

AGENDA ITEM 5.

**FY2022 MONETARY AWARD PROGRAM (MAP)
START-UP FORMULA**

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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 students make informed decisions. The FY2022 budget process has not begun, so staff assumes the MAP will receive \$451.3 million, level with the FY2021 appropriation, and that up to two percent may be used for administration.

MAP has been impacted by several pieces of legislation in recent years. Changes include a priority filing date that applies to MAP recipients from the previous year. Filing a FAFSA or an Alternative Application for Illinois Student Aid, if applicable, by the priority date ensures they will receive a grant, as long as they still meet eligibility requirements. The RISE Act, which became effective at the beginning of 2020, eliminated the 75 MAP paid credit hour cap beginning with the latter half of FY2020. The RISE Act also extended MAP eligibility, beginning with FY2021, to qualified undocumented immigrants and transgender students who are ineligible for federal aid.

In FY2022, MAP application volume will be affected by the passing of Public Act 101-108, which became effective in June 2020. This act requires that public high school students either complete a FAFSA, ISAC's Alternative Application, or present a signed waiver indicating they are choosing not to, as a requirement for graduation. The demand for MAP will increase, as all high school seniors will be aware of the availability of both federal and state financial aid for college.

Of course, the ongoing COVID-19 pandemic will likely affect MAP more than any legislative initiative. On one hand, it appears that FY2021 may see lower college enrollment due to uncertainty and aversion for some to on-line classes. On the other hand, there could be shifts in eligibility due to job loss. The FY2022 FAFSA uses 2019 income, but it is possible that financial aid advisors' professional judgements could allow use of more recent, lower income, which could make some previously ineligible applicants eligible. It is also reasonable to expect increased interest in college due to job market shifts caused by struggles with the virus.

Whether or not that occurs in FY2022 depends on how the pandemic progresses.

This item reviews basic MAP issues and requests approval of a FY2022 MAP Start-up Formula. Staff typically recommends adopting the current formula for beginning the upcoming year.

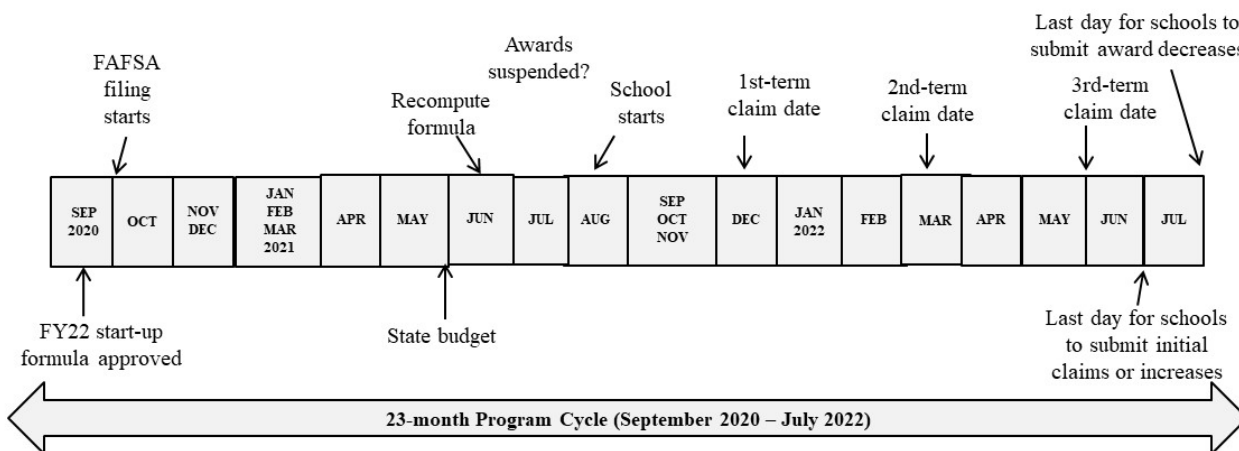
Action requested: Staff requests Commission approval of the MAP formula found in Table Four as the FY2022 MAP Start-up Formula. This formula is the same as the FY2021 MAP Recompute Formula approved at the June 18, 2020 Commission Meeting.

