

AGENDA ITEM 11.

MONETARY AWARD PROGRAM (MAP) 2+2 PILOT PROGRAM

Submitted for: Action

Summary: A brief overview of a new pilot program for MAP recipients, called MAP 2+2 was presented to the Commission at the January 2009 meeting. This agenda item explains the program in more detail, provides staff justification for offering it, and asks the Commission to approve procedure changes to allow the pilot to go forward this fall.

The MAP 2+2 pilot program is designed to reduce the debt burden students incur when pursuing a bachelor's degree. The program requires students to select a cheaper option for their bachelor's degree – taking the first two years at a community college in a program designed to be compatible with their preferred four-year school major. In exchange for this choice, students would receive sufficient MAP to cover the full cost of tuition and fees at the community college and would be allowed to carry forward the difference between what they would have received at the four-year institution and their community college award to be used during their junior and senior years at the four-year institution. The total cost to the program would be the same, but students should be in a better position to minimize their debt since the full cost of tuition and fees would be covered at the community college and a higher award would be paid at the four-year institution.

In order to implement the pilot program, new procedures for calculating eligibility and determining MAP awards for students in the pilot program need to be initiated. Staff is seeking Commission approval to calculate and pay awards for community college students using a four-year institution's budget. In addition, a new procedure will be needed to track the residual grant awards in years one and two and pay them out later in years three and four.

Action Requested: Staff recommends that two procedural changes to administering MAP be approved to allow the MAP 2+2 program to be implemented. For the pilot program only, MAP payments would be calculated based on the costs of the four-year school that will be attended during the junior and senior years instead of the costs at the community college attended during the freshman and sophomore years. MAP grant dollars not used during the first two years at the community college would be used during the final two years at a four-year school. Staff asks that the Commission approve the procedure changes necessary to allow a variation in the calculation of eligibility and the timing of grant payment for students participating in this pilot program.

ILLINOIS STUDENT ASSISTANCE COMMISSION

**MONETARY AWARD PROGRAM
2+2 PILOT PROGRAM**

Introduction

A brief overview of a pilot program for MAP recipients, called MAP 2+2 was presented to the Commission at the January 2009 meeting. This agenda item explains the program in more detail, provides staff justification for offering it, and asks the Commission to approve procedure changes to allow the pilot to go forward this fall.

The Issue

In 2000, the average tuition and fees of an Illinois public university was \$4,160; this year it is about \$9,500 and is expected to rise next year. Over the past decade, tuition and fees at public universities have increased over 110 percent; at community colleges over 65 percent. During this period, the MAP appropriation has increased 14 percent and the maximum award has increased by 5 percent. A \$5,300 increase in tuition and fees has been met with a \$228 increase in MAP. With a maximum MAP award of \$4,968, MAP fails to pay, on average, about half the tuition and fees at a public university. Students at community colleges have their awards capped by their tuition and fees; since the MAP model uses FY2004 tuition and fees to determine eligibility, the award only covers about 74 percent of the tuition and fees for the most price-sensitive students. They have other expenses as well: housing, transportation, computers, books and supplies. Students are graduating with higher debt levels than ever before and the inability to handle further debt is becoming a college persistence issue for many low and middle-income students.

The MAP 2+2 Program

The purpose of the MAP 2+2 program is to help students complete a bachelor's degree with less debt. This is achieved through actions taken by both the student and ISAC. The student chooses a less expensive path to a four-year degree and procedure changes to MAP made by ISAC allow the grant to cover a greater percentage of the cost of the program. Fully-eligible MAP recipients who attend four-year schools and who complete their programs in four years now receive about \$20,000 in MAP ($\$4,968 \times 4 = \$19,872$.) At an average estimated cost of \$9,925 in FY2010, four years of tuition and fees at a public university is roughly \$40,000. Students receiving a maximum MAP award will receive about half their tuition and fees covered by the grant.

