AGENDA ITEM 8.

MONETARY AWARD PROGRAM
FY2004 RECOMPUTE FORMULA

Submitted for:  
Action

Summary:  
Each year, the Commission meets to review and update the Monetary Award Program (MAP) start-up formula. These modifications are typically based on the final appropriation, changes in federal programs, increases in college costs, the statutory authority regulating the maximum award, and projected application volume.

The General Assembly completed its work for the Spring Legislative Session on Sunday, June 1. Though there were significant cuts made to many state programs, the high priority that Governor Blagojevich placed on affordability and access to postsecondary education was embraced by state lawmakers. In the budget he presented to state lawmakers, the Governor made it clear that he was opposed to cutting student financial aid and was committed to fighting rising college costs. In his budget, the Governor proposed that funding for the FY2004 MAP program be maintained at its FY2003 level. Funding for ISAC's other scholarship, grant and loan programs were maintained at FY2003 levels as well. Given the enormity of the deficit the State is facing, the significance of the amounts provided for in the Governor's budget should not be underestimated.

In considering the Governor's budget, the General Assembly chose to add $12 million to his proposed MAP appropriation, to help restore the amount cut from MAP in FY2003, when the budget bill specifically provided for the elimination of fifth-year MAP eligibility. While $12 million will not restore a full five years of program eligibility, it will provide for 4 1/2 years of study. As passed both houses, the total state appropriation for MAP this year is $348 million. This amount remains contingent upon Governor Blagojevich's action on the budget, which is expected to occur by the end of June.

The number of applications the Commission has received in the past several years has increased dramatically. FY2001 was the last year in which the Commission was able to announce awards for the entire processing cycle without suspension. In FY2002, the Commission suspended award announcements in early December 2001 as a result of a 7 percent volume increase. In FY2003, the Commission suspended award announcements in mid-August due to a 10 percent increase in applications. To date, FY2004 application volume has increased over FY2003 figures by 8 percent. Further, the number of applicants determined eligible for a MAP grant is up well over 9 percent. During economic downturns, many individuals pursue education and training as a means to enhance their employability. As expected given the current economy, applications from students planning to attend a community college are up 18 percent and applications from independent students - those age 24 or older - are up more than 15 percent.

Given the current application volume increases, the increased need students are facing as a result of rising college costs and funding constraints, it is projected that the Commission would have to suspend award announcements around mid-July under the current start-up formula. Staff feels it is important and necessary to
announce awards past the estimated mid-July suspension date and has presented alternative formula options for consideration. Each of these options increases the percentage reduction on award amounts calculated at start-up in order to announce awards to a larger number of students and to provide additional awards for those students who apply at the end of July or early August. This would primarily help older independent students who will be applying for financial aid at community colleges and urban private institutions.

**Action requested:** Contingent upon gubernatorial action on the Commission's FY2004 budget, staff recommends that the Commission approve Option 2 summarized in Table 6 as the FY2004 MAP recompute formula.
Introduction

Each year the Commission is responsible for adopting an allocation formula for the Monetary Award Program (MAP). Basically, this formula establishes the number of awards the Commission will make as well as the size of the awards students will receive. Initially, in January, the Commission acts on a "start-up" formula that is used to begin making award announcements for students applying for the upcoming fall term. The start-up formula decision is made at the onset of the state budget cycle, before the Commission knows how much money will be appropriated to MAP for the next academic year, and before any data are available regarding volume trends and college cost increases.

Once the Governor and General Assembly take final action on the budget, the Commission revisits the formula in June or July and takes action to approve a "recompute" formula. Historically, this recompute formula provides for increased award amounts from start-up due to new funding being appropriated to help cover increases in tuition and fees, application volume, or an increase in the maximum award. However, just as in Fiscal Year (FY) 2003, increased funds will not be available in FY2004 to address these issues.

Last year presented a challenging allocation decision for the Commission. The FY2003 MAP recompute formula had to address a reduction of more than $38 million from the FY2002 appropriation. Included within this reduction was the elimination of $20 million for awards to students who have already used the equivalent of 8 semesters or 12 quarters of MAP payments for full-time enrollment, i.e., fifth-year students.