**ILLINOIS STUDENT ASSISTANCE COMMISSION
FY2022 MONETARY AWARD PROGRAM (MAP) START-UP FORMULA**

Introduction

Free Application for Federal Student Aid (FAFSA) filing for academic year 2021-22 will begin October 1, 2020. A timely start-up formula enables financial aid administrators to include MAP grants in financial aid packages and helps students make informed enrollment decisions. An approved start-up formula also enables staff to track projected MAP claims and recommend an award suspense date when the projection indicates the appropriation will be spent. Figure One shows the timeline of a typical program cycle for the MAP.

Figure One: The Basic 23-Month MAP Cycle



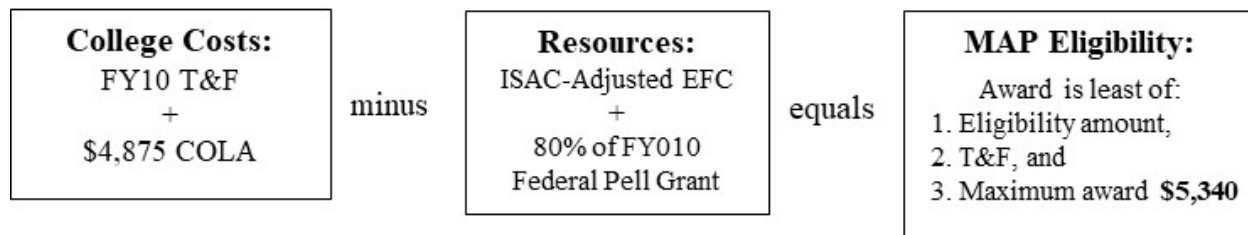
The MAP eligibility formula from the current year is recommended as the start-up formula for the upcoming year. When the FY2022 appropriation has been determined, any necessary adjustments to the formula may be requested at the June 2021 Commission meeting, before the academic year begins.

Basic MAP Eligibility Formula and Recent Improvements

In the broadest terms, MAP eligibility is determined by subtracting student resources from the cost of college attendance, as shown in Figure Two. Through FY2002, the MAP formula used current tuition and fee amounts to represent costs. Application volume then began to soar, and appropriations were unable to keep up with demand. The expense of updating the formula to maintain purchasing power was weighed against providing smaller awards to more applicants, in the constant struggle between affordability and access. Scales tipped towards

providing access, and from FY2006 through FY2017, the formula used FY2004 tuition and fees. The \$4,875 living allowance has been used since FY2002.

Figure Two: The Current MAP Eligibility Formula



Application volume peaked in FY2013 and has declined each year since. This decline, combined with a \$36 million increase in FY2018 and a \$50 million increase in FY2020, enabled formula improvements including using FY2010 instead of FY2004 tuition and fees and gradually eliminating the 5 percent reduction factor. Using more recent tuition and fees increased eligibility amounts for many students, particularly at the four public universities where FY2004 tuition and fees were lower than the \$4,968 maximum award. Eliminating the reduction factor increased all awards, and the effective maximum improved from \$4,720 in FY2017 to \$5,340 in FY2020. With the additional funding, MAP has been able to help many more students: in FY2017 (a budget impasse year) 121,579 students claimed an average \$2,850 and in FY2020 138,921 students claimed an average \$3,188.

While Governor Pritzker had hoped to add another \$50 million to MAP in FY2021, the COVID-19 pandemic disrupted the legislative session, and most other aspects of life, beginning in March 2020. The legislature was able to pass a state budget for FY2021 in spite of the pandemic, but MAP received a level \$451.3 million appropriation for FY2021. The FY2022 budget process is months away.

