

AGENDA ITEM #4.

FY2024 MONETARY AWARD PROGRAM (MAP) START-UP FORMULA

Submitted for: Action

Summary: The Commission approves an eligibility formula for the Monetary Award Program (MAP) near the start of the Free Application for Federal Student Aid (FAFSA) filing process, more than 10 months before the academic year begins. This enables financial aid officers to provide aid packages early and helps inform students' decisions. Since this occurs before the state budget process, this item assumes the MAP will receive level funding of \$601 million, and that up to two percent may be used for operational costs.

In FY2023, the MAP was expanded to include credit bearing short-term certificate programs at public schools, typically community colleges, as part of HB4700. This will provide grants for career opportunities offered by more than 2,000 short-term certificate programs. Payment has just begun for the FY2023 MAP and claims for short-term certificates will be tracked. Other recent legislative changes that will affect FY2024 MAP include the FAFSA mandate for high school seniors, and at the Federal level, early implementation of some issues related to FAFSA Simplification.

While approval of a FY2024 MAP Start-up formula is the focus of this item, some basic MAP issues are also discussed. These include overviews of the MAP cycle and the current eligibility formula, recent formula improvements and their effects on tuition and fee coverage, and trends in application volume. Unless reasons exist for doing otherwise, staff typically recommends adopting the current MAP eligibility formula for beginning the upcoming year.

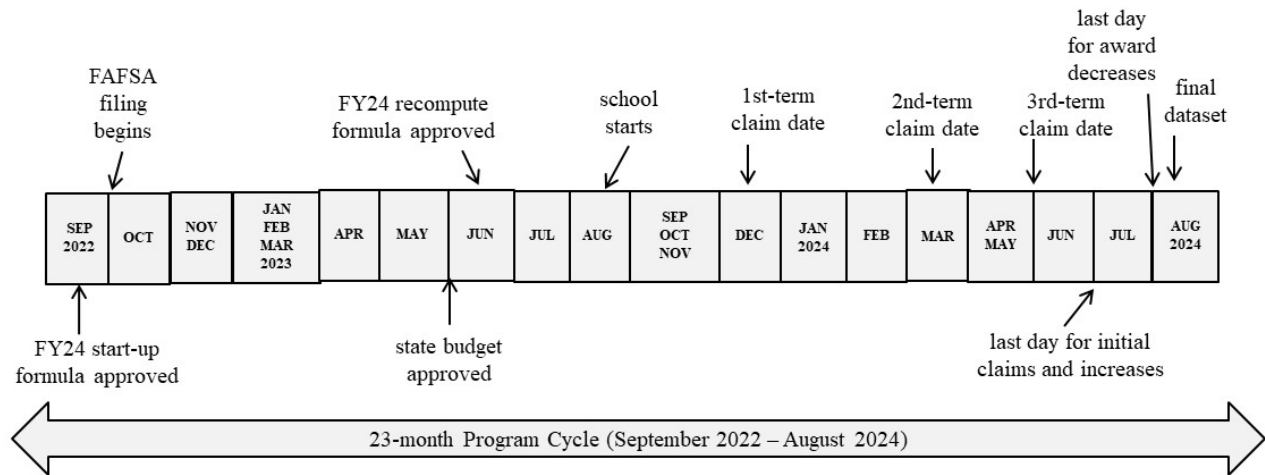
Action requested: Staff requests Commission approval of the MAP formula found in Table One, at the end of this item, as the FY2024 MAP Start-up Formula. This is the same as the FY2023 MAP Recompute Formula approved at the June 16, 2022 meeting.

**ILLINOIS STUDENT ASSISTANCE COMMISSION
FY2024 MONETARY AWARD PROGRAM START-UP FORMULA**

The Monetary Award Program Cycle

Approval of a start-up eligibility formula is the first step in the MAP cycle, which is illustrated in Figure One. An early start-up formula enables financial aid administrators to include Monetary Award Program (MAP) grants in financial aid packages and helps students make informed enrollment decisions. An approved start-up formula also allows staff to track projected MAP claims as applications are submitted. If necessary, a suspense date would be recommended if and when the projection indicates the appropriation may be spent. Free Application for Federal Student Aid (FAFSA) and Alternative Application filing for academic year 2023-24 will begin October 1, 2022. Typically, the formula from the previous year is recommended as the start-up formula for the upcoming year.