FY2004 MAP Funding Levels

The Commission built its FY2004 budget request around these cuts. The MAP budget request totaled $425.8 million, an increase of $92.6 million over the FY2003 appropriation but only $50.2 million over the FY2002 appropriation. As set forth in the FY2004 budget request approved by the Commission in September of 2002, the priorities driving the FY2004 MAP request were as follows:

- **Regain college affordability lost in FY2003** by removing the 5 percent reduction factor, recognizing actual 2002-03 tuition and fees, increasing the maximum award from $4,968 to $5,316, and announcing awards through the end of August.

- **Keep pace with 2003-04 tuition and fees** by allowing for a 5 percent tuition and fee increase. From FY1999 to FY2002, the weighted-mean tuition and fee figure for all sectors has increased by an annual average of 6 percent. In FY2003, the weighted-mean tuition and fee figure increased 6.7 percent over FY2002. For FY2004, however, staff recommended the Commission seek funding to provide for an anticipated 5 percent increase.

- **Restore student eligibility for qualified fifth-year awards** by reinstating awards for students attending four-year institutions in programs which require more than four years to complete.
ISAC currently assesses 12 eligibility units for each year of full-time enrollment. Fifth-year students are those who have used 48 or more but less than 60 eligibility units. There are many reasons why some students require more than four years of study to complete a Bachelor's degree. Of immediate concern are those students who pursue programs that require more than four years to complete, such as pharmacy, teacher certification, and engineering. Of the nine largest state grant programs in the country, all but one provide awards to students in five-year programs.

The General Assembly completed its work for the Spring Legislative Session on Sunday, June 1. Throughout the session, the primary focus was the budget and the need to address a projected $5 billion deficit. The final FY2004 budget passed by the General Assembly totals $52 billion. Governor Blagojevich has made some line item vetoes and has announced plans to make additional line item reductions in upcoming days, with the targets being spending measures that were not included in his proposed budget.

In spite of the decreases many state programs sustained during the FY2004 budget process, all of the grant, scholarship, and loan programs administered by ISAC were funded at levels at or above FY2003 levels. With regard to MAP, in his first budget address, Governor Blagojevich asked the General Assembly to appropriate the same level of state funding for MAP in FY2004 as in FY2003. The Governor’s Budget also included $3.2 million in General Funds for MAP in FY2004 to help offset projected expenditures from the MAP Reserve Fund in FY2003. The General Assembly subsequently added $12 million to the MAP appropriation to partially restore the $20 million cut from last year's budget for grants to students in their fifth-year of eligibility. While $12 million will not restore a full five years of program eligibility, it will provide for 4 1/2 years of study. As passed by both houses, the total state appropriation for MAP this year is $348 million. This amount remains contingent upon final, gubernatorial action, which is expected to occur prior to the end of June.

Given the severity of the State’s budget situation, the Governor's budget address and the action taken by the General Assembly can clearly be interpreted as demonstrating that student financial aid and the affordability of postsecondary education continue to rank among the top priorities of both the Executive and Legislative branches of government in Illinois.

Despite the relatively beneficial treatment MAP funding received during the FY2004 budget process, however, the Commission will again face difficult allocation decisions as it decides the final FY2004 MAP formula. No money was received to make up the losses in affordability incurred in FY2003, to address increased application volume, or to recognize FY2003 or FY2004 tuition and fee increases. Further, the $348 million appropriated included spending authority of approximately $3.7 million in federal Leveraging Educational Assistance Partnership (LEAP) and Special Leveraging Educational Assistance Partnership (SLEAP) funds. At this time it is unclear whether ISAC will receive federal SLEAP money for the 2003-04 school year. Without SLEAP money, totaling $2 million, the available funding level for FY2004 is $346 million.

**FY2004 MAP Application Volume**

The number of applications the Commission has received in the past several years has increased dramatically. FY2001 was the last year in which the Commission was able to announce awards for the entire processing cycle without suspension. In FY2002, the Commission suspended award announcements in early December 2001 as a result of a 7 percent volume increase. In FY2003, the Commission suspended award announcements in mid-August due to a 10 percent increase in applications. To date, FY2004 application volume has increased over FY2003 figures by 8 percent as illustrated in Chart 1. Part of the increase is due to continued increased use of electronic filing; almost 61 percent of applications have been filed electronically so far this year compared to 44 percent in FY2002. Most of the
increase, however, is attributed to the state's current economy and the resulting loss of employment opportunities.

Further, MAP-eligible applications are up well over 9 percent. During economic downturns, many individuals pursue education and training as a means to enhance their employability. Applicants tend to be poorer and have fewer options or resources to pay for college. As expected given the current economy, applications from students planning to attend a community college are up 18 percent and applications from independent students - those age 24 or older - are up more than 15 percent.

