

AGENDA ITEM 12.

FY2003 MONETARY AWARD PROGRAM STATUS REPORT

Submitted for: Information

Summary: As of a U.S. Department of Education application received date of January 15, 2003 the number of *announced* applications, or completed applications from Illinois residents who plan to attend an institution participating in the Monetary Award Program (MAP), was 306,961 compared to 287,105 in FY2002, for an increase of 6.9 percent. The number of *eligible* MAP applicants was 7.0 percent greater, up to 210,523 from 196,758. While these volume increases are high, they are lower than the 10 percent increases that existed through August.

The preceding volume numbers include students who had used 48 or more MAP eligibility units at the beginning of FY2003. These students were declared ineligible to help close the gap caused by a \$38 million decrease in funding. As of January 15, funding had been denied for 8,400 “fifth-year” applicants who would have otherwise been eligible. When fifth-year students are not included, FY2003 application volume increased by 3.8 percent for announced and 2.7 percent for eligible applications.

In response to the expected application volume increase and the reduction in the FY2003 appropriation, the Commission suspended award announcements on August 13 to avoid overcommitting MAP funds. At January 15 nearly 32,900 eligible applicants had been suspended. The majority of these students, 66 percent, had indicated that they would attend a community college.

Another change for FY2003 is the eligibility of students taking fewer than six credit hours. The Less-Than-Half-Time (LTHT) project had been a pilot study for three years and the decision was made to incorporate eligible LTHT students into the regular MAP program. As of January 21, 2,863 first term claims totaling nearly \$600,000 had been made on behalf of LTHT students.

Payout results showed that as of January 21, just past the deadline for first-term claims, \$191.1 million, or 57.4 percent of the \$333.2 million appropriation had already been claimed. First-term claims totaled \$167.3 million, which was \$3.3 million over the estimate for first term. The final payout estimate, composed of actual first-term claims plus estimates for the second and third terms, is \$330.9 million or 99.3 percent of the FY2003 appropriation.

Action requested: None

**ILLINOIS STUDENT ASSISTANCE COMMISSION
FY2003 MAP STATUS REPORT**

On June 28, 2002 the Commission approved the final FY2003 MAP allocation formula for determining eligibility for the 2002-2003 academic year. Two formula changes were made in response to the \$38 million decrease in funding. First, students applying for a fifth year of MAP grants were denied eligibility, reducing estimated program expenditures by \$20 million. Secondly, FY2003 announced awards were reduced by 5 percent from the amount calculated using the MAP start-up formula. This reduction addressed the remaining \$18 million in funding cuts and allowed award announcements to be suspended in mid-August instead of at the end of July. Compounding the loss of FY2003 MAP funding was a 10 percent application volume increase at the time of recompute. The volume increase has since decreased to 7 percent. The decreased level of funding combined with increased application volume necessitated the suspension of award announcements for applications received by the Department of Education on August 13, 2002 or later.

Application Volume

As of the U.S. Department of Education application received date of January 15, 2003, the FY2003 Monetary Award Program (MAP) volume of announced applicants, or those who were undergraduate Illinois residents attending MAP-approved institutions, totaled 306,961. This number is 6.9 percent higher than the number of announced applications received at the same time last year. When fifth-year applicants were excluded from FY2003 data, announced applications increased by 3.8 percent. Patterns for eligible applications were similar. Eligible volume increased by 7.0 percent, and by 2.7 percent excluding fifth-year students. Table 1 summarizes FY2002 and FY2003 application volumes by school type.

Table 1: Comparison of FY2002 and FY2003 MAP Application Volume by School Type					
	FY2002	FY2003	FY2003 No 5 th Year	% Change	% Change No 5 th Year in FY2003
Announced Applications	287,105	306,961	298,011	6.9%	3.8%
Eligible Applications	196,758	210,523	202,092	7.0%	2.7%
Announced By School Type					
Public Universities	93,120	95,920	90,814	3.0%	-2.5%
Private Four-Year	73,422	75,257	72,647	2.5%	-1.1%
Community Colleges	102,623	117,666	116,784	14.7%	13.8%
Private Two-Year	4,368	4,510	4,419	3.3%	1.2%
HSN/Professional	858	915	883	6.6%	2.9%
Proprietary	12,714	12,693	12,464	-0.2%	-2.0%
Eligible By School Type					
Public Universities	53,897	55,182	50,347	2.4%	-6.6%
Private Four-Year	48,997	49,845	47,418	1.7%	-3.2%
Community Colleges	79,933	91,404	90,566	14.4%	13.3%
Private Two-Year	3,750	3,831	3,742	2.2%	-0.2%
HSN/Professional	686	693	665	1.0%	-3.1%
Proprietary	9,495	9,568	9,354	0.8%	-1.5%

When considering application volume by sector, the greatest percentage increase occurred at community colleges. The number of eligible applicants increased from 79,933 last year to 91,404 for an increase of 14.4 percent. Without fifth-year applicants, community college eligible application volume increased 13.3 percent. The number of eligible applications at public universities increased 2.4 percent, but actually decreased 6.6 percent when fifth-year students were removed from FY2003 data. At private

universities, volume was up 1.7 percent and down by 3.2 percent without the fifth-year applicants. The proprietary sector saw a 0.8 percent increase in eligible application volume and realized a 1.5 percent decrease without fifth-year applicants.

The overall increase in applications is largely driven by a higher number of applications from independent students. Including fifth-year applicants, volume for eligible independent students with dependents was up 11.3 percent. Volume for independent students without dependents increased by 6.2 percent, and eligible dependent student volume rose by 4.1 percent. Table 2 summarizes FY2002 and FY2003 application volumes by dependency type.