MAP Application Volume

The MAP’s balance between improving purchasing power and providing basic access depends in part upon demand for the program, measured by application volume. For a historical perspective, Figure Three shows announced applications by sector of first-choice school since FY2001. Announced applicants, who are 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 FY2020, applications were down 26 percent from the peak, lowering the increase since FY2001 to 38 percent. In FY2021, announced applications are currently down more than four percent from last year.

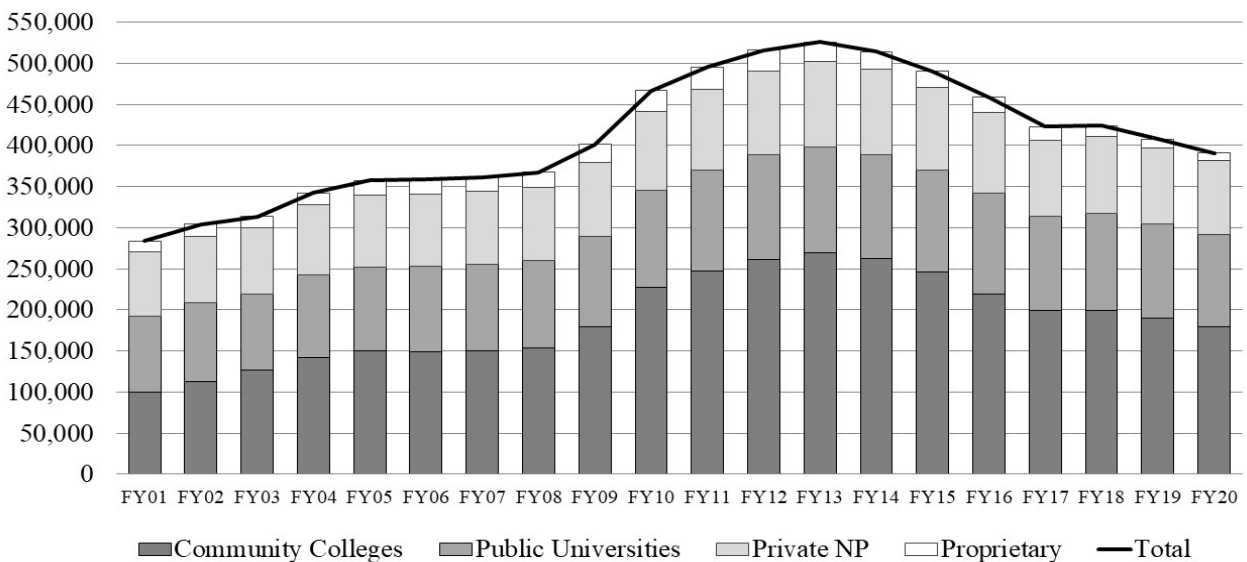
Figure Three shows that community colleges saw the biggest changes in FAFSA volume, increasing nearly 171 percent between FY2001 and FY2013, then declining 34 percent by FY2020. Public universities and private schools saw nearly 40 percent increases between

FY2001 and FY2013; the decline to FY2020 is about 13 percent for public and private non-profit universities. Many schools in the proprietary sector have closed, and application volume has fallen by 60 percent since FY2013.

Community colleges and proprietary schools have a high percentage of independent students, whose college attendance tends to rise and fall according to changes in the business cycle. FAFSA filing by independent students nearly doubled between FY2001 and FY2013 then fell by 42 percent by FY2020. In comparison, applications from dependent students increased 75 percent between FY2001 and FY2013, then decreased 11 percent by FY2020. In FY2020, application volume was 55 percent higher for dependents and 15 percent higher for independents than in FY2001.

