

AGENDA ITEM 4.

**MONETARY AWARD PROGRAM (MAP)
START-UP FORMULA**

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FY2027 MONETARY AWARD PROGRAM (MAP) START-UP FORMULA

Submitted for: Action

Summary: The Commission approves a Monetary Award Program (MAP) eligibility formula near the normal October 1st start of the Free Application for Federal Student Aid (FAFSA) filing process, more than 10 months before the academic year begins. This enables schools to provide financial aid packages early, which helps students make enrollment decisions. Since MAP Start-up occurs before the State budget process, we assume the MAP will receive level funding of \$711.6 million, and that up to two percent may be used for operational costs.

MAP eligibility determination begins with the Federal Student Aid Index (SAI) which is calculated from FAFSA and Alternative Application for Illinois Financial Aid data. Following the complicated implementation of the FAFSA Simplification Act in FY2025, the FY2026 FAFSA was first launched to a limited audience on October 1st, then to all applicants on November 18th, 2024. For the 2026-27 FAFSA cycle, the Department of Education stated that the FAFSA is set to be released on the usual October 1st release date.

In September 2024, the Commission approved a FY2026 MAP Start-up formula that carried forward the FY2025 Recompute Formula. Although FY2025 application volume initially lagged, eventual enrollment exceeded expectations, driving claim rates higher than projected. This required a mid-year award reduction for FY2025 and adoption of a reduced formula for FY2026.

For FY2026, the Commission proactively adopted a revised start-up formula that incorporated a 4 percent reduction factor applied to all awards to keep claims within appropriation while still maximizing student access. Early communication of the revised formula helped schools package awards more accurately and reduced the likelihood of needing a mid-cycle correction.

While approval of a FY2027 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 current eligibility formula, effects of recent formula improvements on tuition and fee coverage, and trends in application volume. As typically happens at start-up, staff is recommending adoption of the current FY2026 MAP Recompute eligibility formula — including the 4 percent reduction factor — for beginning the FY2027 MAP cycle.

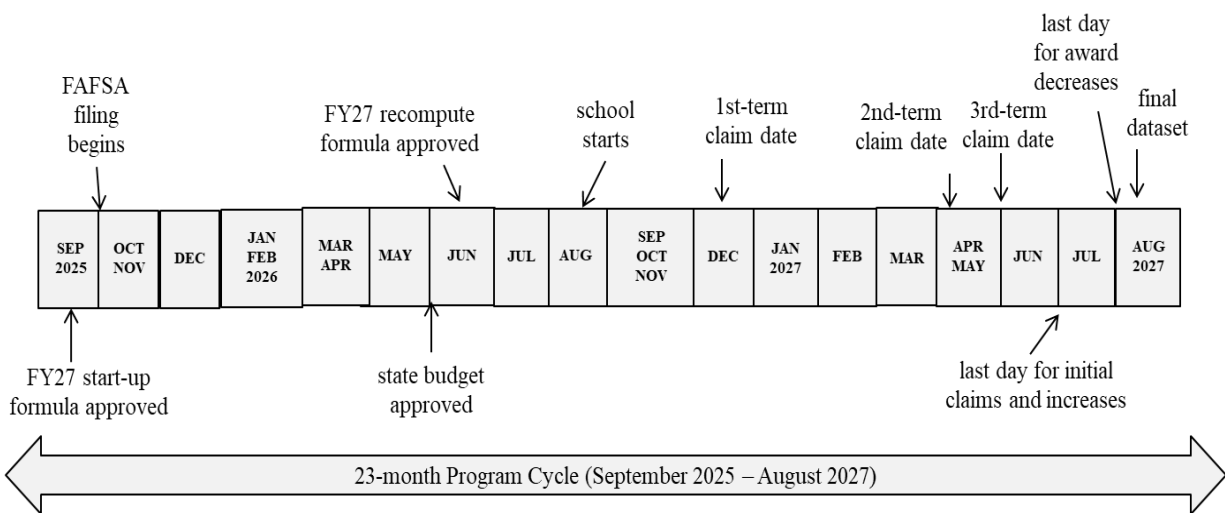
Action requested: Staff requests Commission approval of the MAP formula found in Table One, at the end of this item, as the FY2027 MAP Start-up Formula. This is the same as the FY2026 MAP Recompute Formula approved at the June 26, 2025, Commission meeting.

