

AGENDA ITEM 6.

**FY 2012 STATE APPROPRIATIONS
FOR ISAC-ADMINISTERED GIFT ASSISTANCE PROGRAMS**

Submitted for: Information

Summary: The General Assembly has sent Governor Pat Quinn its fiscal year 2012 (FY2012) budget. One component of this budget is a bill, House Bill 3700, that authorizes higher education spending for student financial assistance, as well as spending by public universities, community colleges, and higher education agencies. Unlike recent budgets, in which the General Assembly approved lump sums for agencies to allocate as needed, the FY2012 budget designates specific line-by-line appropriations.

Although most of the General Assembly's allocations for ISAC-administered gift assistance programs adhere closely to the Governor's (and ISAC's) original recommendations, there are significant differences between the Governor's introduced budget and the approved House bill.

Most notably, the bill cuts approximately \$17.2 million from the Monetary Award Program (MAP) and eliminates all but one dollar of spending from the Student-to-Student grant program. The budget does include \$6.0 million to be used in reimbursing public institutions for tuition and fee costs waived through the Illinois Veteran Grant program. This is a reversal of a cut to IVG that occurred in FY2011.

In all, the bill authorizes the Commission to spend \$406,865,000 from the General Revenue Fund (GRF) for scholarship and grant programs. That amount is \$8,959,100 less than ISAC's final general funds appropriation for FY2011.

Although HB 3700 was approved by both chambers, some hope remains for additional student assistance funding in FY2012. Several legislators have expressed support for a supplemental appropriation during the fall veto session or early in calendar year 2012. Others have suggested that the Governor use uncommitted funds that were allocated to him for FY2011 to fill what he considers to be "holes" in the FY2012 budget.

Action requested: None

ILLINOIS STUDENT ASSISTANCE COMMISSION

**FY2012 STATE APPROPRIATIONS
FOR ISAC-ADMINISTERED GIFT ASSISTANCE PROGRAMS**

In May, the General Assembly passed appropriation bills for fiscal year 2012 (FY2012), which began July 1, 2011. Unlike recent budgets, in which the General Assembly approved lump sums for agencies to allocate as needed, the FY2012 budget designates specific line-by-line appropriations.

The higher education budget, including appropriations for ISAC-administered gift assistance programs, was contained in House Bill 3700 (Madigan-Kotowski). The Governor is expected to act on the bill between the time of this writing and the date of the Commission meeting.

In all, HB 3700 authorizes the Commission to spend \$406,865,000 from the General Revenue Fund (GRF) for scholarship and grant programs. That amount is \$8,959,100 less than ISAC's final general funds appropriation for FY2011.

Although the overall cut in general funds appropriated to ISAC was less than \$9 million, the reduction in funding for the Monetary Award Program (MAP) was \$17.2 million, compared to FY11 levels. This is despite record demand in the state for need-based student assistance.

Initially, House members who drafted HB 3700 intended the cuts in the MAP appropriation to be accompanied by substantive legislation: an elimination of MAP grants for students at proprietary schools. Although the budget cuts were approved, the language regarding proprietary schools was not. This leaves the program, at this time, with a smaller appropriation but no commensurate reduction in the number of eligible students.

Other highlights of HB 3700 include the following:

- Effectively eliminates state support for the Student-to-Student grant program, which provides state matching funds for students' voluntary contributions. The funds provide emergency financial assistance to students in need.
- Restores limited funding for the Illinois Veteran Grant, to reimburse public universities and community colleges for waiving veterans' tuition and fees. An appropriation of \$6 million in the ISAC budget should be sufficient to pay most summer term claims. This is in addition to \$7.25 million in the Illinois Community College Board budget, which may be sufficient to cover most remaining IVG claims in the community college sector.
- Cuts direct appropriations to public universities by 1.15% and funds community college operations at FY2011 levels.

Although HB 3700 was approved by both chambers, some hope remains for additional student assistance funding in FY2012, at least for MAP. Several legislators have expressed support for a supplemental appropriation for MAP and other programs during the fall veto session or early in calendar year 2012. Others have suggested that the Governor use uncommitted funds that were allocated to him for FY2011 to fill what he considers to be "holes" in the FY2012 budget.

**FY2012 STATE APPROPRIATIONS FOR
ISAC-ADMINISTERED GIFT ASSISTANCE PROGRAMS**

HB 3700 AS SENT TO GOVERNOR

| <i>Grant or Loan Repayment Program</i> | <i>Appropriation (\$ in thousands)</i> | |
|---|--|---------------------------|
| | <u>FY 2011</u> | <u>FY 2012</u> |
| <u>STATE GENERAL FUNDS</u> | | |
| Monetary Award Program | \$403,890.0 | \$386,680.0 |
| Illinois Incentive for Access Grants | \$0.0 | \$0.0 |
| Teacher Loan Forgiveness Program | \$500.0 | \$500.0 |
| Minority Teachers of Illinois Scholarships | \$1,393.0 | \$2,500.0 |
| Illinois Future Teachers Corps Scholarships | \$1,900.0 | \$2,000.0 |
| Student to Student Grants | \$650.0 | \$0.0 |
| Dependents ("Line of Duty") Grants | \$950.0 | \$950.0 |
| Illinois National Guard Grants | \$2,700.0 | \$4,400.0 |
| Illinois Veteran Grants | \$0.0 | \$6,000.0 |
| Nurse Educator Scholarships | \$0.0 | \$0.0 |
| Nurse Educator Loan Repayment Program | \$300.0 | \$300.0 |
| Veterans' Home Nurse Loan Repayment Program | \$50.0 | \$50.0 |
| Bonus Incentive Grants | \$331.1 | \$325.0 |
| Illinois Scholars Program | \$3,160.0 | \$3,160.0 |
| TOTAL | <u>\$415,824.1</u> | <u>\$406,865.0</u> |
| <u>SPECIAL STATE FUNDS</u> | | |
| Higher Education License Plate Program | \$70.0 | \$80.0 |
| Optometric Education Scholarship Program | \$50.0 | \$50.0 |
| ING- National Guard Grant Fund | \$20.0 | \$20.0 |
| Illinois Future Teachers Corps Scholarship Fund | \$60.0 | \$60.0 |
| TOTAL | <u>\$200.0</u> | <u>\$210.0</u> |
| <u>TOTAL STATE* FUNDS</u> | <u>\$416,024.1</u> | <u>\$407,075.0</u> |

** State spending authority was also approved for the federal Robert C. Byrd scholarship and the (Supplemental)/Leveraging Educational Assistance Program. However, funding for these federal programs is not anticipated.*