” *
- In sync with tuition and appropriations -- ATFA

What Makes for Good State Financial Aid Policy in the Modern Era

- Principle 3: Understand the significant partnership with the federal government in providing financial assistance.
 - You are unusual in recognizing link, to some extent, in statute
 - Pell Is Much Larger than MAP Grants
 - And Loans are an even bigger story
 - But it is likely that you are not as big a partner as you could be
 - *No interaction: Pell goes up, Pell goes down – no impact on Cal Grants*
 - *And you may leave a lot of federal money on the table*
 - *How so, you ask*
 - *Tuition tax credits for all students, including the most needy (new 40% refundable tax credit)*

What Makes for Good State Financial Aid Policy in the Modern Era

- Principle 4: Adopt clear metrics for measuring whether your goals (Principle 1) are being achieved
 - Does *evidence* assure you that you are achieving your objective
 - *Today you know: how many applicants, how many recipients, and average awards.*
 - *Do you know:*
 - *Profiles of recipients versus applicants not receiving, by system*
 - *Academic success of recipients compared to other students (including transfer students)*
 - *Distribution of aid by income, race/ethnicity, age, dependency*

What Makes for Good State Financial Aid Policy in the Modern Era

- Principle 5: State policy must be both transparent and predictable
 - *Absent good information, the best program will fail – market information is necessary to have markets work*
 - *And, mixed messages become negative messages*
 - *So, how does Illinois do in this regard ???*

What Makes for Good State Financial Aid Policy in the Modern Era

- Principle 6: Programs must be scalable
 - *What prevents scalability*
 - *Resources constraints*
 - *Complexity*
 - *Illinois Traditionally Did Well*
 - *Major Programs are simple to understand and manage*
 - *Programs had been resourced well*
 - *But Recent Actions Question Whether This Is Sustainable*
 - *Resource constraints may warrant more cost-effectiveness*
 - *Intentionality with feds*
 - *A new approach to cost of choice*
 - *Perhaps a new philosophy of cost sharing*

Looking forward with Illinois Financial Aid.

- Illinois had a long, strong, proud tradition in financial aid
 - It was a national leader
 - That is no longer the case
- The “New Normal” requires change
 - Questions to ask -- and answer
 - Can you afford the programs you have?
 - Should you target your aid more?
 - Do you have the right goals?
 - How well do your programs reach your goals? And, how do you know that.
 - How can you better take advantage of federal partnership?

Looking forward with Illinois Financial Aid.

Illinois Financial Aid is in Distress
Two Trite Sayings

To the Issues of Goals & Metrics

If you don't know where you're going, any path will get you there.

(or perhaps to Illinois current situation)

If you can't afford your goals, you may not really have any goals

To the Issues of Strategies & Performance

“Insanity is doing the same thing over and over again and expecting different results.” Albert Einstein

INTENTIONALITY MATTERS

*College
Affordability
Summit*

*University of Illinois
at Chicago*
February 26, 2010

Presentation by:
David Longanecker
President, Western
Interstate Commission for
Higher Education (WICHE)

*What's Happening
Around the Country In
Reforming State
Student Financial Aid
Programs?*

**So What Makes For Creating or
Recreating Good Financial Aid Policy?**

- Five key factors
 1. Clear rationale/philosophy
 2. Clear Goals & Measures
 3. A program that supports the goals & rationale
 4. A winning coalition to sell the program
 5. A program the state can afford (today & tomorrow)

What We Know

- Price Matters – for some
 - It matters for low-income folk: 5-9% effect per \$1,000
 - It may affect where but not whether for middle-income and high-income folks
 - Source of Research: Hanson & Weisbrod in 60s, Manski, Wise, and Mundel in 70s, Hearn & Longanecker in 80s, Kane in 90s, Heller in 00s. All the same
 - Only exceptions to date: Georgia and Nevada
- Bottom line: Financial aid helps enhance access
- A Necessary but not a sufficient condition

What We Know

- Financial Aid Isn't Enough to Assure Success –Preparation is Powerful
 - Decent grades are necessary,
 - But real key is **RIGOR OF THE CURRICULUM**
 - The Source of Best Evidence: *The Toolbox Revisited*; Cliff Adelman, U.S. Department of Education, 2006

