

AGENDA ITEM 6.

FY2024 MONETARY AWARD RECOMPUTE FORMULA

Submitted for: Action

Summary: In September 2022, the Commission approved a Monetary Award Program (MAP) start-up formula to calculate eligibility for applicants planning to attend college in the 2023-24 academic year. Establishing a formula when the FAFSA-filing cycle begins helps financial aid advisors assemble aid packages that are needed for applicants to decide whether and where to enroll. When the appropriation is finalized at the end of the state budget process the following spring, the Commission considers MAP formula improvements when the appropriation increases.

The MAP received an additional \$100 million for FY2024, as had been proposed in Governor Pritzker's budget, for a total of \$701.6 million. This appropriation provides at least \$687.5 million for grants; up to two percent may be used for agency operational costs. This follows a \$122 million increase in FY2023, which enabled improvements in MAP coverage of sector-average tuition and fees from 38 to 55 percent at community colleges, from 33 to 44 percent at public universities, and from 13 to 17 percent at private schools.

A Thriving Illinois, the recent higher education strategic plan spearheaded by IBHE, set a goal for MAP to cover 50 percent of tuition and fees at public institutions. With another \$100 million, the proposed FY2024 formula changes - an \$8,400 maximum award and a \$5,200 living allowance - will increase coverage even further. While FY2024 sector average tuition and fee figures are not yet available, *projections* indicate the highest MAP grant may cover close to 60 percent at community colleges, 50 percent at public universities, and 19 percent at private schools.

The *statutory* MAP maximum award was increased from \$6,468 to \$8,508 for FY2023 and again to \$10,896 this year. (The amounts are evenly divisible by both two and three, which provides even dollar term awards at both semester and quarter schools). While the appropriation isn't enough to incorporate the statutory maximum into the formula, having a higher amount in statute will enable future increases to the maximum award.

This item offers a brief explanation of the MAP eligibility formula, describes the history of MAP tuition and fee coverage, and shows trends in application volume. Most importantly, the anticipated effects of the recommended MAP formula improvements, made possible by the \$100

million increase to the FY2024 appropriation, are discussed for Commission consideration and approval.

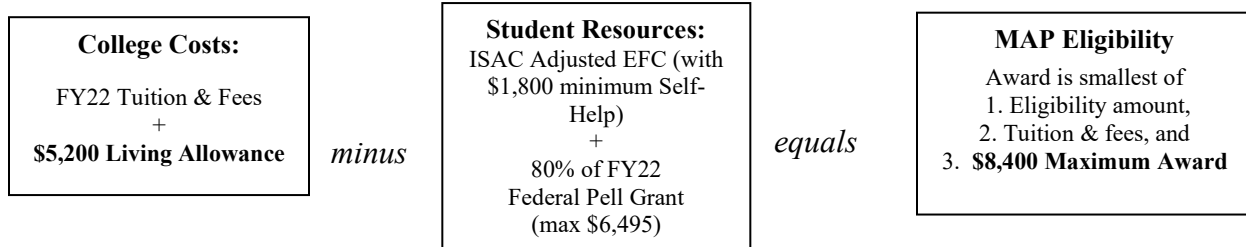
**ILLINOIS STUDENT ASSISTANCE COMMISSION
FY2024 MONETARY AWARD PROGRAM RECOMPUTE**

This item describes recommended updates to the MAP formula – raising the maximum award from \$7,200 to \$8,400 and the living allowance from \$5,020 to \$5,200 - made possible by the \$100 million increase to the FY2024 appropriation. The new money brings the appropriation to just over \$701 million. This increase will boost tuition and fee coverage provided by MAP grants, which had declined precipitously until recent years, and further improve college affordability for resource-challenged students.

The MAP Eligibility Formula

A quick review of the MAP eligibility formula helps with understanding effects of formula changes on tuition and fee coverage. The MAP formula determines whether a student is eligible for a grant and calculates annual award amounts. Figure One shows the basic formula, including proposed improvements, which uses the difference between a cost of attendance figure and student resources to calculate maximum eligibility. Costs include FY2022 tuition and mandatory fees and a proposed \$5,200 living allowance.

Figure One: Proposed MAP Eligibility Formula



Student resources include an inflated federal expected family contribution (EFC) and a portion of FY2022 Pell grant eligibility. MAP eligibility is determined by subtracting resources from costs. If the difference is at least \$300 and other criteria are met, the student is eligible for a MAP grant. Eligibility is capped by the lowest of the eligibility amount from the formula, tuition and fees used in the cost portion, or the proposed \$8,400 maximum award. Awards based on the eligibility amount are rounded by \$150 increments. Applicants with a federal EFC of \$9,000 or more are not eligible for a MAP grant.