MAP volume increases are mirrored by increases in Pell Grant applications – as of the end of May the U.S. Department of Education was experiencing similar increases in Federal Pell Grant application volume. The number of applications has increased 7.4 percent over the same time last year. Independent student application growth is running much higher than dependents, an 11 percent increase compared to a 3 percent increase.

<table>
<thead>
<tr>
<th>FY2003</th>
<th>FY2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Announced</td>
<td>Announced (actual through June 4)</td>
</tr>
<tr>
<td>Eligible</td>
<td>Eligible (actual through June 4)</td>
</tr>
<tr>
<td>Compared to FY2003:</td>
<td></td>
</tr>
<tr>
<td>Announced applications are up 8.1%</td>
<td>Eligible applications are up 9.8%</td>
</tr>
<tr>
<td>Chart 1: FY2003 and FY2004 MAP Application Volume Comparison Through June 4</td>
<td></td>
</tr>
</tbody>
</table>

**FY2004 MAP Start-Up Formula**

The FY2004 MAP start-up formula approved by the Commission in January was based upon the previous year's recompute formula and funding level with the following changes:

- Used the FY2003 Federal Pell Grant Payment Schedule with a maximum award of $4,000 to calculate applicants' Pell eligibility. The Federal Pell Grant Payment Schedule maximum was raised from $3,750 to $4,000 for the 2002-03 academic year. The Pell Grant, even though assessed at only 80 percent, is a real resource available to students to cover any college cost.

- Used FY2003 actual tuition and fees as provided by the institutions but assessed at 95 percent. FY2003 tuition and fees increased overall by nearly 7 percent but varied considerably by institution; changes ranged from an increase of 31 percent to a decrease of 9 percent. The Commission has no new funding to cover actual FY2003 or FY2004 cost increases. However, by utilizing savings from incorporating the FY2003 Pell Grant Payment Schedule, ISAC incorporated FY2003 tuition and fees, albeit at 95 percent of value, into the start-up formula.
• Replaced the AAI/EFC inflationary methodology with the use of a progressive multiplier. In an effort to improve affordability for second income quintile families as well as to simplify the formula for students, parents and schools, staff working with the ILASFAA Formula Committee examined different methodologies for adjusting or inflating the Federal Expected Family Contribution (EFC). The progressive multiplier methodology simplified the adjustment to the federal parental contribution (PC) for parents of dependent students and the EFC for all independent students while remaining cost neutral.

It should be stressed that under the start-up formula no student would receive full tuition and fees in FY2004. In fact, by calculating awards using FY2003 costs assessed at 95 percent, combined with the overall 5 percent award reduction, the most a student can receive is approximately 90 percent of FY2003 tuition and fees or a maximum of $4,720. Preliminary data suggests that the average increase in tuition and fees for FY2004 at a public university is over 10 percent. Therefore, a full-need student attending an institution with a 10 percent increase would only have approximately 80 percent of their tuition and fee costs covered by MAP.

As in FY2003, the FY2004 start-up formula did not provide eligibility for students who have received payment for the equivalent of four years of full-time enrollment, or 48 or more MAP eligibility units. With the addition of $12 million to address awards for fifth-year students, ISAC plans to increase the eligibility unit cap from 48 to 54 units giving MAP recipients eligibility for 4 1/2 years of full-time study. Approximately 5,000 fifth-year students will benefit from another half-year of MAP eligibility.

In past years, staff has been able to address contingencies using the MAP reserve fund. The MAP reserve fund was established by the State to provide ISAC with additional management flexibility in administering the program. However, due to larger than anticipated obligations associated with corrections processing, the majority of these funds were committed in FY2003 and will not be available in FY2004. Therefore, in selecting a date for suspension of award announcements, staff plans to reserve up to one percent of announced dollars, or $6 million, to cover potential claim rate increases. Given the current application volume increases and funding level constraints, staff estimates that the Commission would have to suspend award announcements around mid-July under the start-up formula. Should claim rates not increase, all or part of that funding would become available to release additional applications. Table 1 shows the projected distribution of applicants and recipients by sector at this point in time.