What We Think We Know

- Breadth in coverage costs in two ways
 - More costs more
 - Drive Price Up
 - Student Loans versus Pell Grants
 - Georgia Hope . . .
- Targeted aid is cost-effective
 - Contains costs
 - Prevents price effect

The Dilemma – neither need nor merit really work to achieve access to success

- Need fails on the success side
- Merit fails on the access and cost-effectiveness side

The New Model: Blended Programs

- These come in three variations
 - The need add-on to merit
 - The merit add-on to need
 - Truly blended need and merit components

Blended Programs -- Type I: Need Add-on to Merit

- Wyoming's Hathaway Scholars Program
 - To qualify:
 - Take the rigorous Hathaway Scholars curriculum in high-school
 - Achieve specified GPA and ACT (amount varies by status – up to \$3,200)
 - Maintain specified GPA while in college
 - All qualified students receive initial scholarship.
 - Needy students available for a supplement, as well.
 - But must qualify for scholarship to receive need award.

Blended Programs -- Type I: Need Add-on to Merit

- Wyoming's Hathaway Scholars Program
 - Strength of Program:
 - Rewards strong preparation and assists with affordability for most able of the most needy
 - Fixed amount, so not dependent upon actual tuition amounts – also presents a “cost of choice”
 - Funded with a trust fund approach, so eventually will not be a financial constraint on the state
 - Fits Wyoming well.
 - Limitations:
 - Available only to traditional students and ignores knowledge of relationship between need and grades

Blended Programs -- Type II: Merit Add-on to Need

- Federal Academic Competitiveness and SMART Grants
 - Academic Competitiveness Grants
 - Pell Grant recipients who take a rigorous high-school curriculum (so certified by the State) receive an additional \$750 in the first year and \$1,300 in the second year.
 - National Science & Mathematics Access to Retain Talent (SMART) Grants
 - Pell Grant recipients majoring in science, math, or technology disciplines, with at least a 3.0 GPA and in their third or fourth year of studies receive an additional \$4,000

Blended Programs -- Type II: Merit Add-on to Need

- Federal Academic Competitiveness and SMART Grants
 - Strengths of the programs
 - Rewards students for preparing well for College
 - Encourages students to major in areas of National need
 - Focused on those students most underrepresented in desired STEM fields
 - Limitations of the program
 - Excludes students from high schools that don't offer a rigorous curriculum
 - Not permanently authorized, so programs' sustainable questionable
 - Doesn't fit for older students

Blended Programs -- Type III: Blended Merit and Need

- These programs include intentional and non-separable merit and need components.
- The new standard model: (Examples: Indiana 21st Century Scholars Program and Oklahoma Promise Scholarship)
 - Require core curriculum, reasonable grades, and assessed need.

Blended Programs -- Type III: Blended Merit and Need

- The Oregon Shared Responsibility Model.

Shared responsibility partners

Student share as principal beneficiary

- X% or a fixed amount
- from work, savings, scholarships, and/or borrowing

Parents share

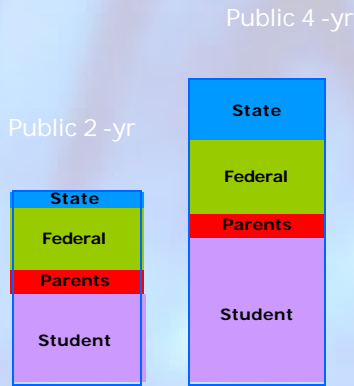
- determined using federal methodology

Federal share

- includes Pell & tax credit/deduction

Oregon share

- filling the gap



What's Best for Illinois in the New Normal" of the future

- If it is to *expand access thru need based aid – your tradition*, you will get the students in the door
 - But there will be fewer because of funding cuts
 - It won't greatly increase their likelihood of completing
 - It won't breed success, because it doesn't send the message about the importance of working hard to prepare
 - It won't create "the winning coalition." It isn't.

