

AGENDA ITEM 7A.

MAP UPDATE: FY2013 MAP CLAIMS; FY2014 MAP ESTIMATE; PROGRESS ON MAP TASK FORCE RECOMMENDATIONS

Submitted for: Information

Summary: FY2013 and FY2014 Monetary Award Program Updates

As of March 19, \$354 million of the \$371 million appropriation for FY2013 MAP has been spent providing more than 140,000 awards. The second term award deadline is April first and the third term deadline is June 1. We are expecting to fully expend the appropriation. As of March 19, over 44,000 students have claimed \$155 million at public universities and about 38,500 have claimed \$139 million at private nonprofit institutions. About 51,000 community college students have claimed about \$48 million and the remaining \$12 million has been claimed by approximately 6,000 students at proprietary institutions.

FY2014 MAP saw the earliest application suspense date ever – March 2. As of March 21, over 26,500 applications had already been suspended – almost 14% of the eligible volume is now in suspense. The FY2013 appropriation level was \$371 million but our appropriation could be less this year and we will not know until the General Assembly passes the FY14 budget. Staff forecasts that we will have non-suspended FY2014 claims totaling \$354 million, if we make no further adjustments. If the final MAP appropriation the legislature approves is level with the FY2013 appropriation at \$371 million, we will release suspended applications to spend the additional funds. If the appropriation is less than the \$354 million we are currently estimating, we will make small adjustments in the maximum award to reduce the estimated claims.

Overall eligible application volume is nearly 193,000, up 7.6% over last year – which was a record year. It is too early to tell whether this increase is due to new students filing or returning students filing earlier; it is likely a combination of both. All sectors except for proprietary schools are seeing substantial increases.

Update on the Recommendations from the MAP Task Force

Three recommendations were offered to the Commission by the MAP Task Force. They were offered to make MAP a little more efficient and possibly more effective. One recommendation was to make MAP rule changes that would withhold MAP for one year from MAP recipients who fail at one institution but immediately enroll in another institution. Another recommendation was to investigate the possibility of requiring specific school advising of MAP recipients as a component of school MAP eligibility. The third recommendation directed ISAC and the ILASFAA Formula Committee to consider changes to the MAP formula to update it and possibly replace it with a payment table. ISAC staff has begun to address these recommendations through discussion of ISAC rule changes, preparations for forming a committee to look at advising programs, and participating in the ILASFAA formula committee meeting this spring.

Action: None.

**ILLINOIS STUDENT ASSISTANCE COMMISSION
MAP UPDATE: FY2013 MAP CLAIMS; FY2014 MAP ESTIMATE; PROGRESS ON MAP
TASK FORCE RECOMMENDATIONS**

Update on FY2013 MAP

As of March 19, \$353.5 million of the \$371 million appropriation for MAP has been spent providing more than 140,000 awards. The second term award deadline is April first and for the few quarter schools (all are private NFP or proprietary schools), the third term deadline is June 1. We are expecting to fully expend the appropriation – it will be very close. There is a chance we could be up to \$1 million over the appropriation. This would be the worst case scenario and is unlikely. We would have to reduce awards to the released students by up to \$100 each. A more likely scenario would be exceeding the appropriation by \$100,000 or so. This amount could be covered by IDAPP and students would be unaffected. The most likely scenario, however, is that we are under the appropriation. As of March 19, over 44,000 students have claimed \$155 million at public universities and about 38,500 have claimed \$139 million at private nonprofit institutions. About 51,000 community college students have claimed about \$48 million and the remaining \$12 million has been claimed by approximately 6,000 students at proprietary institutions.

Update on FY2014 MAP

FY2014 MAP saw the earliest application suspense date ever – March 2. Applications filed on or after March 2 have been put in suspense. As of March 21, over 26,500 applications had already been suspended – almost 14% of the eligible volume is now in suspense (see Table 1.) Over half of the suspended applications list a community college as the first choice school. We could see a record number of suspended students this year. Staff was conservative with the estimated MAP cut-off appropriation. FY2013 appropriation level was \$371 million but there are indications that our appropriation could be less this year and we will not know until the General Assembly passes the FY14 budget. Staff forecasts that we will have non-suspended FY2014 claims totaling approximately \$354 million, if we make no further adjustments. If the final MAP appropriation the legislature approves is level with the FY2013 appropriation at \$371 million, we will release suspended applications to spend the additional funds; if the appropriation is less than the \$354 million we are currently estimating, we will make small adjustments in the maximum award to reduce the estimated claims which we will bring to your attention in the MAP recompute agenda item at the June Commission Meeting.