Lower demand since FY2013 can be attributed to several factors, including an improved job market (prior to the pandemic) that kept many independents, and likely some dependents, working instead of attending school. Increased uncertainty about receiving the MAP grant caused by state budget troubles during FY2016 and FY2017 may have contributed to the decline as well. The COVID-19 pandemic will undoubtedly affect application volume and enrollment though perhaps in different ways in the short- and long-terms. Affordability issues likely also play a role, as may doubts about the value of a college degree fueled by national stories of underemployment of college graduates, and stories about student loan debt.

Figure Three: MAP Announced Application Volume



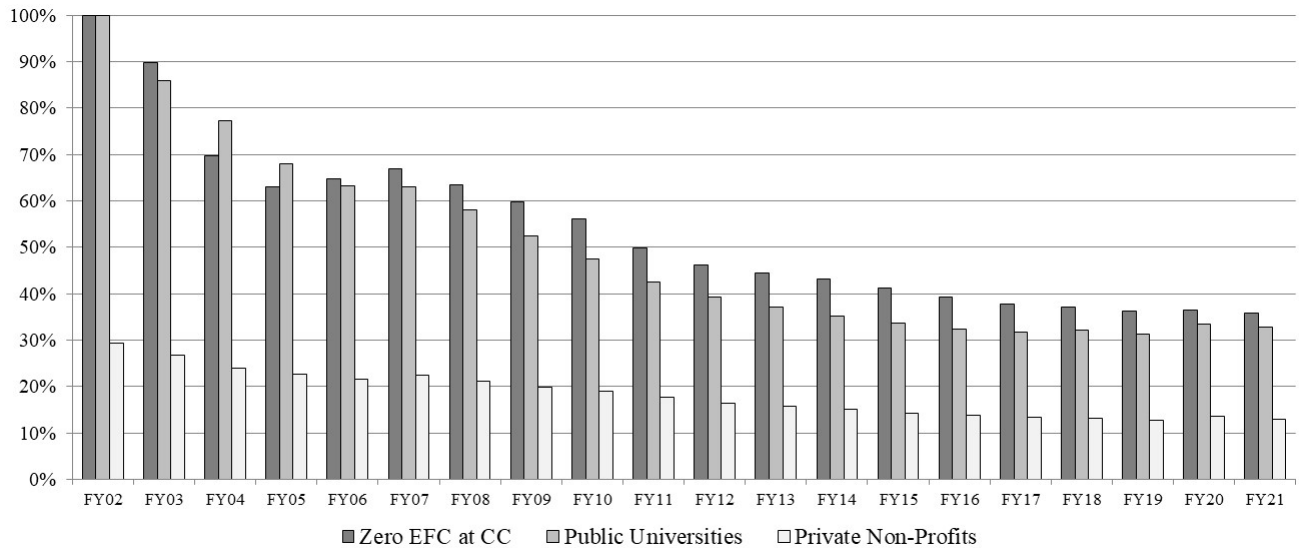
MAP Purchasing Power

The portion of tuition and fees covered by MAP awards has declined steadily for eighteen years, as the state has been unable to provide sufficient funding to match rising tuition and fees. As shown in Figure Four, the highest MAP award in FY2002 *fully covered* sector-average tuition and fees at community colleges and public universities, and covered nearly 30 percent at private schools. Between FY2002 and FY2021, sector-average tuition and fees increased by more than

three times at public universities (\$4,786 to \$16,333); by more than two-and-a-half times at community colleges (\$1,731 to \$4,599) and more than doubled at private schools (\$16,888 to \$40,380.) In FY2017, prior to formula improvements in FY2018 and FY2020, the MAP maximum award covered only 32 percent of tuition and fees at public universities and 13 percent at private non-profits. Awards for Zero-EFC community college MAP recipients covered 38 percent of tuition and fees.