What's Best for Illinois in the "New Normal" of the future

- If it is to *reward* the best & brightest
 - Merit is the approach
 - But it will not address affordability
 - Where maybe, but not whether
- If it is to *retain* the best & brightest
 - Merit is an approach, but an expensive one
 - You do this today through quality academics,
 - And, more cost-effective to entice them back after college

What's Best for Illinois in the “New Normal” of the future

- If *expanding access to success* is your highest priority for financial assistance
 - The Blended model may hold the most promise
 - And, it is the most cost-effective for the State

Financing in Sync: Aligning the Pieces of Higher Education Funding



College Affordability Summit
Chicago, Illinois
February 26, 2010



NCHEMS

National Center for Higher Education Management Systems
3035 Center Green Drive, Suite 150
Boulder, Colorado 80301

The Illinois Public Agenda for College & Career Success

- Goals
 1. Increase educational attainment to match best-performing states
 2. Ensure college affordability for students, families, & taxpayers
 3. Increase the number of high-quality postsecondary credentials to meet the demands of the economy and an increasingly global society
 4. Better integrate Illinois' educational, research, and innovation assets to meet economic needs of the state and its regions



NCHEMS

Among the principles established in conjunction with the public agenda

“2. Priorities, policies, and budgets must align with state goals.”



Policy Levers

Strategies for Achieving Goal Attainment	Planning and Leadership	Finance	Regulation	Accountability	Governance
	← Alignment →				
Goal 1 Attainment					
Goal 2 Affordability					
Goal 3 Increase Credentials					
Goal 4 Meet Economic Needs					



Of the Policy Levers Available to Legislatures, the Most Powerful is Finance

- Finance Policy
 - Sends the strongest signals
 - Creates the strongest incentives for institutional behavior

In the absence of alignment between goals and finance policy, failure to achieve goals will be assured.

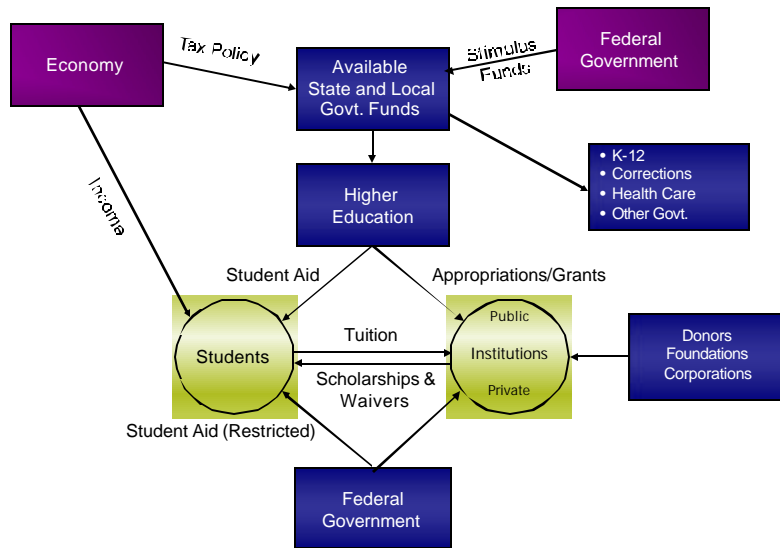


Two Purposes for State Funding

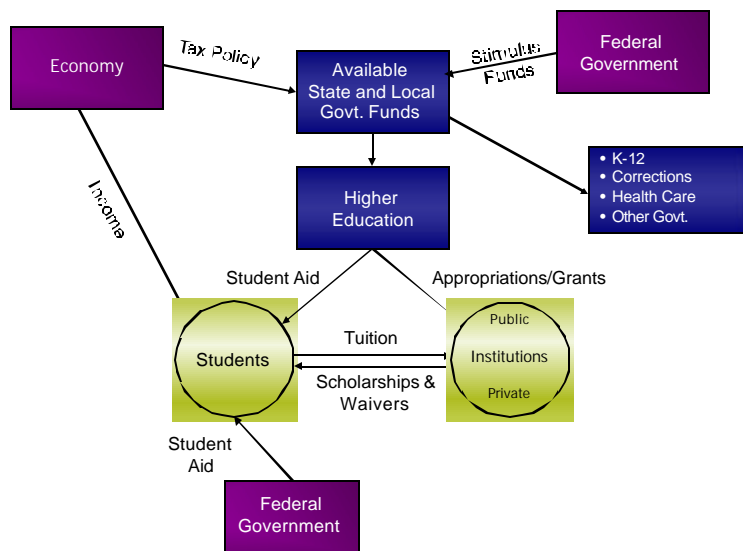
- Sustaining institutions – capacity creation & maintenance
- Investing in state priorities – capacity utilization