### Table 1: Projected Distribution of Awards using the FY2004 Start-up Formula

<table>
<thead>
<tr>
<th>School Type</th>
<th>Number Announced</th>
<th>Number Eligible</th>
<th>Dollars Eligible</th>
<th>Average Award</th>
<th>Projected Recipients</th>
<th>Projected Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public University</td>
<td>84,429</td>
<td>47,935</td>
<td>180,755,567</td>
<td>3,771</td>
<td>40,980</td>
<td>128,833,665</td>
</tr>
<tr>
<td>Community College</td>
<td>90,118</td>
<td>68,199</td>
<td>98,371,870</td>
<td>1,442</td>
<td>47,881</td>
<td>42,060,932</td>
</tr>
<tr>
<td>Private 4</td>
<td>68,892</td>
<td>44,416</td>
<td>207,142,758</td>
<td>4,664</td>
<td>36,411</td>
<td>146,964,114</td>
</tr>
<tr>
<td>Private 2</td>
<td>3,995</td>
<td>3,314</td>
<td>15,156,722</td>
<td>4,574</td>
<td>2,498</td>
<td>9,738,183</td>
</tr>
<tr>
<td>Hospital School</td>
<td>926</td>
<td>700</td>
<td>3,103,588</td>
<td>4,434</td>
<td>562</td>
<td>2,027,894</td>
</tr>
<tr>
<td>Proprietary School</td>
<td>9,641</td>
<td>7,089</td>
<td>32,224,984</td>
<td>4,546</td>
<td>5,216</td>
<td>17,102,708</td>
</tr>
<tr>
<td>TOTAL</td>
<td>258,000</td>
<td>171,653</td>
<td>536,755,490</td>
<td>3,127</td>
<td>133,547</td>
<td>346,727,496</td>
</tr>
</tbody>
</table>

### FY2004 MAP Recompute Options

Staff feels it is important and necessary to announce awards past the estimated mid-July suspension date and has presented two alternative formula options for consideration. Each of these options increases the percentage reduction on award amounts calculated at start-up in order to announce
awards to a larger number of students. Roughly, each percentage reduction in the calculated award frees up approximately $3.5 million which can be reallocated to provide additional awards for those students who apply at the end of July or early August. This would primarily help older independent students who will be applying for financial aid at community colleges and urban private institutions. While other formula changes such as increasing the EFC multipliers, decreasing the EFC cutoff, increasing the minimum award, increasing the minimum student contribution, etc., could be made, each of these changes would eliminate eligibility for specific cohorts of students previously announced an award at start-up.

In the past, the Commission has sought to announce awards to approximately October 1st without suspension in order to help as many students as is reasonably possible. Based on current volume trends and eligibility rates, achieving this target date in FY2004 would require a reduction in students’ awards so significant that their enrollment would most likely be jeopardized. Staff therefore examined the impact of reducing all students’ announced awards but by no more than an additional 5 percent. The two proposed options follow.

**Option 1: Increase the five percent award reduction factor in the start-up formula to 8 percent and announce awards through July 25th.**

Option 1 would continue to use the FY2004 MAP start-up formula as the base but would increase the current 5 percent award reduction factor to 8 percent. Under this scenario, the most a student would be eligible for is 87 percent of their FY2003 tuition and fees or a maximum amount of $4,571. The overall average announced award would decrease from $3,127 to $3,012. However, the Commission could provide approximately 5,500 more awards. About 1,200 of those awards would be for students planning to attend public universities, 2,750 would assist community college students, and the remaining 1,500 would help students planning to attend private or proprietary institutions.

Table 2 shows that the Commission could expect to process 179,000 eligible applications using the start-up formula with an 8 percent reduction factor. Based on current volume trends, this number of eligible applications would be expected by the last week of July.

