

AGENDA ITEM 7.

FY2023 MONETARY AWARD PROGRAM UPDATE

Submitted for: Information

Summary: This item provides an update on FY2023 Monetary Award Program (MAP) application volume and context for the FY2023 MAP recompute, which will be presented at the next Commission meeting. The Governor’s budget proposal would have the MAP receiving \$122 million in new money, at a time when application volume has declined to its lowest level in fifteen years. While it is still possible for application volume to rebound somewhat, this additional funding could provide a long-overdue opportunity to increase the size of MAP grants and improve college affordability for low-income students. Note, at the time of this report the actual FY2023 budget amount is not known and we will provide an update at the meeting on April 14.

MAP application volume has declined each year since peaking in FY2013. Announced (IL resident undergraduates seeking to enroll in a MAP-eligible school) application volume decreased about 4 percent in both FY2020 and FY2021 and is down about 3 percent near the end of FY2022. Six months into the FY2023 MAP cycle, announced applicants are down 11 percent. Technical difficulties with the federal FAFSA filing system are believed to have contributed to this decline, and the decrease has lessened over time. The “silver lining” in this situation is that, between the decrease in demand and additional MAP funding in three of the past five years, the number of eligible students not offered a MAP grant due to lack of funding has dramatically decreased. In FY2022, for the first time since FY2001, essentially all MAP-eligible applicants will be offered a grant.

Governor Pritzker has proposed a \$122 million increase for FY2023 MAP, which would fulfill his campaign promise of increasing the appropriation by \$200 million in his first term. This substantial increase would bring the MAP appropriation to more than \$601 million, with nearly \$590 million dedicated to grants, after reserving two percent for operational costs. The increase is also intended to pay for an expansion of MAP to cover short-term certificate programs at community colleges and public universities. An *estimated* \$15 million will be required to serve this new population of MAP recipients, leaving \$575 million for providing MAP grants to the current population, compared to \$470 million in FY2022.

With this influx of funding, much can be done to improve MAP tuition and fee coverage, which has significantly eroded over the past 20 years. For perspective, the highest MAP award, based on sector average tuition and fees,

covered 100 percent at public universities and community colleges and 29 percent at private universities in FY2002. In FY2022, coverage has dropped to 33 percent, 38 percent, and 13 percent, respectively. Additional funding, combined with lower application volume, makes this a perfect time to improve affordability.

A Thriving Illinois, the higher education strategic plan spearheaded by IBHE, set a goal for MAP to cover 50 percent of tuition and fees at public institutions. At public universities, this would require increasing the MAP maximum to more than \$8,400 based on projected FY2023 tuition and fees. While that large a maximum grant size will not be possible, given the varied demands on the increased appropriation, significant gains can be made. Of course, changes to the eligibility formula should improve the size of MAP grants across *all* sectors, to ensure increased affordability for recipients at all school types.