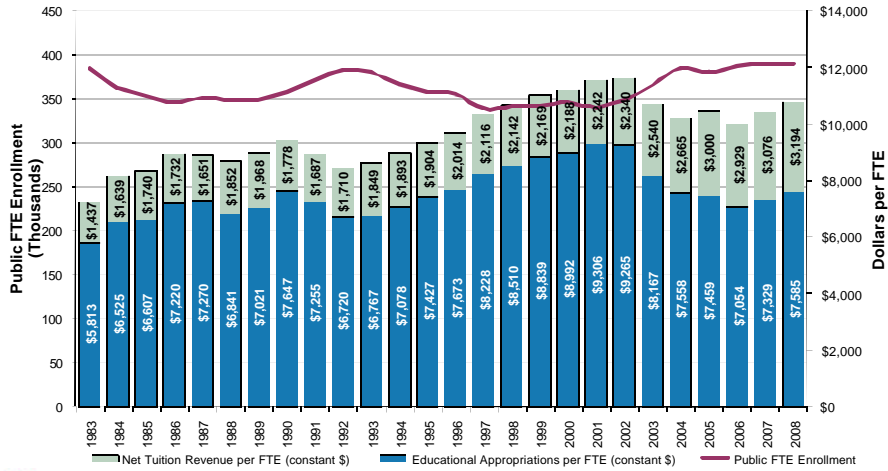
The Flow of Funds



The Flow of Funds - State



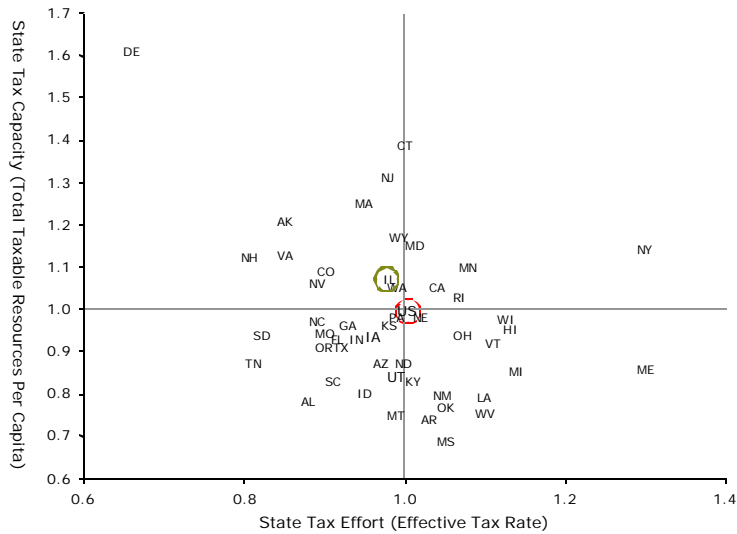
State/Local Funding plus Tuition Revenues per Student (FTE) Illinois Public Institutions, 1983-2008



Note: Constant 2008 dollars adjusted by SHEEO Higher Education Cost Adjustment. (HECA) Source: SHEEO SHEF



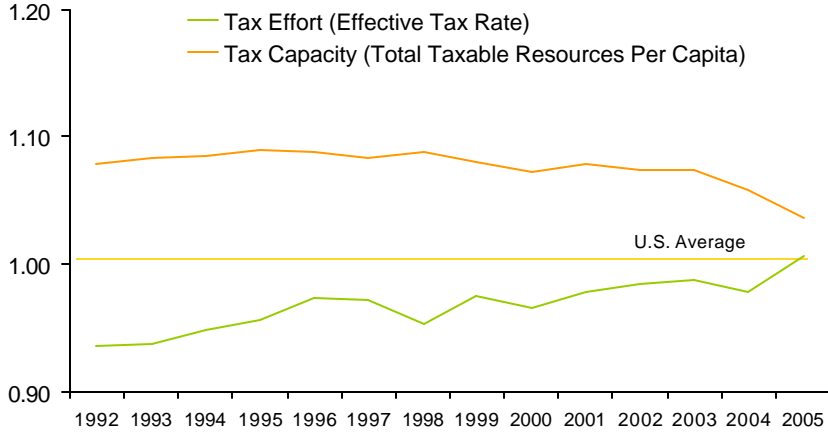
State Tax Capacity & Effort Indexed to U.S. Average