FY2018 and FY2020 MAP Formula improvements included updating tuition and fees and the Pell table from FY2004 to FY2010 amounts, removing the 5 percent reduction factor, and increasing the maximum award from \$4,968 to \$5,340. While these improvements were much appreciated, the effect on MAP purchasing power was not dramatic. The larger maximum award increased tuition and fee coverage to 34 percent at public universities and 14 percent at private non-profit schools in FY20, which decline to 33 percent and 13 percent in FY21. Community college tuition and fee coverage for Zero-EFC students actually declined to 36 percent, largely due to a \$1,300 increase in the maximum Pell grant, 80 percent of which is counted as a resource, between FY2004 and FY2010; coverage remains at 36 percent in FY21. Failure to continue MAP formula improvements will result in further declines in purchasing power and likely jeopardize college access for students who rely on financial aid.

Figure Four: MAP Coverage of Tuition and Fees



MAP and Basic Access

Whether MAP awards cover a sufficient amount of tuition and fees to help provide access to college is only a relevant debate for those who apply in time to claim an award. Although application volume decreases and MAP budget increases have greatly reduced suspended awards, many applicants are still denied awards because the appropriation cannot provide grants to all eligible applicants. Figure Five shows the number of eligible applicants whose awards were suspended due to lack of funding from FY2002 through FY2020. FY2001 was the last year when all eligible applicants were offered awards. The number of suspended awards peaked in FY2013 at nearly 169,000; this was nearly 45 percent of the total eligible population. Suspended

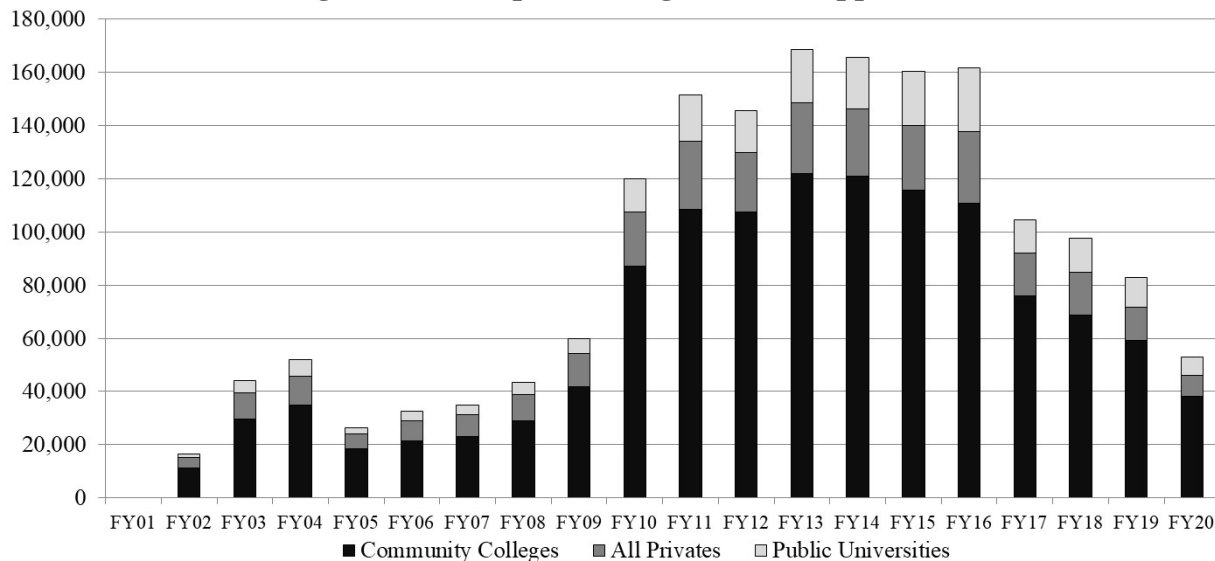
applicants have since declined along with total application volume. In FY2020 there were fewer than 53,000 suspended eligibles, just under 20 percent of eligible applicants.