Overall eligible application volume is nearly 193,000, up 7.6% over last year – which was a record year. It is too early to tell whether this increase is due to new students filing or returning students filing earlier; it is likely a combination of both. All sectors except for proprietary schools are seeing substantial increases (Table 1.)

Eligible application volume is up by over 10% for dependent students and by 8% for independent students without dependents. Independent students *with* dependents are down very slightly – less than 1%. The large increase in dependent applications coupled with the large increase in public university and private university sector increases will probably result in a reduced number of awards even if the

appropriation remains level. Dependent students at four-year schools attempt more credit hours and are eligible for bigger awards than students at community colleges. Based on average award sizes, one dependent student at a public university takes the same dollars (about \$3,600) as three community college awards (\$1,100).

Table 1: Announced and Eligible Application Volume for FY2014, as of March 21, 2013

MONETARY AWARD PROGRAM							
APPLICATIONS AS OF MARCH 21 - FY2014 COMPARED TO FY2013							
		FY2014	FY2013	# change	% change	# suspended	% eligible suspended
All announced applications		273,226	255,412	17,814	7.0%	39,692	
Eligible applications < 135 MPCH		192,659	178,973	13,686	7.6%	26,539	13.8%
Announced by sector:							
	public universities	91,024	85,848	5,176	6.0%		
	private universities	73,845	67,739	6,106	9.0%		
	community colleges	96,570	89,515	7,055	7.9%		
	HSN / professional	1,709	1,371	338	24.7%		
	proprietary	10,078	10,939	-861	-7.9%		
		273,226	255,412	17,814	7.0%		
Eligible by sector:							
	public universities	57,372	52,886	4,486	8.5%	6,666	11.6%
	private universities	48,977	44,560	4,417	9.9%	3,466	7.1%
	community colleges	76,219	71,017	5,202	7.3%	14,803	19.4%
	HSN / professional	1,352	1,046	306	29.3%	190	14.1%
	proprietary	8,739	9,464	-725	-7.7%	1,414	16.2%
		192,659	178,973	13,686	7.6%	26,539	13.8%
Announced by dep type:							
	dependent	175,299	160,596	14,703	9.2%		
	independent without dependents	45,361	42,010	3,351	8.0%		
	independent with dependents	52,566	52,806	-240	-0.5%		
		273,226	255,412	17,814	7.0%		
Eligible by dep type:							
	dependent	104,045	93,156	10,889	11.7%	11,545	11.1%
	independent without dependents	38,538	35,560	2,978	8.4%	5,743	14.9%
	independent with dependents	50,076	50,257	-181	-0.4%	9,251	18.5%
		192,659	178,973	13,686	7.6%	26,539	13.8%

Update on the Recommendations from the MAP Task Force

Three recommendations were offered to the Commission by the MAP Task Force. They were offered to make MAP a little more efficient and possibly more effective. One recommendation was to make MAP rule changes that would withhold MAP for one year from MAP recipients who fail at one institution but immediately enroll in another institution. Another recommendation was to investigate the possibility of requiring specific school advising of MAP recipients as a component of school MAP eligibility. The third recommendation directed ISAC and the ILASFAA Formula Committee to consider changes to the MAP formula to update it and possibly replace it with a payment table. ISAC staff has begun to address these recommendations.

Rule change to withhold MAP from failing students.

ISAC staff is evaluating the mechanics of making a rule change that would prohibit a MAP recipient who fails at one institution from retaining MAP eligibility by immediately enrolling in another institution. The usual progression is from a four-year school to a two-year school. ISAC research and national research has shown that this pattern rarely results in credential attainment of any type. In the ISAC study, only five percent of MAP recipients with this attendance pattern received any postsecondary

credential after six years. Requiring a one-year “time-out” on MAP gives the student a chance to reassess his priorities and preserves his MAP eligibility for future study.