Source: State Higher Education Executive Officers (SHEEO)



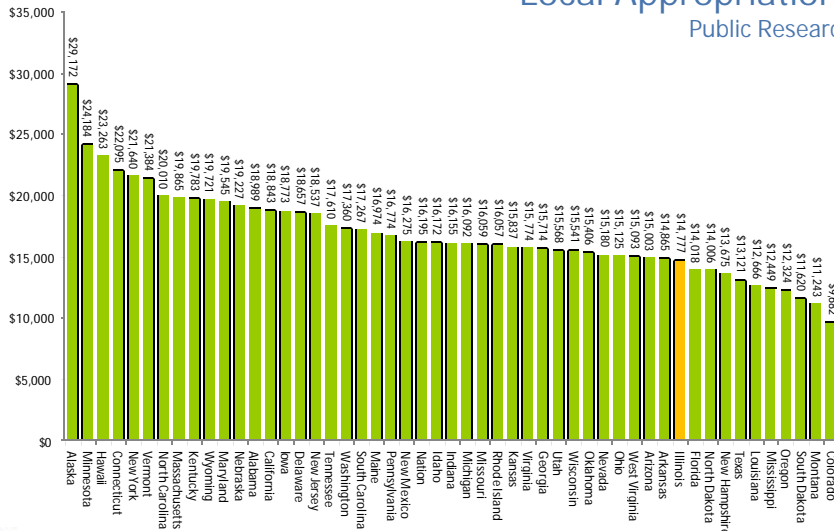
State Tax Capacity and Effort - Illinois Indexed to U.S. Average



Source: State Higher Education Executive Officers (SHEEO)

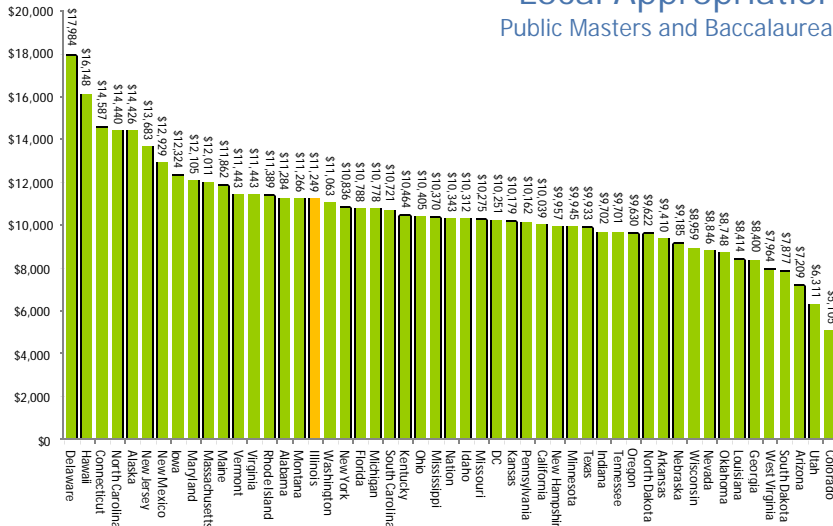
Revenues Per Student from Net Tuition, State, & Local Appropriations

Public Research



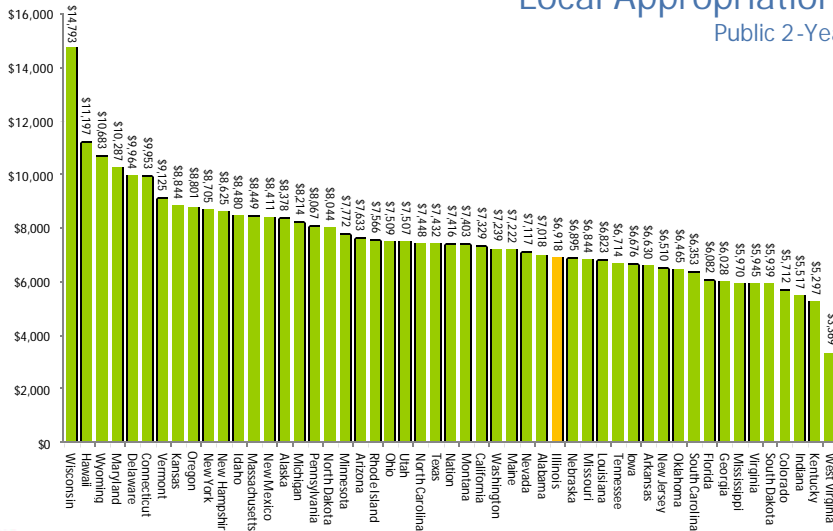
Sources: NCES, IPEDS 2006-07 Finance Files; f0607_f1a and f0607_f2 Final Release Data Files.
 NCES, IPEDS 2007-08 Institutional Characteristics File; hc2007 Final Release Data File.
 NCES, IPEDS 2006-07 Enrollment Files; ef2006a, efy2007, and efa2007 Final Release Data Files.