**ILLINOIS STUDENT ASSISTANCE COMMISSION
FY2027 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 schools 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 project MAP claims as applications are submitted, to help determine if adjustments are needed. Free Application for Federal Student Aid (FAFSA) and Alternative Application for Illinois Financial Aid filing for academic year 2026-27 will begin October 1. Typically, the MAP eligibility formula from the previous year is recommended as the start-up formula for the upcoming year.

Figure One: The 23-Month FY2027 MAP Cycle



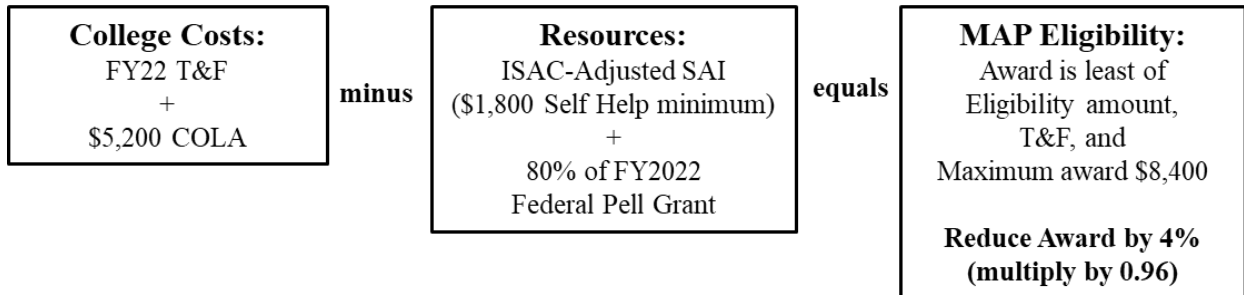
Ideally, a state budget is approved by the end of May. Based on the final appropriation, changes may be made to the MAP formula and presented to the Commission in June. If changes are made, awards are recalculated shortly thereafter. The fall term typically begins in mid- to late-August and the first-term 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 actual first-term claims, to determine whether any suspended awards could be released. The MAP Cycle continues through the academic year and wraps up by early August.

Formula Updates Improved MAP Purchasing Power in Recent Years, but that is Now Eroding

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 SAI 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.

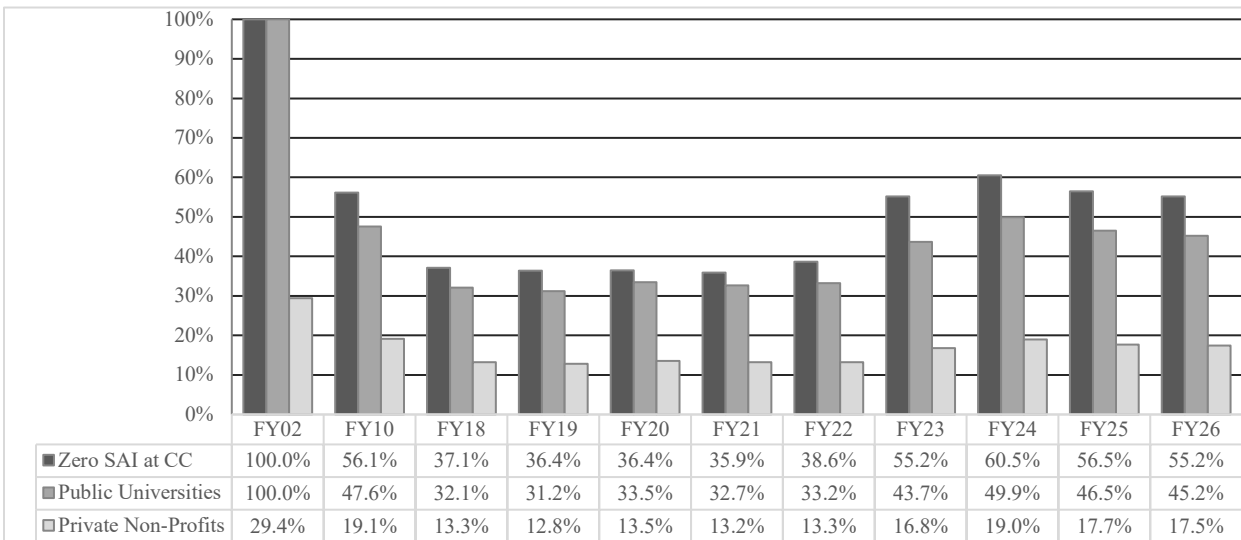
Prior to the MAP receiving a total \$222 million in FY2023 and FY2024, the formula had become outdated. Small advancements were made with increased funding in FY2018 through FY2022, but the focus was mostly on offering MAP to eligible students whose awards would have otherwise been suspended. The formula used FY2004 tuition and fees from FY2006 through FY2017 and a \$4,968 maximum award from FY2002 through FY2019. From 2011 through 2019, all awards were reduced to stretch the appropriation further. In FY2023, tuition and fees were updated to FY2022 levels, the maximum was raised to \$7,200 and all eligible applicants were offered MAP grants. The maximum award increased to \$8,400 in FY2024. The additional \$10 million received in FY2025 and in FY2026 was reserved for eligibility increases due to FAFSA Simplification, rather than formula improvement. Figure Two shows the current formula.

