AGENDA ITEM 6.

FY2026 MONETARY AWARD PROGRAM (MAP) REVISED START-UP FORMULA

Submitted for: Action

Summary: In September 2024, the Commission approved a FY26 Monetary Award Program (MAP) Start-up eligibility formula near the normal October 1st start of the Free Application for Federal Student Aid (FAFSA) filing process. As is customary, the formula was a carryover of the FY25 MAP Recompute formula.

Three months later, FY25 MAP claims exceeded projections at the December 6 first-term claim deadline, due to unexpectedly high claim rates. This prompted the reduction of FY25 second- and third-term awards to keep annual claims within the appropriation. Second-term awards were reduced by 8 percent - the equivalent of a full-year 4% reduction factor.

While the FY25 MAP award reduction naturally led to the question of whether FY26 MAP awards should also be reduced, not enough was known about application volume and what the FY26 appropriation would be to make an immediate call. Due to the late FAFSA filing start in FY25 and issues that required reprocessing, a fair comparison of FY25 and FY26 application volume cannot be made until early May, but preliminary comparisons suggest FY26 application volume will be higher.

The FY26 state budget process is not complete, but Governor Pritzker did propose an additional $10 million for MAP in his February 19 Budget Address. Any additional amount is very much appreciated, especially since FY26 appears to be a tight budget year. But the $10 million would cover less than two weeks of claims for August applicants.

Given the expected FY26 MAP appropriation, preliminary hints at increased application volume, and the potential for continued high claim rates, applying the 4% reduction to FY26 MAP awards seemed the responsible action. In early March, a memo was sent to Commissioners individually informing them of the need to implement the reduction as soon as possible, with a request for formal approval taking place at the April 17, 2025 Commission meeting. Financial aid offices were notified on March 12, and the award reduction was incorporated into the MAP GAP Access System by March 17.

Implementing the FY26 MAP award reduction prior to the June recompute was intended to provide students with earlier insight into their total financial aid offers before many of them are required to commit to enrollment. An

additional goal was to lessen the burden on schools of having to re-issue Fall 2025 invoices to returning students and reduce the volume of re-packaging award offers to prospective students.

Action requested: While informal approval was provided and the 4 percent reduction to MAP awards incorporated, staff requests that the Commission *formally* approve the revised FY26 MAP Start-Up Formula that incorporates a 4 percent reduction factor, as shown in Table 6 at the end of this item.

Item 6.
4/17/2025

ILLINOIS STUDENT ASSISTANCE COMMISSION
FY2026 MONETARY AWARD PROGRAM REVISED START-UP FORMULA

FAFSA Simplification Made FY25 A Challenging Year

FY25 MAP issues, as well as many other FY25 higher education issues, need to be considered within the context of the federal *FAFSA Simplification Act* and its operationalization. FAFSA filing was streamlined by importing applicant and contributor financial data directly from the IRS. Federal need analysis methodology, which uses FAFSA data to calculate a Student Aid Index (SAI) to determine the amount of aid for which a student may be eligible, was also extensively overhauled. Since the MAP formula piggybacks on the SAI, these changes affect MAP eligibility for some students. Unfortunately, as you know from FAFSA Simplification updates, the first year was plagued with implementation problems, some of which were not discovered - much less solved - before FAFSA filing started, which was three months later than the typical October 1 start date.

Along with the late and chaotic FAFSA rollout, FAFSA data (in the form of ISIRs), which would normally be processed and sent to schools and state agencies within days of a timely October launch, was not received until the end of March. It took an additional month--until the end of April--for the Department of Education to share accurate information about the order in which applicants listed schools, which is a critical component in MAP forecasting.

The comparison of FY25 and FY24 application volume over time in Table 1 shows how far behind FY25 application volume was at several points in the program cycle - when data was first received at the end of March, at MAP recompute in June, when the August 21 suspense date was set, and currently. The August suspense date was intended to keep MAP claims within the appropriation. In the analysis, an upward adjustment was made to projected claims to account for uncertainty, as it seemed prudent to suspend conservatively, with the possibility of releasing awards later. As it turned out, the August 21 suspense date was not conservative enough.