Revenues Per Student from Net Tuition, State, & Local Appropriations Public Masters and Baccalaureate



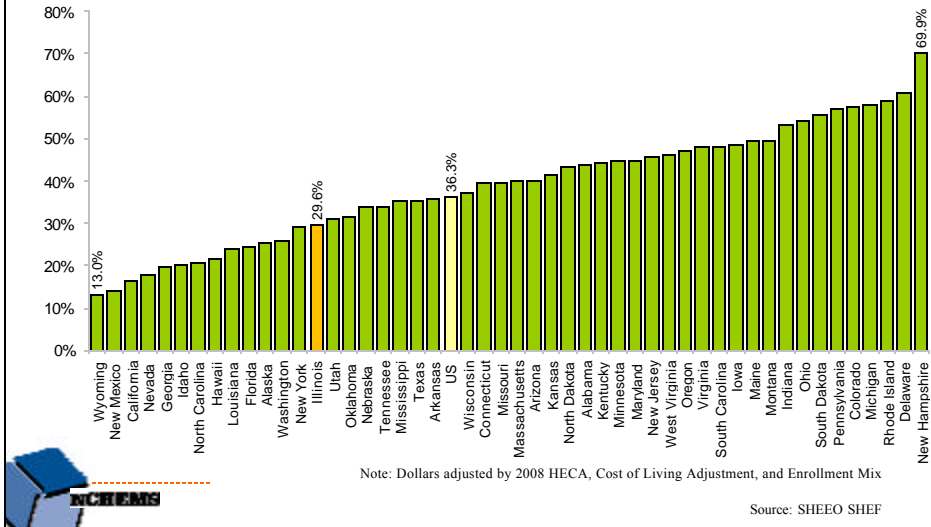
Sources: NCES, IPEDS 2006-07 Finance Files; f0607_f1a and f0607_f2 Final Release Data Files.
 NCES, IPEDS 2007-08 Institutional Characteristics File; ih2007 Final Release Data File.
 NCES, IPEDS 2006-07 Enrollment Files; ef2006a, efy2007, and efa2007 Final Release Data Files.

Revenues Per Student from Net Tuition, State, & Local Appropriations Public 2-Year



Sources: NCES, IPEDS 2006-07 Finance Files; f0607_f1a and f0607_f2 Final Release Data Files.
 NCES, IPEDS 2007-08 Institutional Characteristics File; ih2007 Final Release Data File.
 NCES, IPEDS 2006-07 Enrollment Files; ef2006a, efy2007, and efa2007 Final Release Data Files.

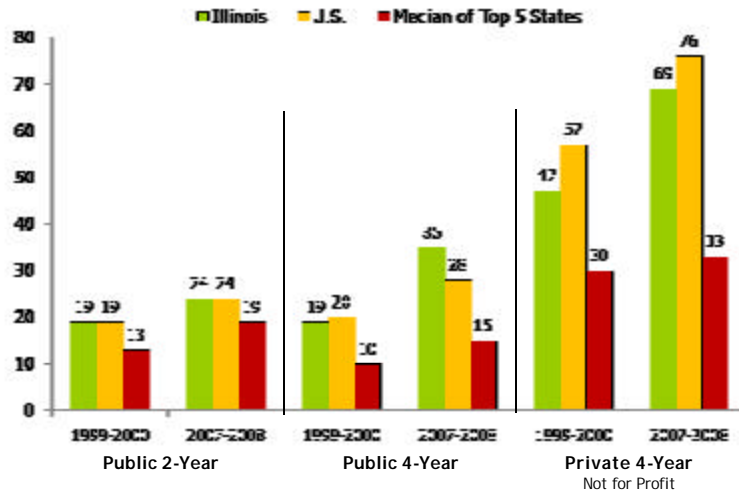
Net Tuition as a Percent of Public Higher Education Total Educational Revenue by State, FY 2008