There is, however, a less expensive path to a bachelor's degree. A student can complete the first two years of college at a community college and then transfer to a public university or private four-year school to complete the bachelor's degree. The cost of the community college is about a third of the cost of a public university and students usually attend their local community college and can often live at home to further reduce expenses.

The MAP 2+2 pilot program is designed to reduce the debt burden students incur when pursuing a bachelor's degree. The program requires students to select a cheaper option for their bachelor's degree – taking the first two years at a community college in a program designed to be compatible with their

preferred four-year school major. In exchange for this choice, students would receive sufficient MAP (up to \$4,968) to cover the full cost of tuition and fees at the community college (more than the 74 percent they are now, on average, receiving) and would be allowed to carry forward the difference between what they would have received at the four-year school and their community college award to be used during their junior and senior years at the four-year institution. The total cost to the program would be the same, but students should be in a better position to minimize their debt since the full cost of tuition and fees would be covered at the community college and a higher award would be paid at the four-year institution.

The table below shows a comparison between the two degree paths based on a sample calculation for a student with a zero-EFC.

Cost Comparison of Four Years at a Public University with a 2+2 Program

Four Years at Public University	Tuition & Fees	Other Costs	Total Cost	Pell	MAP	Total Grant Aid	Need After Grants	Loans (&/or workstudy)	Remaining Need
Year 1	\$9,925	\$9,496	\$19,421	\$5,350	\$4,968	\$10,318	\$9,103	\$5,500	\$3,603
Year 2	\$9,925	\$9,496	\$19,421	\$5,350	\$4,968	\$10,318	\$9,103	\$6,500	\$2,603
Year 3	\$9,925	\$9,496	\$19,421	\$5,350	\$4,968	\$10,318	\$9,103	\$7,500	\$1,603
Year 4	\$9,925	\$9,496	\$19,421	\$5,350	\$4,968	\$10,318	\$9,103	\$7,500	\$1,603
Total 4 Yr	\$39,700	\$37,984	\$77,684	\$21,400	\$19,872	\$41,272	\$36,412	\$27,000	\$9,412
New Program 2+2	Tuition & Fees	Other Costs	Total Cost	Pell	MAP	Total Grant Aid	Need After Grants	Loans (&/or workstudy)	Remaining Need
Year 1	\$2,900	\$5,951	\$8,851	\$5,350	\$2,900	\$8,250	\$601	\$601	None
Year 2	\$2,900	\$5,951	\$8,851	\$5,350	\$2,900	\$8,250	\$601	\$601	None
Year 3	\$9,925	\$9,496	\$19,421	\$5,350	\$7,036	\$12,386	\$7,035	\$7,035	None
Year 4	\$9,925	\$9,496	\$19,421	\$5,350	\$7,036	\$12,386	\$7,035	\$7,035	None
Total 2+2	\$25,650	\$30,894	\$56,544	\$21,400	\$19,872	\$41,272	\$15,272	\$15,272	\$0

Tuition and fees: FY2009 average, increased by 5 percent

Other costs: FY2007 books, transportation, room and board adjusted by 10 percent

Pell: the estimated FY2010 number; may increase thereafter

Loans: Stafford maximums, both subsidized and unsubsidized for dependent students

EFC assumption: zero

Remaining need: met by working, private loans, institutional aid

Students attending a four-year school for all four years would incur nearly \$78,000 in costs for tuition, fees, and other expenses. State and federal grant aid would cover a little over half (\$41,272) and the dependent student could take out \$27,000 in Stafford loans to cover part of the difference. But the student would also be left with over \$9,000 in remaining need – costs that are not covered by federal or state grants or federally-guaranteed loans. Students faced with remaining need cover these costs with work or private loans, or parents take out loans. For students selecting the 2+2 path, the total cost would be about \$57,000, a cost savings of about \$21,000. Total grant aid would be the same as before, about \$41,000, leaving a residual cost of less than \$16,000 which can be completely covered by Stafford loans. In this example, the student’s loan debt falls from \$27,000-\$35,000 to just over \$15,000 – essentially cut in half. The tuition and fee coverage of MAP rises from 50 percent for the “four years at a four-year school” option (or 55 percent with the traditional 2+2 program) to 77 percent with the MAP 2+2 program.