Figure Two: The Current MAP Eligibility Formula



In FY2002, the highest MAP awards fully covered tuition and fees at community colleges and public universities, as shown in Figure Three. Coverage 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 mostly held steady. Formula improvements, made possible by a total \$222 million of increases in FY2023 and FY2024, moved the bars noticeably upward, with coverage levels similar to FY2010. The goal of 50 percent coverage at public schools, set in *A Thriving Illinois*, was surpassed for community colleges in FY2023, and reached (with rounding) for public universities in FY2024. Unfortunately, MAP purchasing power started to decline in FY2025 and FY2026, as tuition and fees increased but the eligibility formula did not change.

Figure Three: MAP Tuition and Fee Coverage



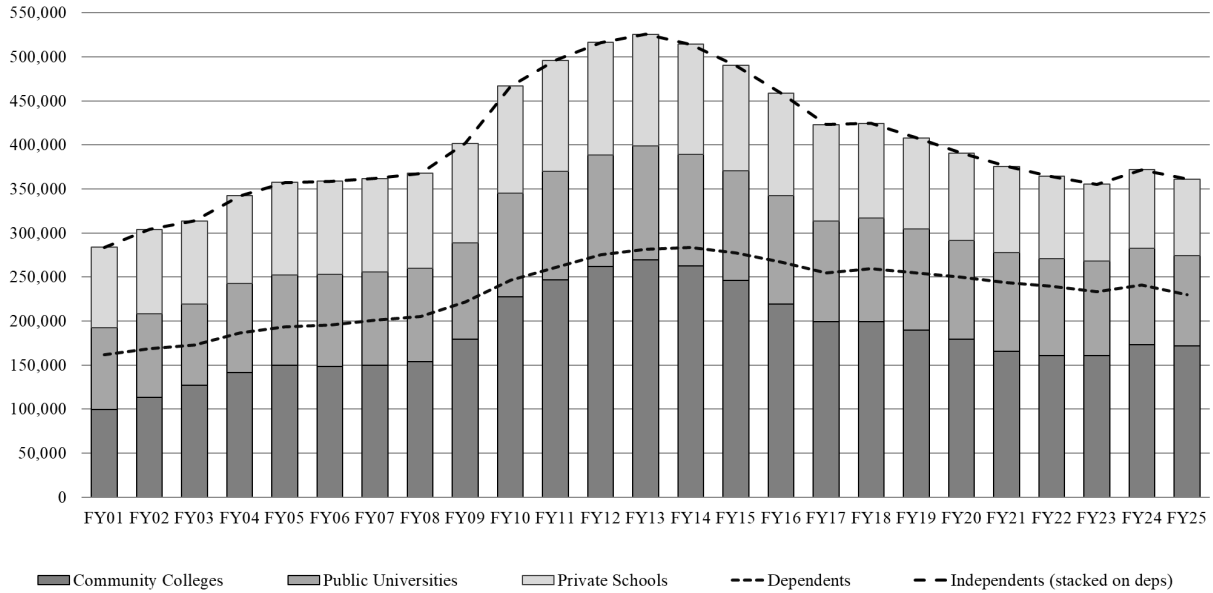
MAP Application Volume is Increasing Again

The balance between improving MAP purchasing power and providing basic access, by offering awards to all eligible students, depends partly upon demand for student aid. For a historical perspective, Figure Four shows announced applications by sector of first-choice school from FY2002 to FY2025. 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 FY2023, application volume was down 32 percent from the peak, but still 25 percent higher than FY2001. In contrast, for FY2024, announced applicants were up nearly 5 percent, and eligible applicants increased more than 6 percent from the previous year, likely due to the positive impact of improved MAP tuition and fee coverage, provided by larger awards in FY2023 and FY2024.