Affordability

Percent of Family Income Needed to Pay for College

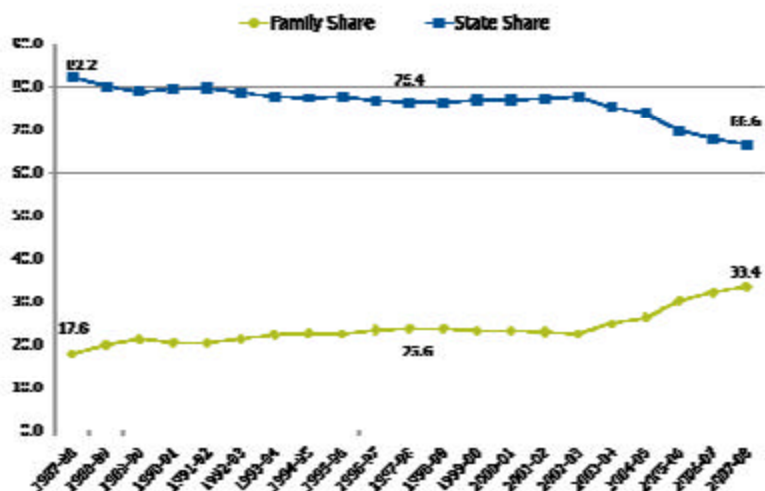
Financial Aid



Source: Measuring Up 2008

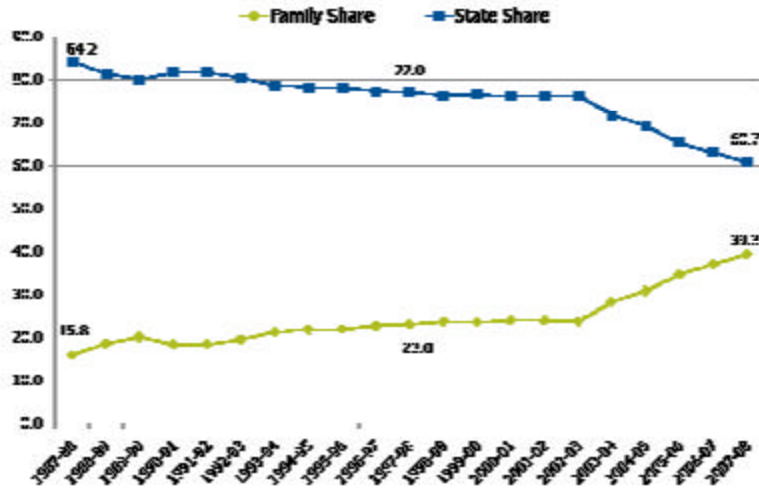
Illinois Public Institutions – State & Family Share of Funding

1988-2008



Source: Delta Project on Postsecondary Education Costs, Productivity, and Accountability; Delta Cost Project IPEDS Database.

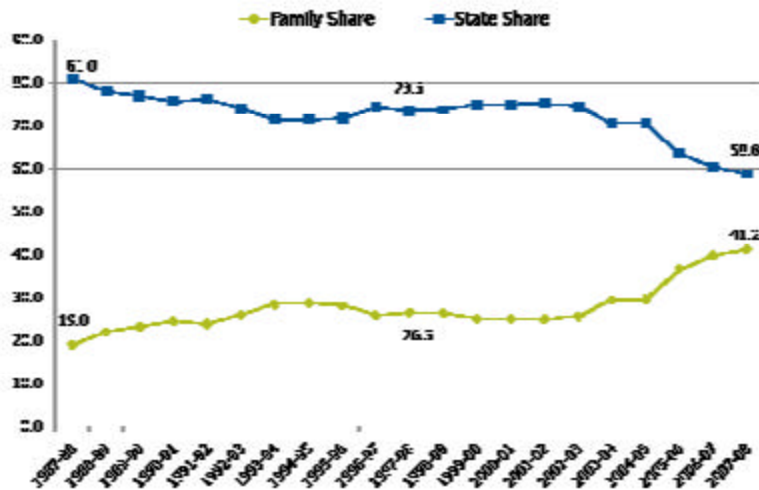
Illinois Public Research Institutions State & Family Share of Funding 1988-2008



Source: Delta Project on Postsecondary Education Costs, Productivity, and Accountability; Delta Cost Project IPEDS Database.