**Table 2: Projected Distribution of Awards using the FY2004 Start-up Formula**

<table>
<thead>
<tr>
<th>School Type</th>
<th>Number Announced</th>
<th>Number Eligible</th>
<th>Dollars Eligible</th>
<th>Average Award</th>
<th>Projected Recipients</th>
<th>Projected Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public University</td>
<td>86,915</td>
<td>49,454</td>
<td>180,566,831</td>
<td>3,651</td>
<td>42,272</td>
<td>128,277,330</td>
</tr>
<tr>
<td>Community College</td>
<td>95,177</td>
<td>72,120</td>
<td>100,787,620</td>
<td>1,397</td>
<td>50,631</td>
<td>42,984,999</td>
</tr>
<tr>
<td>Private 4</td>
<td>70,822</td>
<td>45,790</td>
<td>206,797,177</td>
<td>4,516</td>
<td>37,536</td>
<td>146,279,199</td>
</tr>
<tr>
<td>Private 2</td>
<td>4,174</td>
<td>3,465</td>
<td>15,348,310</td>
<td>4,430</td>
<td>2,612</td>
<td>9,851,402</td>
</tr>
<tr>
<td>Hospital School</td>
<td>953</td>
<td>721</td>
<td>3,093,371</td>
<td>4,290</td>
<td>579</td>
<td>2,019,955</td>
</tr>
<tr>
<td>Proprietary School</td>
<td>9,959</td>
<td>7,338</td>
<td>32,305,193</td>
<td>4,402</td>
<td>5,402</td>
<td>17,112,515</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>268,000</strong></td>
<td><strong>178,888</strong></td>
<td><strong>538,898,501</strong></td>
<td><strong>3,012</strong></td>
<td><strong>139,031</strong></td>
<td><strong>346,525,400</strong></td>
</tr>
</tbody>
</table>

**Option 2: Increase the five percent award reduction factor in the start-up formula to 10 percent and announce awards through August 6th.**

Option 2 would also continue to use the FY2004 MAP start-up formula as the base but would increase the current 5 percent award reduction factor to 10 percent. Under this scenario, students would at most be eligible for 85 percent of FY2003 tuition and fees or a maximum amount of $4,471. The overall average announced award would decrease from $3,127 to $2,916. However, the Commission would provide awards to an additional 11,000 students. About 2,000 of those awards would be for students
planning to attend public universities, 6,000 would assist community college students, and the remaining 3,000 would help students planning to attend private institutions or proprietary schools.

Table 3 shows that the Commission could expect to process 186,000 eligible applications using the start-up formula with a 10 percent reduction factor. Given current volume trends, this should permit the processing of award announcements to continue through the first week of August.

### Table 3: Projected Distribution of Awards using the FY2004 Start-up Formula
Announce Awards Through 08/06/2003

<table>
<thead>
<tr>
<th>School Type</th>
<th>Number Announced</th>
<th>Number Eligible</th>
<th>Dollars Eligible</th>
<th>Average Award</th>
<th>Projected Recipients</th>
<th>Projected Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public University</td>
<td>88,332</td>
<td>50,299</td>
<td>179,647,283</td>
<td>3,572</td>
<td>42,995</td>
<td>127,094,474</td>
</tr>
<tr>
<td>Community College</td>
<td>101,893</td>
<td>77,442</td>
<td>105,912,967</td>
<td>1,368</td>
<td>54,357</td>
<td>44,738,267</td>
</tr>
<tr>
<td>Private 4</td>
<td>71,994</td>
<td>46,631</td>
<td>206,016,980</td>
<td>4,418</td>
<td>38,230</td>
<td>145,064,870</td>
</tr>
<tr>
<td>Private 2</td>
<td>4,446</td>
<td>3,703</td>
<td>16,048,600</td>
<td>4,334</td>
<td>2,791</td>
<td>10,231,142</td>
</tr>
<tr>
<td>Hospital School</td>
<td>970</td>
<td>734</td>
<td>3,081,922</td>
<td>4,198</td>
<td>589</td>
<td>2,000,980</td>
</tr>
<tr>
<td>Proprietary School</td>
<td>10,364</td>
<td>7,652</td>
<td>32,955,498</td>
<td>4,307</td>
<td>5,635</td>
<td>17,323,004</td>
</tr>
<tr>
<td>TOTAL</td>
<td>278,000</td>
<td>186,461</td>
<td>543,663,250</td>
<td>2,916</td>
<td>144,596</td>
<td>346,452,737</td>
</tr>
</tbody>
</table>

**Affordability Analysis**

Staff does not yet have final tuition and fee information for all MAP-approved institutions for the 2003-2004 school year. Tuition and fees were initially expected to increase an average of 5 percent but more recent information suggests public university increases will average about 12 percent, with private four-year institutions coming in on average at 6 percent. Table 4 compares the average MAP award under the start-up formula and each option to the FY2003 weighted mean tuition and fee figure. Under the start-up formula, the average announced MAP grant would cover 45 percent of the FY2003 tuition and fees. Under Option 1, the average award would be reduced by $115 and would cover 43 percent. Option 2 would reduce the average award by $211 and cover 42 percent of FY2003 tuition and fees.