Table 1: Monetary Award Program - FY25 vs FY24 Application Volume

	End of March 2024			Early June (recompute)			Late August (suspense)			Late March 2025		
	FY25*	FY24	% diff	FY25	FY24	% diff	FY25	FY24	% diff	FY25	FY24	% diff
Total Applicants	165,337	273,355	-40%	291,600	332,546	-12%	385,194	398,994	-3.5%	440,297	451,534	-2.5%
Announced Applicants	112,886	218,207	-48%	227,593	264,970	-14%	305,443	318,871	-4.2%	354,576	364,052	-2.6%
announced / total **	68.3%	79.8%		78.0%	79.7%		79.3%	79.9%		80.5%	80.6%	
Eligible Applicants	74,163	136,807	-46%	149,947	168,289	-11%	206,201	207,161	-0.5%	246,573	243,098	1.4%
eligible / announced ***	65.7%	62.7%		65.9%	63.5%		67.5%	65.0%		69.5%	66.8%	

** FY25 filing began with a "soft launch" at the very end of December 2023; ISIR distribution began in late March*
*** the early low FY25 ratio was due to schools being listed in school code order instead of order listed on FAFSAs; "announced" is "IL undergraduate with MAP-eligible school listed first"; partially fixed in April and improving as corrections are submitted*
**** higher eligible/announced in FY25 shows how FAFSA Simplification increased MAP eligibility by a (net) lowering of SAIs*

FY25 MAP Projections Upset by Unexpected Enrollment Increases

In spite of difficulties presented by FAFSA Simplification and resulting widespread concerns/predictions that many students would opt out of going to college, post-secondary enrollment *increased* in Fall 2024. Illinois community college enrollment was up 7.4 percent, which was the largest increase in 15 years (ICCB Fall 2024 Illinois CC Opening Enrollment Report). Undergraduate enrollment at public universities was up 2 percent (IBHE First Look – Fall Enrollment 2024-25). The increases were fairly consistent with a nationwide 5.5 percent increase in first-year students reported by the National Student Clearinghouse. While higher enrollment is *good news*, it contributed to MAP first-term claims exceeding projections.

The bigger impact was discovered after the December first term MAP claim deadline. Overall, FY25 fall-term claims were higher than projections by 4.8 percent (see Table 2). Projections are calculated by multiplying previous-year claim rates, for each class level and school combination, by MAP term eligibility amounts at the first-choice schools of eligible applicants.

Table 3 shows FY25 first-term recipient and dollar claim rates, which were both unusually high. The average rate of low-income MAP eligible students enrolling and claiming their award (67.3%) increased by nearly 10 percent this fall compared to last year (61.3%). Likewise, the first-term dollar claim rate, which is the amount of total annual eligibility claimed in the first term (30.8%) was 8.1 percent higher than the rate last fall (28.5%). It is normal for claim rates to fluctuate modestly, partly based on suspense timing, **but this was the largest annual increase in more than twenty years for both metrics.**

Table 2: FY25 MAP First-Term Claims vs Projections ($M)					Table 3: FY25 MAP First-Term Claim Rates					
Sector	T1 Claims	T1 PRJ	diff	% diff	# Eligible	# Claimed	% # clmd	$ Eligible	$ Claimed	% $ clmd
Public Universities	$176.4	$167.5	$8.9	5.3%	59,862	47,951	80.1%	$484.7	$176.4	36.4%
Private Non-Profits	$130.9	$127.3	$3.6	2.8%	46,111	35,974	78.0%	$386.8	$130.9	33.8%
Community Colleges	$54.3	$49.5	$4.8	9.7%	99,077	54,958	55.5%	$283.6	$54.3	19.1%
Proprietary Schools	$9.5	$9.7	-$0.2	-2.1%	6,039	3,164	52.4%	$50.6	$9.5	18.8%
Total	$371.1	$354.0	$17.1	4.8%	211,089	142,047	67.3%	$1,205.7	$371.1	30.8%

FY25 MAP Spring-Term Awards Were Reduced to Keep Claims Within the Appropriation

When determining how to keep FY25 total MAP claims within the appropriation, annual projections were recalculated based on the $371.1 million timely first-term claims amount. Using various methodologies, analyses found projected claims between $723 and $730 million. It was determined that reducing second-term eligibility amounts by 8 percent at semester schools and second- and third-term eligibility by 6 percent at quarter schools should reduce annual claims by about $28 million, keeping claims within the target (98% of appropriation = $697.3 + $1.5 from 2% set aside for grants = $698.8 million). If necessary, about $5 million in funds from the 2 percent for operations could be made available to help cover claims, bringing the highest end of the claims target to $703.8 million.