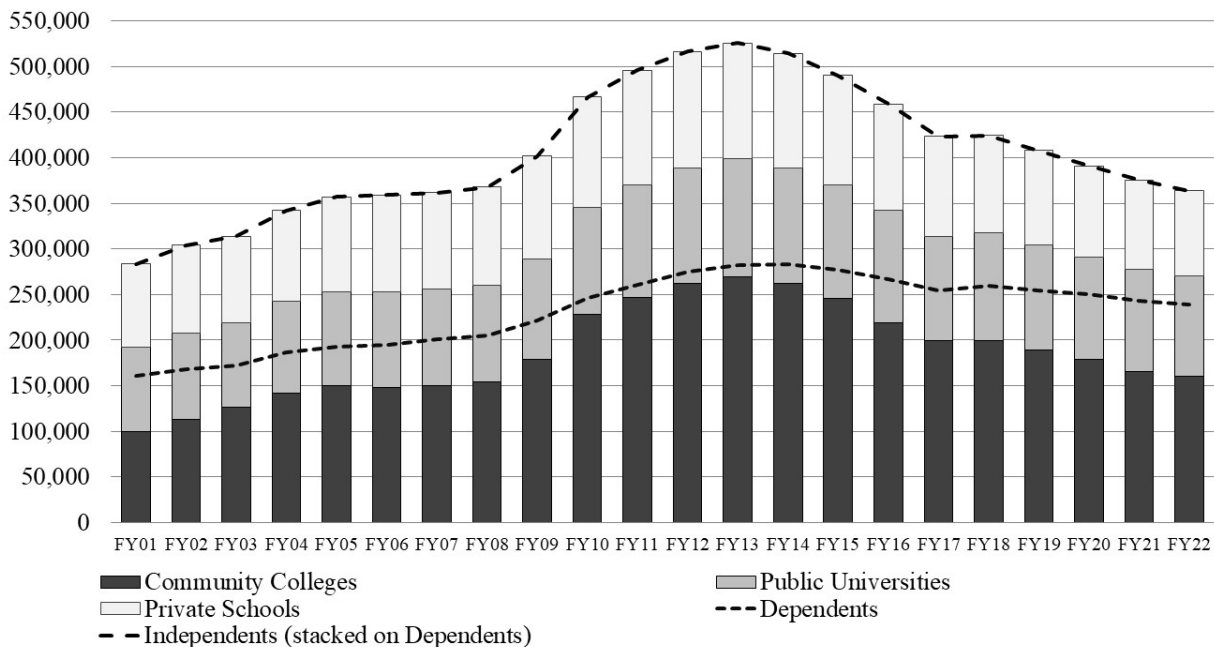
**ILLINOIS STUDENT ASSISTANCE COMMISSION
FY2023 MONETARY AWARD PROGRAM INFORMATIONAL UPDATE**

This item provides an update on FY2023 Monetary Award Program (MAP) application volume and context for the FY2023 MAP recompute, which will be presented at the next Commission meeting. The Governor’s budget proposal would have the MAP receiving \$122 million in new money for an appropriation of just over \$601 million. Since application volume is at its lowest level in fifteen years, the money creates a long-overdue opportunity to restore some of the tuition and fee coverage provided by MAP grants that has declined over the past twenty years and improve college affordability for low-income students.

MAP Application Volume Trends

MAP announced application volume increased 85 percent between FY2001 and FY2013. Since then, announced volume has decreased 31 percent, but is still about 28 percent higher than in FY2001. As shown in Figure One, the largest fluctuations have been seen at community colleges and with independent students, for whom college attendance often depends on the state of the economy. Application volume decreased about 4 percent in both FY2020 and FY2021 and is down 3 percent near the end of FY2022. High school seniors graduating in 2021 were the first class to be required to complete a FAFSA, an Alternative Application for Illinois Financial Aid, or submit a waiver to graduate, so that population helped keep FY2022 application volume from decreasing even further.

**Figure One: MAP Announced Application Volume FY2001–FY2022 (nearly final)
by Sector and Dependency Type**



The downward trend continues in FY2023. Six months into the MAP cycle, which began 10/01/21, announced applicants were down 11 percent. Technical difficulties with the FAFSA filing system at the federal level are believed to have contributed to this decline and the decrease has lessened over time. Table One shows where application volume stood at one, three, and six months into the cycle, by sector of first-choice school and dependency type. While the gap between FY2023 and FY2022 application volume could continue closing, it seems unlikely that application volume will catch up. Staff will continue monitoring application volume to help determine the best strategy for recompute.