Figure One: The 23-Month MAP Cycle



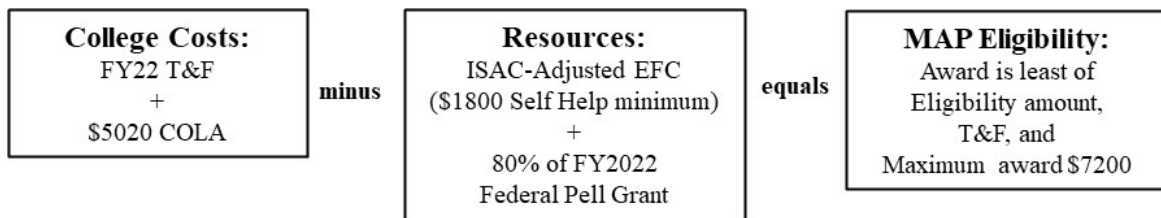
Ideally, a state budget is approved by the end of May. With knowledge of the MAP appropriation, changes may be made to the MAP formula, if appropriate, and presented to the Commission at the June meeting. If changes are made, awards are recalculated shortly thereafter. The fall term for most schools begins in mid- to late-August and the first-term MAP claim deadline is in early December. If a suspense date had been set prior to that, staff re-evaluates projected annual claims based on how actual first-term claims compare to projections, to determine whether any suspended awards could be released. The MAP Cycle continues through the academic year, and wraps up in the months following the end, which for most schools is sometime in May. By the end of July, claim submissions should be complete, and the final dataset for the year is created in early August.

Recent Improvements to the MAP Eligibility Formula Have Improved Purchasing Power

MAP eligibility is determined by subtracting student resources from the cost of college enrollment. Costs are represented by tuition and fees plus a living allowance. Resources include an adjusted EFC amount and 80 percent of Pell eligibility. The annual MAP award is the lowest of the eligibility amount, tuition and fees, or the MAP maximum award.

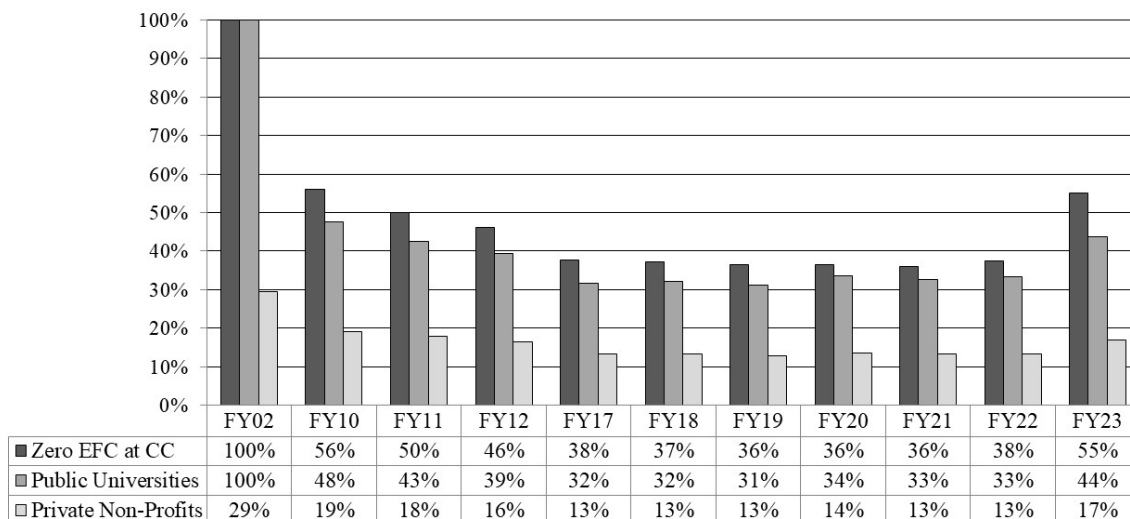
Prior to MAP receiving an additional \$122 million in FY2023, components of the formula had become very outdated, although some advances were made with increased funding in FY2018, FY2020, and FY2022. The expense of updating the formula to maintain tuition and fee coverage was high and would have resulted in fewer students receiving awards due to lack of additional funding. The formula used FY2004 tuition and fee amounts from FY2006 through FY2017. The living allowance remained at \$4,875 from FY2002 through FY2021, and the formula used a \$4,968 maximum award from FY2002 through FY2019. For most of those years until FY2020, a reduction factor was applied to all awards to stretch the appropriation further. Figure Two shows the formula with FY2023 component amounts.

Figure Two: The Current MAP Eligibility Formula



In FY2002, the highest MAP awards covered all of tuition and fees at community colleges and public universities, as shown in Figure Three. Coverage then steadily declined as application volume increased and funding did not keep pace. Even with appropriation increases in three of the five years prior to FY2023, coverage could best be described as holding steady. Formula improvements from the \$122 million boost in FY2023 moved the bars noticeably upward. Tuition and fee coverage exceeds 50 percent for the first time since FY2010 at community colleges and is similar to FY2011 and FY2012 levels at public and private universities. More funding will be needed in FY2024 to keep up with tuition and fee increases and continue serving a similar number of students.