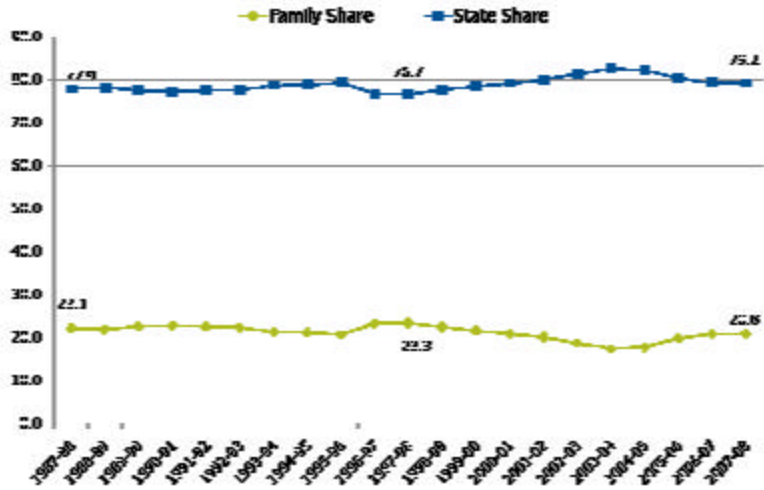
Illinois Public Masters & Bachelors Institutions State & Family Share of Funding 1988-2008



Source: Delta Project on Postsecondary Education Costs, Productivity, and Accountability; Delta Cost Project IPEDS Database.



Illinois Public Associates Institutions State & Family Share of Funding 1988-2008

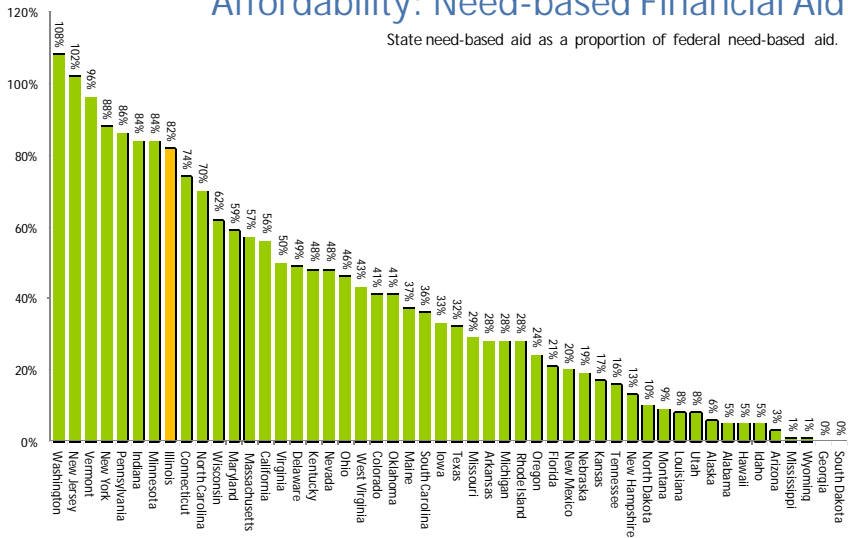


Source: Delta Project on Postsecondary Education Costs, Productivity, and Accountability; Delta Cost Project IPEDS Database.



Affordability: Need-based Financial Aid

State need-based aid as a proportion of federal need-based aid.



Source: Measuring Up 2008



Finance Policy – The Options

	Institution Focused	Student Focused
Capacity Creation & Maintenance	<ul style="list-style-type: none">• Base-Plus• Formulas• Investment Funds	Tuition & Aid Policy Focused on Revenue Generation
Capacity Utilization/ Public Agenda	Performance Funding	Tuition & Aid Policy Focused on Attainment of Specified Outcomes



Remember – all funding mechanisms create incentives for behavior

- Institutions
- Students

Question – are the incentives created consistent with pursuit of stated goals?



Incentives in the Current Funding Mechanism

- Keep students enrolled – but not necessarily completing
- Increase tuition to compensate for declines in state allocations