In FY2025, FAFSA Simplification changes to the FAFSA and Federal need analysis formulas were implemented. However, the cycle was heavily shaped by delayed federal rollout, unforeseen glitches, and issues in FAFSA processing. Consequently, the total number of announced applications in FY2025 fell by 2.9 percent, while eligible applications saw a modest yet meaningful increase of 1.1 percent.

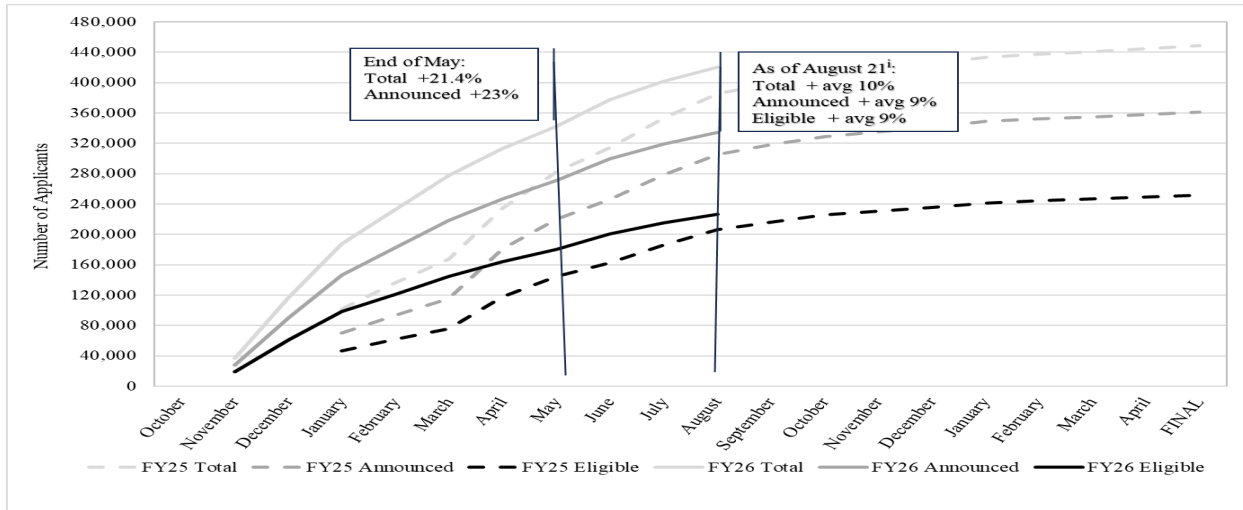
Private institutions experienced the most significant growth in FY2025, with MAP-eligible applicants increasing by more than 4 percent. Community colleges followed with a 1.4 percent increase, whereas public universities saw a slight decrease of just over 1 percent. Independent eligible applicants grew by more than 4 percent, indicating the positive impact of FAFSA Simplification on MAP eligibility. Meanwhile, dependent eligible applicants experienced a decline of 1.3 percent.

Figure Four: MAP Announced Application Volume FY2002 through FY2025



As the FY2026 MAP program cycle progresses, the data indicate increased application volume compared to both FY2024 and FY2025. By mid-August, FY2026 had nearly 12 percent more eligible applicants than FY2024 and an average of 9 percent more than FY2025. Independent applicants experienced the highest increase, with over a 16 percent increase in eligible applicants compared to FY2024 and an average of 10 percent more than FY2025, while dependent applicants had about 9 percent more eligible applicants than FY2024, and an average of 8 percent more than FY2025. Part of the increase in eligible applicants from FY2024 is due to the FAFSA Simplification changes making more applicants eligible. Figure Five below shows FY2026 application volume compared to FY2025.

Figure Five: FY2026 MAP Application Volume through August Compared to FY2025



At the FY2013 peak of application volume, awards for nearly 45 percent of eligible applicants had been “suspended” and not offered to eligible applicants filing FAFSAs on or after the suspense date. The combination of lower application volume and improved funding decreased that metric to 10 percent by FY2021. In FY2022 and FY2023, MAP grants were offered to all eligible students for the first time since FY2001. However, in FY2024, the increased trend in application volume led to another suspension, affecting nearly 12% of eligible applicants.

