

AGENDA ITEM 13.

FY2008 MONETARY AWARD PROGRAM (MAP) AND SILAS PURNELL ILLINOIS INCENTIVE FOR ACCESS (IIA) APPLICATION VOLUME UPDATE AND REQUEST FOR AUTHORITY TO SUSPEND

Submitted for: Action

Summary: At the beginning of June, nearly 209,000 Illinois undergraduate residents had completed a FY2008 Free Application for Federal Student Aid (FAFSA) and chosen a MAP-eligible school to receive their data. This number of announced applicants is just 0.4 percent higher than last year at this point in the FY2007 processing cycle. MAP-eligible application volume is currently down slightly; 128,401 applicants are eligible compared to 129,193 last year.

The average expected family contribution (EFC) for eligible applicants at this time is \$1,610; about \$100 lower than last year. Part of this decrease is caused by changes made to federal need analysis through the Higher Education Reconciliation Act (HERA). The changes that became effective in FY2008, including larger-than-normal increases to income protection allowances and decreased asset conversion rates, have been estimated to “cost” MAP \$5 million. In FY2007 the Commission was able to announce awards through August 25 with the same MAP formula that is being recommended for FY2008. Even though application volume is fairly level, MAP will need at least \$5 million more to be able to announce awards through a date similar to last year.

Although a state budget has not been approved, two proposals under consideration include slight increases – one of \$4.8 million and another of \$7.3 million. Either budget would basically cover the cost of the HERA changes; the larger amount would allow for a few more days of award announcements. If the Commission adopts the recommended FY2008 MAP recompute formula, if current application volume trends continue, and if claim rates are similar to last year, staff estimates award announcements could continue to a date near last year’s August 26 suspension date without over-committing the appropriation.

The number of FY2008 applicants eligible for the Illinois Incentive for Access (IIA) Program is nearly 6 percent higher than last year. As of June 1 there were 21,264 freshman applicants with a zero-expected family contribution compared to 20,116 at this point in FY2007. If this trend continues and funding is level, as expected, award announcements will need to be suspended earlier than the FY2007 August 19 suspension date.

Action requested: The Commission authorizes staff to suspend FY2008 award announcements for MAP and IIA when it becomes necessary to avoid the risk of overcommitting the appropriations.

ILLINOIS STUDENT ASSISTANCE COMMISSION

**FY2008 MAP AND IIA APPLICATION VOLUME UPDATE
REQUEST FOR AUTHORITY TO SUSPEND**

FY2008 MAP Application Volume

As of a U.S. Department of Education application received date of June 1, 2007, the number of FY2008 announced MAP applications, or completed applications from undergraduate Illinois residents at MAP-approved institutions, totaled 208,856, up 0.4 percent compared to last year. The number of MAP-eligible applicants totaled 128,401, down 0.6 percent from last year. Table 1 summarizes the number of FY2007 and FY2008 announced and MAP-eligible applications received by school and dependency type.

Table 1: Comparison of FY2008 and FY2007 MAP Applications Received as of June 1, by Sector and Dependency Type			
	FY2008	FY2007	% Change
Announced Applications	208,856	207,936	0.4%
Eligible Applications	128,401	129,193	-0.6%
Announced MAP Applications			
Public Universities	77,452	76,392	1.4%
Private Institutions	61,567	61,304	0.4%
Community Colleges	61,154	61,159	0.0%
Proprietary	8,683	9,081	-4.4%
Dependent	131,777	128,714	2.4%
Independent Without Dependents	32,542	32,570	-0.1%
Independent With Dependents	44,537	46,652	-4.5%
MAP-Eligible Applications			
Public Universities	41,133	40,987	0.4%
Private Institutions	36,130	35,940	0.5%
Community Colleges	44,546	45,477	-2.0%
Proprietary	6,592	6,789	-2.9%
Dependent	64,863	63,631	1.9%
Independent Without Dependents	23,613	23,781	-0.7%
Independent With Dependents	39,925	41,781	-4.4%

At the beginning of June announced applications were up 1.4 percent at public universities and 0.4 percent at private schools, level at community colleges, and down 4.4 percent at proprietary schools. MAP-eligible applications have increased 0.5 percent at private schools and 0.4 percent at public universities but have decreased at community colleges and proprietary schools by 2.0 and 2.9 percent, respectively.

More dependent students have applied so far in FY2008; announced applications are up 2.4 percent. Announced applications from independent students, however, have decreased 0.1 percent for those without dependents and decreased 4.5 percent for those with dependents. MAP-eligible dependent applicants have increased 1.9 percent while 0.1 fewer eligible independent students without dependents and 4.5 percent fewer eligible independent students with dependents have applied so far this year.

Incomes for FY2008 applicants are higher than last year. Average parental income for announced dependent applicants rose from \$65,094 to \$68,073 and the average federal expected family contribution

(EFC) increased \$44 to \$11,941. Forty-nine percent of dependent announced applicants are eligible for MAP, similar to last year. Parental income for eligible dependent applicants increased 2.3 percent to \$32,500. MAP-eligible applicants' EFCs are lower partly due to the HERA changes; the average EFC for MAP-eligible dependent applicants decreased from \$2,408 to \$2,220.

The average income for announced independent applicants increased from \$22,468 last year to \$23,291, while the average EFC is down just \$10 to \$2,925. Over 82 percent of independent applicants are eligible for MAP. Income for eligible independent applicants increased 3.4 percent to \$17,036; the average EFC for eligible independents decreased from \$1,041 to \$988.

FY2008 IIA Application Volume

At June 1, 2007 there were 21,264 applicants eligible for the IIA program, about six percent higher than the same point in time last year. Eligible IIA applicants are freshmen with very limited resources to pay for college. Although program rules allow for \$1,000 awards to freshmen with zero EFCs and \$500 to freshmen with EFCs of \$1 to \$500, program funding only allows for \$500 awards to freshmen with a zero EFC. Table 2 shows the number of IIA-eligible applications by sector and dependency type.

Table 2: Comparison of FY2008 and FY2007 IIA Eligible Applicants: Freshmen With Zero Expected Family Contributions			
	FY2008	FY2007	% Change
Eligible Applications	21,264	20,116	5.7%
Public Universities	3,880	3,325	16.7%
Community Colleges	12,828	12,461	2.9%
Private Institutions	3,315	3,074	7.8%
Proprietary Institutions	1,241	1,256	-1.2%
Dependent	8,959	7,606	17.8%
Independent	12,305	12,510	-1.6%

Public universities have seen the largest increase in IIA-eligible applicants, at nearly 17 percent. Nearly 8 percent more zero-EFC freshmen have applied to private schools and nearly 3 percent more have applied to community colleges, where most IIA-eligible students attend. Proprietary schools are seeing a decrease in IIA-eligible students compared to last year. Dependent freshmen IIA-eligible application volume is up nearly 18 percent while applications from freshmen zero-EFC independent students is down almost 2 percent from last year.

Request Permission to Suspend

As in past years, the Commission will need to suspend award announcements for MAP and IIA. Given the available information, staff projects the IIA suspension will need to occur in early August. The suspension date for MAP depends upon adoption of the FY2008 recompute formula, the final MAP appropriation, and volume trends, but is expected to be near last year's August 26 date. Staff requests Commission authorization to suspend FY2008 award announcements when it becomes necessary to avoid overcommitting MAP and IIA appropriations.