Table 4 shows how the reduction translated to awards. Nearly half of announced awards are the $8,400 maximum, so the semester award would be $4,200 and $3,864 once reduced, for a $336 difference. Average awards at four-year schools are fairly close to that amount. Community college students saw an average $114 reduction on a $1,431 semester award. When claims are submitted, awards are prorated by enrolled credit hours, so the actual out-of-pocket amounts for students enrolled in less than 15 semester-equivalent credits would be lower. We understand that some schools have opted to cover the difference for some or all of their students, but that was not possible for all schools.

Table 4: FY25 MAP Second-Term Awards with 8% Reduction

	Average Annual Award	Average Semester Award	Average Reduced Award	difference
Public Universities	$8,096	$4,048	$3,724	$324
Private Non-Profits	$8,391	$4,196	$3,860	$336
Community Colleges	$2,862	$1,431	$1,317	$114
Proprietary Schools	$8,372	$4,186	$3,851	$335
All Sectors	$5,711	$2,855	$2,627	$228
Maximum Award	$8,400	$4,200	$3,864	$336
Minimum Award	$300	$150	$138	$12

The FY25 MAP Recompute Formula approved at the June 2024 Commission meeting allows for either releasing suspended awards or adjusting claims amounts, if needed, to maximize claims without over-spending the appropriation.

FY26 MAP Awards Have Been Reduced by 4%

At the September 2024 meeting, consistent with our usual practice, the Commission approved a FY26 MAP Start-Up Formula that was a carryover of the prior year's (FY25) MAP Recompute Formula approved in June 2024. FY26 FAFSA and Alternative Application filing began this past November, about a month and a half later than normal due to lingering issues from the FY25 implementation of FAFSA Simplification. Shortly after, ISAC began providing FY26 MAP eligibility amounts to schools, and schools began sending estimated award packages to prospective students for the upcoming 2025-26 academic year. Most schools will provide updated financial aid information to returning students later this spring and summer, prior to the start of the Fall term.

In December 2024, FY25 MAP claims exceeded projections at the first-term claim deadline, due to unexpectedly high claim rates. As described earlier, this prompted the reduction of FY25 second- and third-term awards to keep annual claims within the appropriation. While the FY25 MAP award reduction naturally led to the question of whether FY26 MAP awards should also be reduced, not enough was known about application volume and the FY26 appropriation to make an immediate recommendation.

Unfortunately, a good comparison of “same time of year” FY26 and FY25 application volume cannot be made until early May. This is due to the problem with FY25 ISIR data provided by the Feds having schools listed in code order instead of the order chosen by applicants on their FAFSAs, which was not resolved until the end of April 2024. Announced and eligible MAP applicant counts are based on applications with a *first-choice* MAP school, so correct ordering is critical. The comparison is also complicated by different FAFSA filing start dates. The FY25 FAFSA was not available for filing until the end of December 2023; the FY26 FAFSA became available for all on November 18, 2024 after several weeks of beta testing.

Looking at current FY26 data and FY25 data from reports run retroactively (so include corrections, which skews numbers upward) indicates that FY26 volume may be higher than FY25, particularly for independent students and applicants interested in community colleges. In Table 5 below, the first method compares FY26 and FY25 applicant counts by the number of weeks of filing. Current FY26 data includes applications filed from November 18, 2024 through March 26, 2025 (19 weeks). For FY25, 19 weeks includes applications filed December 30, 2023 through May 9, 2024. This "number of weeks" comparison shows FY26 applications lower than FY25 - total by 0.4 percent, announced by 2.9 percent, and eligible by 3.5 percent, but keep in mind the FY25 numbers are skewed higher than "at this point in time" numbers would have been.

The second method compares FY26 counts through March 27, 2025 with FY25 counts at March 27, 2024 and indicates that FY26 application volume is *much* higher – total by 32.9 percent, announced by 31.4 percent and eligible by 31.7 percent. Although the FY25 numbers are skewed higher, this comparison includes 19 weeks of filing for FY26 and 13 weeks of filing for FY25. As the FY26 MAP cycle moves along, better comparisons will be possible, but for now it seems unlikely that FY26 application volume will be lower than FY25.