From FY2002 until recent years, components of the MAP formula had become outdated. With demand for college aid surging, focus was placed on providing awards to more students rather than increasing the size of awards. FY2002 is the last year that current tuition and fee amounts and Pell table were used. The formula included FY2004 tuition and fees and Pell from FY2006 until increasing to FY2010 values in FY2018 and to FY2022 values in FY2023. The EFC cap has been \$9,000 since FY2001. The living allowance was set at \$4,875 from FY2002 through FY2021 when it was increased to \$5,020. A \$5,200 living allowance is being proposed for FY2024. The maximum award was \$4,968 from FY2002 until it was raised to \$5,340 in FY2020, to \$5,496 in FY2022, and to \$7,200 in FY2023. The max was also effectively lowered, for many

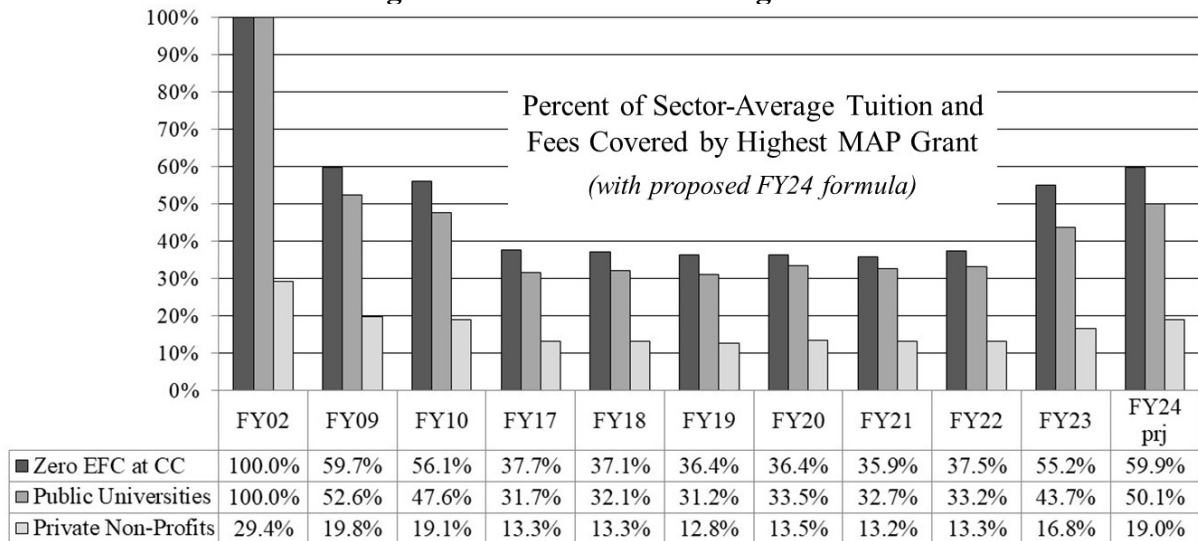
years, by a reduction factor placed on all awards to stretch the appropriation. An \$8,400 maximum MAP award is being recommended for FY2024.

This past legislative session, the *statutory* MAP maximum was raised from \$8,508 to \$10,896 to help support this goal. The projected cost of incorporating a \$10,896 maximum into the formula exceeds \$250 million, so is not feasible this year, but having a higher amount already in statute will simplify raising the MAP maximum in the future.

MAP Purchasing Power and How \$100 Million Will Aid Continued Improvements

In FY2002, the highest MAP grant covered 100 percent of enrollment-weighted sector average tuition and fees at public universities and community colleges, and 29 percent at private non-profit schools. Since then, tuition and fees have increased dramatically, and in the absence of sufficient funding increases, coverage steadily declined. In FY2017, the maximum MAP grant covered less than 32 percent of public university tuition and fees, less than 38 percent at community colleges, and just over 13 percent at private non-profit schools. MAP appropriation increases in FY2018, FY2020, and FY2022, enabled formula updates and reduced, and in FY2022 eliminated, the number of eligible applicants denied a grant due to budget constraints. But tuition and fee coverage could best be described as holding steady, rather than improving through FY2022. In F2023, the \$122 million increase was focused solely on improving affordability. Formula updates – using FY2022 tuition and fee amounts to represent costs and FY2022 Pell amounts as a resource, as well as increasing the maximum award to \$7,200 - greatly improved MAP tuition and fee coverage for students in all sectors. Additionally, all eligible applicants were offered an award.

Figure Two: MAP Purchasing Power



With the \$100 million increase in FY2024, staff recommends raising the MAP maximum award from \$7,200 to \$8,400 and raising the living allowance from \$5,020 to \$5,200. If the actual FY2024 public university sector average tuition and fee figure is close to the projected amount, coverage could reach the 50% goal set in *A Thriving Illinois*, the higher education strategic plan spearheaded by IBHE. The goal was reached for the community college sector in FY2023, and the

proposed \$5,200 living allowance could increase coverage to nearly 60% if projected tuition and fee amount is similar to actual amount. MAP purchasing power in FY2024 could approach levels seen in FY2009 and FY2010, for students in all sectors.

Other Effects of Proposed FY2024 MAP Formula Improvements

Improved tuition and fee coverage is of course provided by larger MAP awards. Table One shows the expected increases in MAP eligibility amounts and claims by dependency type and sector of school attended, based on increasing the maximum award to \$8,400 and the living allowance to \$5,200. MAP eligibility represents the amount a student would receive if enrolled in 15 credit hours for both semesters. While amounts vary by category, the overall average MAP eligibility is projected to increase by \$668 from \$4,957 to \$5,625 and the average claim is expected to increase nearly \$600.