The impact on MAP is minimal – likely under a half million dollars. The more important impact would be on the student who would be preserving his MAP eligibility for future use when he is more focused on academic goals. The operational issues surrounding this recommendation that staff is considering include determining what constitutes failure at the first school – whether it is not being allowed to return to the first school or simply not meeting the satisfactory academic progress (SAP) requirement necessary to receive aid at the first school. Another operational issue is the process of verification, how difficult verification will be and who should be responsible for it. There is also a question of support for this change from MAP-eligible schools. At the time the recommendation was discussed during the task force meetings, there was no opposition voiced from any sector. However, since then, staff understands that some college representatives do not support the recommendation. Staff needs to understand their issues and see if their concerns can be accommodated.

Requiring an advising component to MAP

National studies and anecdotal evidence from Illinois schools suggests that first generation students who receive additional counseling especially during the first year of college persist at higher rates than those that do not. ISAC’s own research shows that first generation students, regardless of income level and college preparation, have first year GPAs that are half a grade below students of similar income levels and college preparation who have at least one parent who attended college.

There is much literature available on this topic but few reliable studies that actually document the improvement that advising can make in a rigorous fashion. Some of the task force members felt that programs that were provided on their campuses were successful but the evidence is largely anecdotal. Most task force members thought that the idea of an advising component should be pursued further as a school-state partnership that the senate resolution (SR-69) forming the task force recommended the group investigate but felt that they did not have the necessary background and expertise to evaluate programs or make recommendations. The recommendation of the task force was to form a committee of experts in the area of advising to determine what, if any, advising component to MAP would be beneficial and cost-effective.

Staff has done some preliminary research on advising programs that seem to have promise promoting student retention by providing assistance in one or more areas: academic support, financial information and budgeting and social/emotional counseling. The next step is to assemble a group of individuals to advise the commission on what would likely be effective, administratively feasible and cost-effective. Some task force members have offered assistance – either their own or someone they suggested – and staff will reach out this summer to other members of the academic community to assemble a group to help sort through the various options. Since the overall higher education budget is extremely limited, staff is aware that additional unfunded mandates would be viewed unfavorably by many schools that are already having difficulty making ends meet. At the same time, increasing graduation rates of MAP recipients is a very cost-effective way of moving toward the dual goals of 60% of the workforce with a quality postsecondary credential by 2025 and a reduction in the achievement gap experienced by students from lower income families.

Updating the MAP Formula

The principal reason the MAP formula has not been updated, i.e., reflecting the current costs students face, is because the program has not been appropriated the funds to do so. MAP funding has been fairly flat for a decade during a period of rapidly rising costs and demand for the program. Any additional

funding received was used to extend application processing for as long as possible. The result is that ISAC uses very old (2004) tuition and fees and an unrealistically low living allowance when calculating the cost of attendance. We subtract an inflated current parent EFC, a minimum student self-help contribution of \$1,800 and 80% of any Pell Grant that they receive from this low estimate of the student's cost of attendance. A positive residual indicates that the student is eligible for a MAP grant. The amount of the grant offered is the residual or \$4,720 (for FY2013), whichever is lower. Despite that low estimate of the cost of attendance, more students are eligible than ever before because family incomes have actually fallen. Our eligible students have lower incomes than they did a decade ago.

Despite the inaccurate costs and unrealistic inflation of the family's ability to pay, the formula does ration awards so the bulk of them are going to the neediest students (93% of MAP recipients are Pell-eligible, with EFCs of about \$5,000 or less.) But some students are hurt because tuition and fees at their school has increased faster than at others and this cost differential is not reflected in the model. Some schools complain that it is difficult to explain to parents who have the same EFC but a different parent contribution/student contribution split why their awards are different. Since the MAP grant now covers so little of the cost – in 2002 it covered 100% of average tuition and fees at a public university, in FY2013 it is about 38% - it is hard to justify saying it is cost-based. A much simpler allocation mechanism of flat awards in a payment table based in some fashion on income levels, might make more sense today.

The ILASFAA Formula Committee has expertise in these issues and provides guidance to ISAC staff on formula changes which are ultimately approved by the Commission. The Formula Committee changes every spring and once the new membership has been determined ISAC staff will join with them to begin the process of evaluating what changes can be made to the MAP formula, including potentially replacing it with one or more payment tables. By fall, staff should have some conclusions from the discussion with the ILASFAA Formula Committee to present to the Commission.