Cost of the Pilot Program

Although MAP 2+2 should provide better coverage of tuition and fees, it should not raise the cost of serving the students. Students would receive about \$2,000 less in MAP grants during their first two years but recoup the money during the junior and senior years. While they are receiving larger awards during their last two years, other freshmen and sophomores are receiving the smaller awards associated with community college tuition and fees. Some students coming from families with incomes generally in the second income quintile will become newly eligible for awards at a community college which will increase the cost of the program. This increase should be offset by the lower payments to those students who will not complete. Regardless of the program or incentive provided, some students will not complete their programs, and the “loss” incurred by these freshmen and sophomore non-completers will be less at community colleges than at four-year schools, saving the program money.

Potential Drawbacks to MAP 2+2

Staff wants to pilot the program to determine if the cost estimates are correct and to ensure that any drawbacks that are sometimes mentioned with a 2+2 path do not materialize. One potential drawback to traditional 2+2 programs is that the student misses out on the environment created by a four-year school and may lose sight of the goal – the bachelor’s degree. Another drawback is that the student also has to apply to the four-year school in his sophomore year at the community college (and face the uncertainty of acceptance) and has to be diligent about choosing courses at the community college that will successfully transfer to the four-year institution. These drawbacks reduce the chance that a student choosing the 2+2 path will obtain a bachelor’s degree. The MAP 2+2 program, even at full scale, would only be offered to community college/four-year school partners who have, at a minimum, very tight articulation agreements that ensure that the student will successfully transfer to the four-year school. At least one of the community college/public university pairings we anticipate piloting offers dual enrollment at the freshman and sophomore level and access to a four-year college counselor. Many schools are already seeking ways to make the transfer process more seamless and to encourage students to move through their programs in a timely fashion. The MAP 2+2 program would add support to these initiatives already underway.

Issues Requiring Commission Approval

In order to implement the pilot program, new procedures for calculating eligibility and determining MAP awards for students in the pilot program need to be initiated. MAP awards are calculated based on the costs of the school of record. For example, a student attending Western Illinois University (WIU) would have his eligibility for MAP calculated based on the total cost of attendance at WIU. A student attending a community college, such as Black Hawk, would have his MAP eligibility calculated based on the cost of attendance at Black Hawk. Staff is seeking Commission approval to base the eligibility for MAP on the cost of attendance at the four-year school, in this case WIU, while the student is attending the community college, in this case Black Hawk. In other words, in order to implement the pilot program, new procedures for calculating eligibility and determining MAP awards for students in the pilot program need to be initiated. Staff is seeking Commission approval to calculate and pay awards for community college students using a four-year institution’s budget. In addition, a new procedure will be needed to track the residual grant awards in years one and two and pay them out later in years three and four. These changes are based on the premise that the MAP award provided to a student pursuing a bachelor’s degree can be considered on a four-year basis rather than simply year-to-year. The student will receive the same amount of grant funding over the course of his program, but the payment schedule will be different. The result should be cost-neutral to the MAP program but provide students with better grant coverage of their tuition and fee costs and resulting lower debt levels.

Action Requested

Staff recommends that two procedural changes to administering MAP be approved to allow the MAP 2+2 program to be implemented. For the pilot program only, MAP payments would be calculated based on the costs of the four-year school that will be attended during the junior and senior years instead of the costs at the community college attended during the freshman and sophomore years. MAP grant dollars not used during the first two years at the community college would be used during the final two years at a four-year school. Staff asks that the Commission approve the procedure changes necessary to allow a variation in the calculation of eligibility and the timing of grant payment for students participating in this pilot program.