Table One: Change Between FY2023 and FY2022 Application Volume

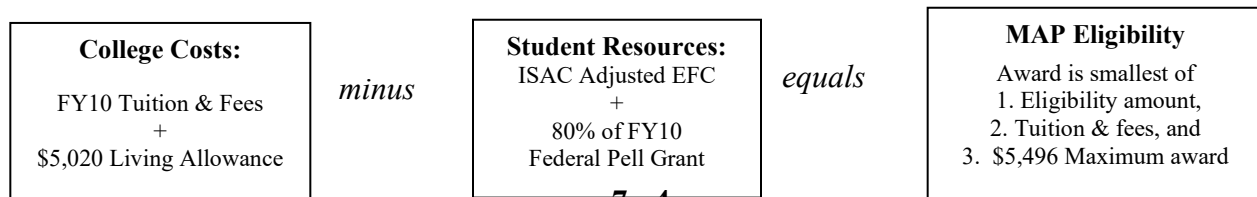
	End of October 2021 (1 month)		End of December 2021 (3 months)		End of March 2022 (6 months)	
	Announced	Eligible	Announced	Eligible	Announced	Eligible
Total	-20%	-24%	-17%	-20%	-11%	-13%
Public Universities	-16%	-21%	-11%	-15%	-6%	-10%
Private Non-Profits	-19%	-24%	-16%	-19%	-11%	-13%
Community Colleges	-25%	-28%	-24%	-26%	-14%	-16%
Proprietary Schools	-32%	-33%	-23%	-24%	-9%	-10%
Dependent 1 st -time freshmen <=19	-9%	-14%	-2%	-4%	-2%	-3%
Dependent >19 or not 1 st time freshmen	-21%	-25%	-19%	-21%	-12%	-14%
Independent without dependents	-27%	-28%	-26%	-26%	-15%	-16%
Independent with dependents	-32%	-33%	-30%	-30%	-17%	-18%

Of course, fewer people seeking education is not considered a positive. However, with the decrease in demand and additional funding provided in three of the past five years, the number of eligible students not offered a MAP grant due to lack of funding has decreased as well. From FY2013 through FY2016, there were more suspended awards than there were MAP recipients. The number suspended has declined each year since. In FY2022, for the first time since FY2001, essentially all MAP-eligible applicants will be offered a grant and receive it if they enroll. With the prospect of \$122 million in new money for FY2023, significant gains in improving MAP coverage of tuition and fees can be made.

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 Two shows the basic formula, which uses the difference between a cost of attendance figure and student resources to calculate maximum eligibility. College costs include tuition and mandatory fees plus a proposed \$5,020 living allowance.

Figure Two: Current MAP Eligibility Formula



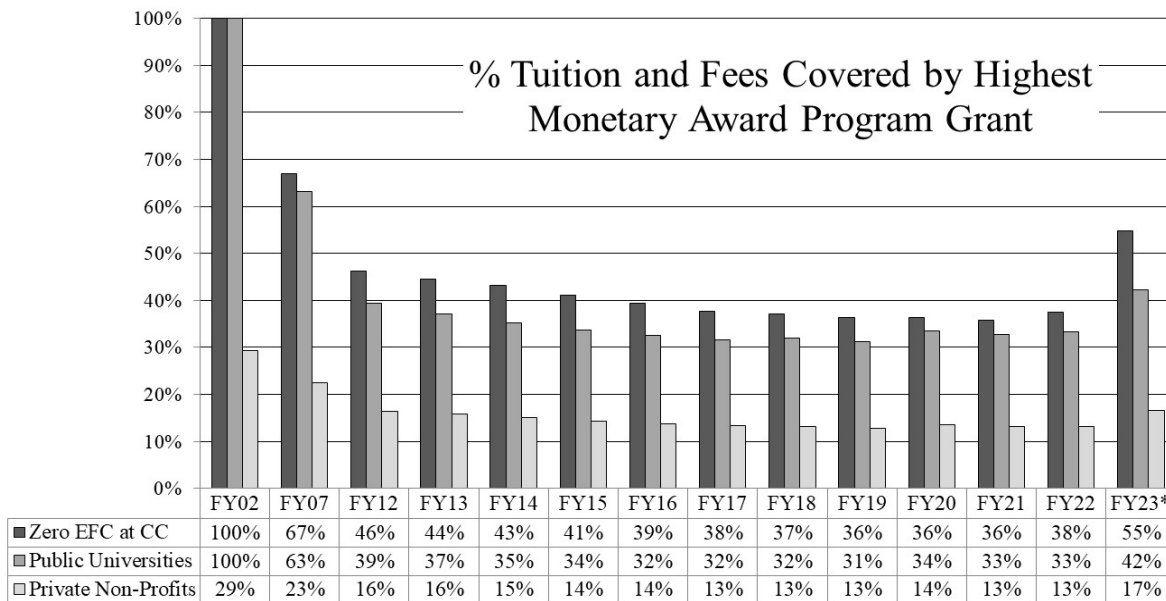
Student resources include an inflated federal expected family contribution (EFC), plus a portion of Pell grant eligibility. MAP eligibility is determined by subtracting resources from costs. If costs exceed resources by \$300 or more and other criteria are met, the student is eligible for a MAP grant. Eligibility is capped at the lesser of the eligibility amount from the formula, tuition and fees used in the cost portion, or the maximum award. If the award is based on the eligibility amount, it is rounded into \$150 intervals. Applicants with a federal EFC of \$9,000 or more are ineligible.