Figure Three: MAP Tuition and Fee Coverage



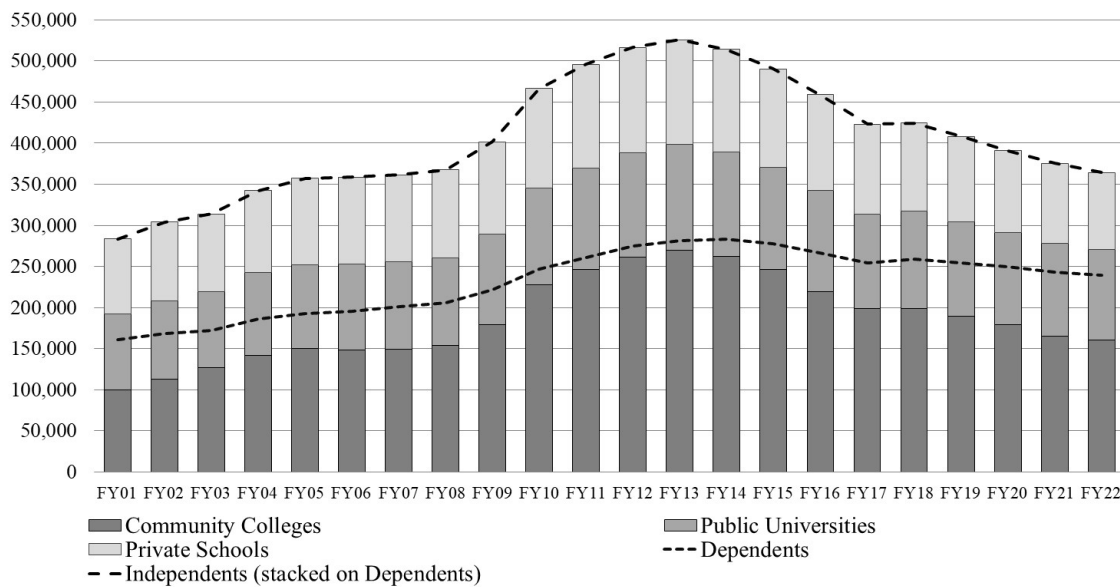
MAP Application Volume Has Decreased Since Peaking in FY2013

The balance between improving purchasing power and providing basic access depends in part upon demand for the program. For a historical perspective, Figure Four shows announced applications by sector of first-choice school from FY2001 to FY2022. Announced applicants (undergraduate Illinois residents completing FAFSAs and expressing interest in a MAP-approved school) increased more than 85 percent between FY2001 and FY2013, when application volume peaked. By the end of FY2022, applications were down 31 percent from the peak, but still 28 percent higher than in FY2001. Currently, FY2023 announced applications are down nearly five percent from last year.

Community college enrollment tends to include larger portions of independent students, whose college attendance rises and falls with the business cycle. Independents' FAFSA filing nearly doubled between FY2001 and FY2013, then fell 49 percent by FY2022. In comparison, dependents increased 75 percent between FY2001 and FY2013, then decreased 15 percent by FY2022. In FY2022, dependent application volume was 48 percent higher and independent was only 2 percent higher than in FY2001.

Lower demand since FY2013 can be attributed to several factors, including an improved job market that kept many independents, and likely some dependents, working instead of seeking post-secondary education. The COVID-19 pandemic affected application volume and enrollment, though perhaps in different ways in the short- and long-terms. The increase in MAP tuition and fee coverage provided by larger awards in FY2023, as well as the expansion to cover credit bearing short-term certificates, could have a positive effect on MAP application volume in FY2024.

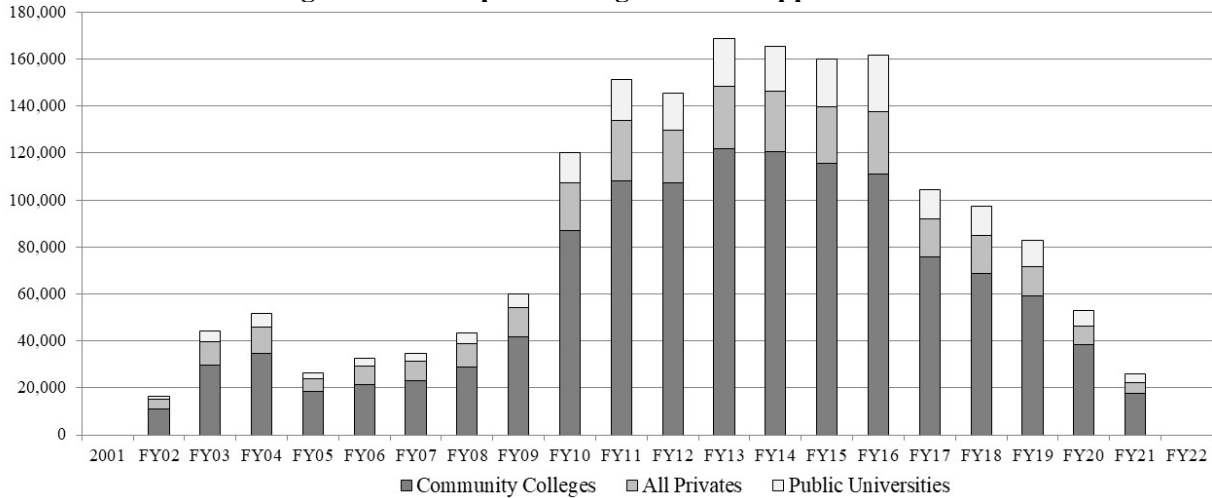
Figure Four: MAP Announced Application Volume