Table 2: Comparison of FY2002 and FY2003 MAP Application Volume by Dependency Type					
	FY2002	FY2003	FY2003 No Fifth-year	Change	Change No Fifth-year in FY2003
Announced Applications	287,105	306,961	298,011	6.9%	3.8%
Eligible Applications	196,758	210,523	202,092	7.0%	2.7%
Announced by Dependency Type					
Dependent	163,082	170,690	167,783	4.7%	2.9%
Independent Without	51,423	55,275	52,303	7.5%	1.7%
Independent With Dep	72,600	80,996	77,925	11.6%	7.3%
Eligible by Dependency Type					
Dependent	89,663	93,376	90,655	4.1%	1.1%
Independent Without	39,996	42,475	39,779	6.2%	-0.5%
Independent With Dep	67,099	74,672	71,658	11.3%	6.8%

Income levels for eligible applicants increased slightly in nominal terms. Incomes for parents of eligible dependent students rose to \$29,073 from \$28,712, an increase of only 1.3 percent. Dependent student income barely rose from \$5,017 to \$5,025. Eligible independent applicant income increased from \$15,810 to \$16,331 for a 3.3 percent increase that just covered inflation. As a result of the lackluster advances in family income, the federal expected family contribution (EFC) actually decreased for eligible applicants – by 1.3 percent (\$2,316 to \$2,287) for dependents and 1.5 percent (\$1,151 to \$1,134) for independent students.

Suspension of MAP Award Announcements

Due to the \$38 million decrease in the MAP appropriation between FY2002 and FY2003 and the sharp increase in application volume, the Commission suspended award announcements on August 13, 2002 to avoid overcommitting funds. Of applications received through January 15, 45,309 announced applicants had been suspended. Seventy-three percent, or 32,861 of these applicants would have been eligible for a MAP grant.

Sixty-six percent of the suspended applicants had indicated that they would attend a community college. Fourteen percent of the eligible suspended applicants were planning to attend a private university, 12 percent a public university, and 5 percent a proprietary school. Nearly half of the suspended applicants were independent students with dependent children, 23 percent were independent students without dependents, and 27 percent were dependent students.

Fifth-Year MAP Applicants

Also in response to the reduction in the MAP appropriation, students who had used 48 or more eligibility units prior to the FY2003 MAP cycle were no longer eligible to receive an award. Prior to this year, students were allowed up to 60 eligibility units. As of January 15 there were 8,950 of these fifth-

year applicants. Ninety-four percent, or 8,431 would have been eligible for an award if the number of allowable eligibility units had not been changed. The vast majority of fifth-year students had attended four-year universities – 57 percent at public and 29 percent at private. Ten percent attended a community college. The remaining 4 percent attended proprietary or other schools. Sixty-eight percent were independent students and 32 percent were dependent students. Agenda item 13 provides the results of a survey recently conducted to determine the effects of this program change on fifth-year applicants.

MAP Claims

Table 3 below contains actual claims to date and projected claims by term and school type. As of January 21, 2003, \$191.1 million in MAP claims have been paid for 124,690 students. First-term claims total \$167.3 million, \$3.3 million more than the first-term estimate based on last year's claim rates. Nearly \$2.3 million of this increase is in claims from public universities. By enrollment status, 79 percent of first-term claims were for students enrolled on a full-time basis - 12 credit hours or more - and 19 percent were for students enrolled on a half-time basis. The remaining 2 percent of fall claims, which totaled just more than \$600,000, were for the nearly 2,900 students who enrolled on a less-than-half-time basis.

Estimated claims for second and third terms total \$146.2 million and \$17.4 million, respectively, resulting in a total annual projected payout of nearly \$331 million or 99.3 percent of the \$333.2 million appropriation. Subsequent term projections continue to be based on FY2002 claim rates but should they increase at a rate similar to first term, then the Commission would need to use the \$3.3 million in the MAP Reserve Fund to help cover additional increases in claims. The deadline date for second term claims is April 25 at which point a better final estimate of claims can be made. In the meantime, staff will continue to closely monitor additional claims as well as first-term refunds. At this time staff does not anticipate the release of any awards placed in suspension. Further, the Commission's ability to pay any late first-term claims will be dependent on final payout.

Table 3: FY2003 Actual and Projected MAP Claims by School Type as of 1/21/2003						
	1 st Term Claims		2 nd Term Claims		3 rd Term Projected	All Terms*
	Actual	Projected	Actual	Projected		
Public Universities	\$63,123,813	\$60,831,730	\$13,004,794	\$54,990,380	\$0	\$118,114,193
Private Four-Year	\$65,834,337	\$65,490,008	\$8,331,131	\$58,569,133	\$15,630,563	\$140,034,033
Community Colleges	\$23,649,302	\$23,089,749	\$113,120	\$20,411,454	\$351,726	\$44,412,482
Private Two-Year	\$4,788,997	\$4,373,457	\$830,355	\$3,670,393	\$0	\$8,459,390
HSN/Professional	\$867,269	\$824,671	\$126,126	\$779,093	\$33,575	\$1,679,937
Proprietary	\$9,024,552	\$9,340,702	\$1,392,869	\$7,779,246	\$1,422,897	\$18,226,695
Total	\$167,288,270	\$163,950,317	\$23,798,395	\$146,199,699	\$17,438,761	\$330,926,730

* All Terms projection is 1st term actual plus 2nd and 3rd term projections