Over time, components of the MAP formula have become outdated, because focus was placed on providing awards to more students. FY2002 is the last year that the current tuition and fees and Pell table were used. The formula included FY2004 tuition and fees and Pell from FY2006 until increasing to FY2010 values in FY2018. The EFC cap has been \$9,000 since FY2001. The maximum award was \$4,968 from FY2002 until it was raised to \$5,340 in FY2020 then to \$5,496 in FY2022. The max was effectively lowered for many years by a reduction factor placed on all awards to stretch the appropriation. The maximum award was increased *in statute* to \$6,468 in FY2011 but was subject to sufficient funding which never materialized.

MAP Coverage of Tuition and Fees and How \$122 Million Could Help

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 drastically, and in the absence of sufficient funding increases, coverage has steadily declined. By FY2017, the maximum MAP award covered less than 32 percent of public university tuition and fees, 38 percent at community colleges, and just over 13 percent at private non-profit schools. Appropriation increases in FY2018, FY2020, and FY2022 enabled formula improvements to improve affordability and extend award announcements, greatly reducing the number of eligible applicants not offered a MAP grant due to budget constraints. But coverage could best be described as holding steady, rather than improving. As shown in Figure Three, FY2017 and FY2022 coverage rates are similar for all sectors.

Figure Three: MAP Purchasing Power - FY02, FY07, FY12 – (potential) FY23



The proposed \$122 million could certainly improve MAP tuition and fee coverage. *One option*, discussed with Governor’s Office staff in talks regarding the \$122 million increase earlier this year, would use a two-prong approach to improve affordability for MAP recipients at community colleges and

universities. This option includes using more recent tuition and fees and Pell table amounts in the eligibility formula and increasing the MAP maximum award.

FY2010 tuition and fee and Pell amounts have been used in the MAP eligibility formula since FY2018. Incorporating FY2022 tuition and fees and Pell would cost about \$34 million. Using more recent tuition and fee amounts to represent costs would primarily benefit community college students – in *preliminary* analysis with this formula change, more than 75 percent of additional recipients were at community colleges. As shown in Figure Three, tuition and fee coverage for community college students with no resources would increase from 38 percent in FY2022 to 55 percent.

Most awards at four-year schools are constrained by the MAP maximum award, so the max must be raised to improve public and private university tuition and fee coverage. The max was initially set at \$4,968 in FY2002 and finally increased to \$5,340 in FY2020 and to \$5,496 in FY2022. *A Thriving Illinois*, the higher education strategic plan spearheaded by IBHE, includes a goal of increasing public institution tuition and fee coverage to 50 percent. And, in a bill expected to pass this session, the statutory MAP maximum would be raised to \$8,508. Unfortunately, analysis indicates using an \$8,508 max would cost about \$195 million so would not be possible with the proposed increase. However, *preliminary* modeling does suggest the max could *likely* be increased above \$7,000. Figure Three shows that at \$7,110 the max would improve coverage from 33 to 42 percent at public universities, and from 13 to 17 percent at private non-profit schools.

Summary and Next Steps

Years of decreasing application volume and the proposal of a substantial appropriation increase create a perfect environment for improving college affordability for MAP-eligible students. MAP coverage of tuition and fees has declined in all sectors and, while it cannot be completely restored with the proposed budget, substantial gains can be made. In the coming weeks, staff will continue to monitor FY2023 MAP applications, and analyze MAP formula changes with updated data. A meeting with the ILASFAA MAP Formula Committee is planned for later in the spring, to discuss FY2023 MAP recompute issues and gain insights from schools.