As for the actual suspense *dates*, by November 2001, it was clear the FY2002 appropriation would not cover all eligible applicants who were likely to enroll, so those who applied on December 7 or later were suspended. In FY2003 through FY2009, suspense dates crept towards early August, then June in FY2010, April for FY2011 through FY2013, March in FY2014 and FY2015. The earliest suspense date was February 22 in FY2016. The budget impasse that year and the next provided extenuating circumstances; otherwise, decreasing application volume would have likely enabled later suspense dates.

By FY2018, the first year of earlier FAFSA filing, many feared the suspense date would need to be set before the end of 2016. Although the initial suspense date was December 22, a release of applications through mid-January was made early in 2017 and eventually, awards were released for applicants through early March. The original FY2019 suspense date was February 28, and awards through April 4 were released following the first term claim deadline. The FY2020 suspense date was originally set at April 29; when the MAP appropriation was increased by \$50 million, awards for applicants through May 26 were released, and applicants through June 26 were released the following spring. Currently, the FY2021 initial suspense date is July 1, 2020. Projected claims will be closely monitored to determine whether a release will be possible after the first-term claim deadline in December.

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 award. Nevertheless, the number of applicants denied awards due to suspense is concerning.

Figure Five: Suspended Eligible MAP Applicants



Recent Legislation Affecting MAP

MAP has been impacted by several pieces of legislation in recent years. Changes include a priority filing date that applies to MAP recipients from the previous year, ensuring they will receive a grant as long as they still meet eligibility requirements and complete a Free Application for Federal Student Aid (FAFSA) or an Alternative Application for Illinois Financial Aid, if applicable, before the priority date. Those who apply after the priority consideration date will still be eligible for an award, as long as forecasts indicate the appropriation has not been expended.

The Retention of Illinois Students and Equity (RISE) Act, which became effective at the beginning of 2020, eliminated the 75 MAP paid credit hour cap beginning with the latter half of FY2020. More importantly, The RISE Act secures consideration for state financial aid eligibility, beginning in FY2021, for Illinois residents who are not eligible for federal financial aid. This group includes undocumented immigrants who meet criteria for in-state tuition at Illinois public universities, as well as transgender students who were assigned the gender of male at birth, but are ineligible for federal aid because they do not register for the Selective Service.

In FY2022, MAP application volume will be affected by the passing of Public Act 101-108, which became effective in June 2020. This act requires that public high school students either complete a FAFSA, ISAC's Alternative Application, or sign a waiver indicating they are choosing not to, as a requirement for high school graduation. The demand for MAP will undoubtedly increase, as all high school seniors will be aware of the availability of both federal and state financial aid for college.

Of course, the ongoing COVID-19 pandemic will likely affect MAP more than any legislative initiative. Currently, it appears that FY2021 may see lower enrollment due to uncertainty and aversion for some to on-line classes. However, there will likely be some gains in MAP eligibility for some students as financial aid advisors grant professional judgements to allow more recent, lower incomes to be used to calculate expected family contributions instead of the 2019 income required on the FY2022 FAFSA. In the longer-term it is reasonable to expect higher college enrollments in college due to job market shifts. Whether or not that will occur in FY2022 depends on how the pandemic progresses.

Action Requested

Staff requests Commission approval of the formula summarized in Table Four as the FY2022 MAP Start-up Formula. This is the same formula approved for FY2021 that uses FY2010 tuition and fees and Pell table, and a maximum award of \$5,340.

Table Four: Recommended FY2022 Start-Up Formula

<i>Budget</i>	
1	Use 2009-2010 reported tuition and fees at all institutions, assessed at 100 percent.
2	Use one living allowance for all applicants, set to \$4,875.
<i>Resources</i>	
1	Use 80 percent of Pell Grant eligibility as determined by the 2009-2010 Pell Grant Payment Schedule, which contains a \$5,350 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 \$5,340 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 to spend as much of the appropriation without exceeding it OR reduce second- and third-term awards to stay within the appropriation.
4	Students who have used 135 or more MAP paid credit hours will still not be eligible for MAP.