Decreasing application volume and higher appropriations have resulted in fewer awards left in suspense status, as shown in Figure Five. FY2001 was the last year when all eligible applicants were offered awards without any suspense. The number of suspended awards peaked in FY2013 at nearly 169,000; this was nearly 45 percent of the total eligible population. Since then, suspended award numbers have declined along with total application volume. In FY2021 there were fewer than 26,000 suspended eligibles, just over 10 percent of eligible applicants. Although an August 27 suspense date was set in FY2022, by the end of the program cycle, all awards had been released from suspense.

Typically, about two-thirds of *non-suspended* eligible applicants enroll and claim their MAP awards. Based on that ratio, it is likely that one-third or more of the *suspended* eligible applicants would not have enrolled even if they had received a MAP grant. Ideally, awards would be offered to all eligible applicants who enroll.

Figure Five: Suspended Eligible MAP Applicants



Recent Legislation Affecting the MAP

In FY2023 the MAP was expanded to include eligible students enrolled in credit bearing certificate programs of less than one academic year at public schools, typically community colleges. This MAP expansion, which was part of HB4700, provides eligible applicants with aid for career opportunities offered by more than 2,000 short-term certificate programs. FY2023 MAP payments have just begun, and MAP claims tied to these short-term certificates will be tracked.

In FY2024, MAP will also continue to be affected by legislation requiring high school seniors to file a FAFSA or an Alternative Application, or to sign a waiver in order to graduate. This FAFSA mandate began with the Class of 2021 high school seniors. There will also be effects from Federal FAFSA Simplification legislation that passed as part of the Consolidated Appropriations Act of 2021. While changes will not be fully implemented until FY2025, some provisions were eligible for early implementation. In FY2022, the Selective Service registration requirement for receiving student aid was eliminated. In FY2024, Pell Grant eligibility will be restored for incarcerated students. Analysis is underway on how ISAC programs, specifically MAP, could also benefit these students. While these changes are not expected to have a large effect on MAP claims, they do introduce some uncertainty.

Action Requested

Staff requests Commission approval of the formula summarized in Table One as the FY2024 MAP Start-up Formula. This is the same formula approved for FY2023 recompute, which uses FY2022 tuition and fee levels and Pell table; a \$5,020 living allowance; and a \$7,200 maximum award.

Table One: Recommended FY2024 Start-Up Formula

<i>Budget</i>	
1	Use 2021-2022 reported tuition and fees at all institutions, assessed at 100 percent.
2	Use one living allowance for all applicants, set to \$5,020.
<i>Resources</i>	
1	Use 80 percent of Pell Grant eligibility as determined by the 2021-2022 Pell Grant Payment Schedule, which contains a \$6,495 maximum.
2	Calculate the ISAC adjusted EFC by inflating the Federal EFC. Adjusted Dependent Students' Expected Family Contribution: Adjustment Factor = [Parent Contribution (PC)/11,000 + 1.10] rounded to 2 decimal places Adjusted PC = PC x Adjustment Factor Adjusted EFC = Adjusted PC + highest of Student Contribution or self-help expectation Adjusted Independent Expected Family Contribution: Adjustment Factor = [EFC/11,000 + 1.10] rounded to 2 decimal places Adjusted EFC = EFC x Adjustment Factor or self-help expectation
3	Use a minimum self-help expectation of \$1,800 for all students.
<i>Award Amounts</i>	
1	Set maximum award equal to lesser of \$7,200 or the tuition and mandatory fees specified in the budget. Set the minimum award to \$300; round maximum eligibility in \$150 increments to calculate partial awards.
2	Applicants with an EFC of \$9,000 or above are not eligible.
3	If determined necessary after first-term claims are received, either release some suspended applications and/or adjust claim amounts to maximize claims without exceeding the appropriation.
4	Students who have used 135 or more MAP paid credit hours will not be eligible for MAP.