The projected MAP claims for FY2025 were higher, in part due to anticipated expanded eligibility and uncertainties arising from changes to FAFSA Simplification. This situation led to an initial suspense date of August 21, resulting in over 15 percent of eligible applicants being suspended (38,278 out of 251,875). In hindsight, the August 21 suspense date was approximately three weeks too late, given the significant increase in fall enrollment and higher claim rates and led to a 4% reduction in MAP awards.

Looking at FY2026, the demand for MAP was expected to be even greater. Combining with the assumption of continued high claim rates, the decision to extend the 4% award reduction was implemented to the FY2026 MAP Start-up Formula in mid-March and formally approved at the April 17, 2025, Commission Meeting. By mid-May, FY26 MAP claim projections using FY25 claim rates indicated that, even with the 4% award reduction, suspending award announcements weeks earlier than the FY25 August 21 suspense date would be necessary, due to higher application volume. After extensive analysis, the decision was made to suspend FY26 MAP award announcements for applicants filing after June 5, 2025, in order to avoid overspending.

Current trends suggest that FY27 application volume will likely remain strong. Given uncertainty in federal Pell program changes and the State budget, a prudent approach is to implement the FY27 formula with a 4% award reduction factor, consistent with FY26. This early implementation will ensure that students receive timely information about their total aid eligibility and lessens administrative burdens on institutions by decreasing the possibility of needing to apply a mid-year reduction to keep claims within the appropriation.

¹ Due to multiple issues with FY25 FAFSA filing, FY26 data is being compared to the average of FY25 counts at this same point in the cycle last year and final FY25 counts for applications filed through this point in the cycle, which include corrections.

Action requested: Staff requests Commission approval of the formula in Table One below as the FY2027 MAP Start-up Formula. This is the FY2026 MAP Recompute Formula, which uses FY2022 tuition and fee levels and Pell table; a \$5,200 living allowance; an \$8,400 maximum award, and a 4 percent reduction to MAP awards.

Table One: Recommended FY2027 Start-up Formula

<i>BUDGET = T&F + Living Allowance</i>	
1	Use 2021-2022 reported tuition and mandatory fees at all institutions, assessed at 100 percent.
2	Use one living allowance for all applicants, set to \$5,200.
<i>RESOURCES = 80% Pell Eligibility + Adjusted SAI (with self-help minimum)</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 Student Aid Index (SAI) by inflating the SAI: <u>Adjusted Student Aid Index for Dependent Students:</u> If SAI ≤ 0 set the following = 0 to calculate Adjusted SAI: Parent Contribution (PC), Student Contribution from Income (SCI), Student Contribution from Assets (SCA) If SAI > 0 and PC < 0 set PC = 0 to calculate Adjusted Parent Contribution Adjustment Factor = [(Parent Contribution/11,000) + 1.10] rounded to 2 decimals places Adjusted PC = PC x Adjustment Factor (round to nearest whole number) Student Contribution (SC) = SCI + SCA Adjusted SC = highest of SC or self-help expectation Adjusted SAI = Adjusted PC + Adjusted SC <u>Adjusted Student Aid Index for Independent Students:</u> If Student Aid Index (SAI) < 0, set SAI = 0 for calculation of Adjusted SAI Adjustment Factor = [SAI/11,000 + 1.10] rounded to 2 decimal places Adjusted SAI = highest of SAI x Adjustment Factor (rounded to nearest whole number) OR self-help expectation
3	Use a minimum self-help expectation of \$1,800 for all students.
<i>AWARD based on lowest of Maximum Award, T&F in Budget, or Maximum Eligibility</i>	
1	Maximum Eligibility = Budget – Resources; if < \$300 applicant is not eligible for MAP.
2	Award is based on lowest of \$8,400 maximum award, tuition and mandatory fees specified in budget, or maximum eligibility. If based on maximum eligibility, round in \$150 increments to calculate partial
3	Reduce awards by 4 percent (multiply by 0.96)
4	Applicants with a (Federal) SAI of \$9,000 or above are not eligible.
5	If determined necessary, either release some suspended applications and/or adjust awards to maximize claims without exceeding the appropriation.
6	Students with 135 or more MAP paid credit hours will not be eligible for MAP.