Table 5: FY26 vs FY25 MAP Application Volume

	FY2026 11/18/24 - 3/27/25	FY2025* @19 weeks	FY26 v FY25 @19 wks	FY2025* 12/30/23 - 3/27/24	FY26 v FY25 filing thr 3/27
Total applications	267,132	268,182	-0.4%	201,046	32.9%
Announced applications	210,129	214,487	-2.0%	159,920	31.4%
announced / total	78.7%	80.0%		79.5%	
Eligible applications	138,864	143,934	-3.5%	105,436	31.7%
eligible / announced	66.1%	67.1%		65.9%	
Eligible by sector:					
public universities	45,876	47,627	-3.7%	38,245	20.0%
private universities	33,097	34,444	-3.9%	26,447	25.1%
community colleges	55,272	56,920	-2.9%	37,400	47.8%
HSN / professional	692	633	9.3%	405	70.9%
proprietary	3,927	4,310	-8.9%	2,939	33.6%
Eligible by dep type:					
dependent	86,267	91,305	-5.5%	68,935	25.1%
independent	52,597	52,629	-0.1%	36,501	44.1%

The final FY26 MAP appropriation will not be known until the legislative session is over at the end of May, but Governor Pritzker did include an additional $10 million in his proposed budget. If application volume was the same as FY25, the additional funding could possibly enable awarding into early or mid-August without a 4% award reduction. Including a 4% reduction factor could possibly enable awarding through September. If FY26 application volume, as suspected, is higher than FY25, an earlier suspense date will be necessary. Notably, if the change is implemented, the projected number of students served and purchasing power would also be consistent with the projections included in the Governor's FY26 Budget Book for 2025-26 MAP. The most significant applicant increases appear to be among independent students at community colleges, where MAP eligibility is less, due to lower tuition and fees, and MAP claims tend to be lower because more students enroll part time. If this trend persists, it would be possible to offer awards to more applicants than if the increased volume was more evenly distributed across sectors.

As stated in the summary, it appears that applying a 4% reduction to FY26 MAP awards was a responsible strategy. Reducing award sizes allows more MAP grants to be offered to eligible students which is a worthy goal. There was urgency to make this change promptly, as schools have begun reaching out to prospective students with estimated aid packages to assist with enrollment decisions but generally have not yet provided aid awards and invoices to returning students. Changing FY26 MAP award amounts earlier helps students plan and lessens the burden on schools of having to re-issue Fall 2025 invoices to returning students and reduces the amount of re-packaging award offers to prospective students.

FY25 has been an incredibly tough year for higher education and dealing with reduced MAP awards in the middle of the academic year created more work for exhausted financial aid offices and, worse, an unexpected financial burden for many MAP recipients. Applying a reduction factor to FY26 awards after start-up, although not in the middle of the academic year, is also a challenge. But it is important to keep the big picture in mind. Even with the reduction, the maximum MAP award is more than $8,000, compared to $4,968 just six years ago. At $711.6 million, the FY25 MAP appropriation is $310.3 million higher than in FY19. The reduced FY25 effective maximum covers 47 percent of tuition and fees at public universities and 18 percent at private schools, compared to 31 percent and 13 percent in FY19. At community colleges, the reduced MAP award for students with the least resources covers 57 percent of tuition and fees in FY25 compared to 36 percent in FY19. Combined with Pell, nearly all community college students with family income below the median have tuition and fees covered, and most have some Pell money remaining to help cover other college costs.

ISAC Staff Recommendation

After communication with ISAC Board members individually, the 4 percent reduction to FY26 MAP awards was incorporated in mid-March. With this item, staff is seeking formal Commission approval for the revised FY26 MAP Start-Up Formula that incorporates a 4 percent reduction factor, shown in Table 6 below. This 4 percent reduction is consistent with the FY25 reduction. It was important to change award amounts as early as possible, because we wanted students and families to be aware of any updated aid amounts as soon as possible. An additional goal was to save financial aid offices from needing to repackage awards, other than those already distributed, and avoid having to reissue tuition and fee bills for returning students before the Fall 2025 term.

Table Six: Recommended FY2026 REVISED Start-up Formula

BUDGET = T&F + Living Allowance	
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.
RESOURCES = 80% Pell Eligibility + Adjusted SAI (with self-help minimum)	
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.
AWARD based on lowest of Maximum Award, T&F in Budget, or Maximum Eligibility	
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 awards.
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.