One of the Commission's priorities in its budget request was to cover FY2003 and FY2004 tuition and fee increases, but without new funding MAP will not be able to provide "full" awards, i.e., awards equal to tuition and fees or the maximum award for the second straight year. A further concern to staff is that the decreased amounts proposed under either option may be so significant that students' enrollment might be jeopardized. Consistent with historical practice, ISAC staff consulted with the ILASFAA Formula Advisory Committee regarding MAP recalculate options. The Committee felt that while a reduction could be difficult to replace, it was not likely to have a significant impact on enrollment decisions for those who have already been announced an award under the start-up formula. Further, some committee members indicated that not receiving any assistance at all through MAP would have a far greater impact and extending processing should be given consideration.
<table>
<thead>
<tr>
<th>School Type</th>
<th>FY2003 Weighted Mean T&amp;F</th>
<th>Start-Up Formula</th>
<th>Option 1</th>
<th>Option 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Average Award</td>
<td>Percent of T&amp;F</td>
<td>Average Award</td>
</tr>
<tr>
<td>Public University</td>
<td>5,298</td>
<td>3,771</td>
<td>71.2</td>
<td>3,651</td>
</tr>
<tr>
<td>Community College</td>
<td>1,830</td>
<td>1,442</td>
<td>78.8</td>
<td>1,397</td>
</tr>
<tr>
<td>Private Institutions</td>
<td>17,671</td>
<td>4,664</td>
<td>26.4</td>
<td>4,516</td>
</tr>
<tr>
<td>Proprietary School</td>
<td>10,109</td>
<td>4,546</td>
<td>45.0</td>
<td>4,402</td>
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<tr>
<td>TOTAL</td>
<td>6,964</td>
<td>3,127</td>
<td>44.9</td>
<td>3,012</td>
</tr>
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</table>

**Staff Recommendations**

Contingent upon gubernatorial action on the Commission's FY2004 budget, staff recommends that the Commission approve Option 2 summarized in Table 6 as the FY2004 MAP recompute formula.
### Table 5: FY2004 MAP Start-Up Formula

**Budget**
1. Use 2002-2003 reported tuition and fees assessed at 95 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 2002-2003 Pell Grant Payment Schedule, which contains a $4,000 maximum.
2. Calculate the ISAC adjusted EFC by inflating the Federal EFC.
   - Adjusted Dependent Students’ Parent Contribution:
     \[ \text{Adjustment Factor} = \frac{\text{PC}}{11,000} + 1.10 \] rounded to 2 decimal places
     \[ \text{Adjusted PC} = \text{PC} \times \text{Adjustment Factor} \]
   - Adjusted Independent Student Contribution:
     \[ \text{Adjustment Factor} = \frac{\text{EFC}}{11,000} + 1.10 \] rounded to 2 decimal places
     \[ \text{Adjusted EFC} = \text{EFC} \times \text{Adjustment Factor} \]
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 fees specified in the budget.
2. Set the minimum award to $300, and round maximum eligibility in $150 increments to calculate partial awards.
3. Provide no award for applicants who have an EFC of $9,000 or greater or have used 48 or more eligibility units.
4. Reduce all awards by five percent.

**Note:** Formula changes shown in bold.

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### Table 6: Staff Recommended FY2004 MAP Recompute Formula

**Budget**
1. Use 2002-2003 reported tuition and fees assessed at 95 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 2002-2003 Pell Grant Payment Schedule, which contains a $4,000 maximum.
2. Calculate the ISAC adjusted EFC by inflating the Federal EFC.
   - Adjusted Dependent Students’ Parent Contribution:
     \[ \text{Adjustment Factor} = \frac{\text{PC}}{11,000} + 1.10 \] rounded to 2 decimal places
     \[ \text{Adjusted PC} = \text{PC} \times \text{Adjustment Factor} \]
   - Adjusted Independent Student Contribution:
     \[ \text{Adjustment Factor} = \frac{\text{EFC}}{11,000} + 1.10 \] rounded to 2 decimal places
     \[ \text{Adjusted EFC} = \text{EFC} \times \text{Adjustment Factor} \]
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 fees specified in the budget.
2. Set the minimum award to $300, and round maximum eligibility in $150 increments to calculate partial awards.
3. Provide no award for applicants who have an EFC of $9,000 or greater or have used 54 or more eligibility units.
4. Reduce all awards by ten percent.