In addition to improving purchasing power for MAP recipients, the higher appropriation will help some previously ineligible students gain eligibility. These students have expected family contributions (EFCs) on the higher end and their maximum eligibility is getting bumped over the \$300 minimum award amount due to the \$180 increase in the living allowance. Nearly all are at community colleges. While MAP eligibility increases for community college students seem small compared to other sectors, keep in mind that MAP already covers a higher percentage of tuition and fees at community colleges and will still be increasing, and the goal is to reach 50 percent at all public institutions.

Table One: Projected Effects of Formula Improvements

	Mean Eligibility At StartUp	Mean Eligibility with Proposed Recompute	Change in Mean Eligibility	Additional Eligible Applicants	Additional Recipients	Mean Claim Increase
Dependents	\$4,131	\$4,621	\$490	491	267	\$431
Independents Without	\$4,192	\$4,691	\$499	226	119	\$452
Independents With Deps	\$5,270	\$6,008	\$738	53	28	\$653
Public Universities	\$7,074	\$8,210	\$1,136	8	6	\$936
Private Non-Profits	\$7,197	\$8,396	\$1,199	0	0	\$1,000
Community Colleges	\$2,676	\$2,841	\$165	762	408	\$91
Proprietary Schools	\$7,196	\$8,392	\$1,196	0	0	\$701
Totals	\$4,957	\$5,625	\$668	770	414	\$596

MAP Application Volume Trends

MAP application volume has declined each year since peaking in FY2013 but appears to be trending upward in FY2024, as shown in Table Two. Announced (IL resident undergraduates seeking to enroll in a MAP-eligible school) application volume decreased about 3-4 percent each

year for FY2020-FY2023. Although FY2024 applicants trailed FY2023 for the first few months, at the beginning of June announced application volume was up 2.7 percent and eligible volume was up 6.2 percent. (The difference in eligible volume is affected somewhat by the fact that FY2023 improvements, which increased eligible volume by about 2 percent, had not yet occurred in FY2023, but *is* reflected in FY2024 eligible numbers.)

With the exception of the proprietary school sector, FY2024 application volume is up in all categories. Among sectors, community colleges are seeing the highest increase (5.2 percent announced and 10.4 percent eligible) followed by public universities (2.1 and 4.2) and private non-profits (0.1 and 2.5).

Applications from independents without dependents are up more than other dependency types (4.6 and 6.3) followed by independents with dependents (3.5 and 4.8) older or returning dependents (2.5 and 5.8) and recent high school graduates (1.4 and 7.9). Interestingly, recent high school graduates have the lowest percent of announced but the highest percent of eligible applicants.

Table Two: Change Between FY2024 and FY2023 Application Volume

	End of October 2022 (1 month)		End of December 2022 (3 months)		As of June 1, 2023 (8 months)	
	Announced	Eligible	Announced	Eligible	Announced	Eligible
Total	-1.7%	-1.7%	-2.2%	1.3%	2.7%	6.2%
Public Universities	-0.3%	1.7%	-0.6%	1.4%	2.1%	4.2%
Private Non-Profits	-4.3%	-0.7%	-5.9%	-2.9%	0.1%	2.5%
Community Colleges	-1.9%	4.4%	-0.2%	5.7%	5.2%	10.4%
Proprietary Schools	-0.9%	2.6%	-12.4%	-12.1%	-3.5%	-2.1%
Dependent 1 st -time freshmen <=19	3.1%	9.3%	1.1%	7.0%	1.4%	7.9%
Dependent >19 or not 1 st time freshmen	-5.1%	-1.3%	-4.3%	-0.2%	2.5%	5.8%
Independent without dependents	-0.4	1.0%	-0.8%	0.2%	4.6%	6.3%
Independent with dependents	-3.1%	-1.9%	-4.0%	-3.1%	3.5%	4.8%

Although application volume appears to be increasing this year, ten years of decreasing application volume coupled with two years of \$100 million and more MAP appropriation increases have created the opportunity to improve college affordability for MAP-eligible students. MAP coverage of tuition and fees had declined for nearly 20 years and, while it cannot be completely restored with the proposed budget, substantial gains will continue to be made. A meeting was held with the ILASFAA MAP Formula Committee in May, to discuss FY2024 MAP recompute issues and gain insights from schools. Staff will continue to monitor FY2024 MAP application volume, with the goal of maximizing the spending of MAP dollars without exceeding the appropriation.

Action Requested: Staff requests Commission approval of the formula summarized in Table Three as the FY2024 MAP Recompute Formula. The recommended formula continues using FY2022 tuition and fee amounts and Pell table and proposes raising the maximum award to \$8,400 and the living allowance to \$5,200.

Table Three: Recommended FY2024 Recompute 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 \$5,200 .
<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 = $[\text{Parent Contribution (PC)} / 11,000 + 1.10]$ 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 = $[\text{EFC} / 11,000 + 1.10]$ 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 \$8,400 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 second- and third-term claims 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.