

AGENDA ITEM 7.

FURTHER DISCUSSION OF COLLEGE AFFORDABILITY IN ILLINOIS: RELATIONSHIP AMONG COLLEGE COSTS, FAMILY INCOMES, GRANT AID AND THE IMPLICATIONS FOR THE MONETARY AWARD PROGRAM (MAP)

Submitted for: Information

Summary: The September agenda item concerning college affordability in Illinois contained an estimate of additional appropriations needed to come close to affordability levels experienced in FY2002 – a minimum of \$120 million in new money over the generous \$340 million currently provided. The Illinois economy is not expected to be sufficiently robust to provide that level of increase and even more moderate appropriations increases sufficient to remove the award reduction factor, or incorporate FY2005 tuition and fees, or provide for a 4 percent increase in application volume may be hard to find this year. Difficult choices will need to be made to ensure that affordability for MAP's target population, students from very low and lower-middle income families, is enhanced as much as possible by whatever additional funding is provided.

College cost increases, especially increases in tuition and fees, are the most important reason for reduced college affordability and have caused MAP funds to drift to students from higher income families. Reducing the drift through tiered reduction factors or other means could redistribute some of these funds to lower-income students. Retargeting aid can make the very poor student a little less needy but it will be achieved at the expense of a recipient from a higher income family who also demonstrates financial need. *It should be emphasized that without significant additional funding, little headway toward improving affordability can be made by reallocating existing dollars.*

Because affordability issues have become so critical, especially for students from the lowest-income families where basic access to a four- year degree is in jeopardy, choices and changes have to be made. While it appears logical to maintain the current MAP eligibility formula during times of level funding, *the current formula, coupled with continually increasing college costs, is actually exacerbating the deterioration of college affordability in Illinois.* To the extent possible, MAP dollars need to be redirected toward students from lower-income families through the inclusion of more recent tuition and fees in the formula or lowering the reduction factor. The money to do this could come from an increase in funding; however if new funding is unavailable or insufficient, redistributing some dollars through a tiered reduction factor or some other method could achieve a similar, necessary result.

Following the text of this discussion paper is a summary of the remarks from the public forum on this topic that followed the Commission's September 24, 2004 meeting.

Action requested: None

AGENDA ITEM 7.

FURTHER DISCUSSION OF COLLEGE AFFORDABILITY IN ILLINOIS: RELATIONSHIP AMONG COLLEGE COSTS, FAMILY INCOMES, GRANT AID AND THE IMPLICATIONS FOR THE MONETARY AWARD PROGRAM (MAP)

INTRODUCTION

College affordability continues to erode in Illinois. Since FY2000, Illinois has dropped from an “A” to a “D” in college affordability as determined by *Measuring Up 2004: The State by State Report Card for Higher Education* issued by The National Center for Public Policy and Higher Education. In the September 24, 2004 ISAC Commission Agenda Book, Item 8 (College Affordability in Illinois) documented the mounting affordability problems for the Monetary Award Program’s (MAP) target population – low and lower-middle income students. Very-low-income, dependent students attending community colleges saw their out-of-pocket cost rise from over \$900 dollars in FY2002 to about \$1,400 in FY2004 while those attending public universities saw their out-of-pocket costs rise to nearly \$4,500. For dependent students from families with lower-middle incomes, out-of-pocket costs for community college rose to about \$5,000 and to over \$8,000 at public universities. Independent students in the same income ranges fared just as poorly.

The September agenda item also contained an estimate of additional appropriations needed to come close to affordability levels experienced in FY2002 – a minimum of \$120 million in new money over the generous \$340 million currently provided. The Illinois economy is not expected to be sufficiently robust to provide that level of increase this year. It may even be difficult to obtain the moderate funding increases sufficient to remove the award reduction factor, or incorporate FY2005 tuition and fees, or provide for a 4 percent increase in application volume, costing \$38 million, \$40 million, and \$18 million, respectively, may be difficult to find this year. Difficult choices will need to be made to ensure that affordability for MAP’s target population, students from very low and lower-middle income families, is enhanced as much as possible by whatever additional funding is provided. *However, it should be noted that without significant additional funding, little headway toward improving affordability can be made by reallocating existing dollars.* Retargeting aid can make the very poor student a little less needy but it will be achieved at the expense of a recipient from a higher income family who also demonstrates financial need. Utilizing earlier priority filing dates (i.e. deadlines) for MAP would only further limit access to MAP funds for students who need it the most.

IT IS A NATIONAL PROBLEM

It may be little comfort but Illinois is not the only state to be grappling with the problem of declining college affordability. Rising college costs and stagnant family incomes are national issues. Many states that provide student financial aid are facing the same problem of stretching flat aid dollars to more students who are paying higher costs. One example of a program of comparable size experiencing similar difficulties can be found in Pennsylvania. Pennsylvania’s \$356 million dollar program awards grants to 175,000 students. To make that many awards, the Pennsylvania Higher Education Assistance Agency (PHEAA) has capped its maximum award at \$3,300 and limited eligibility to students from families with incomes less than a PHEAA-adjusted gross income of \$67,000. By doing so, Pennsylvania has seen the proportion of college costs covered by its grant at its public universities decrease from 43 percent to 34 percent in the past four years and is now trying to determine if the grant provides sufficient economic incentive for poor students to attend college. Texas, with a smaller, newer program is rationing awards to cover increased tuition and fees by focusing awards on renewals rather than new students and by slashing its expected family contribution (EFC) cap from \$8,500 to \$4,000. Maine has lowered its EFC cap to \$4,300 and New Hampshire’s EFC cap has dropped to \$2,500. Other states, such as Minnesota,

have decreased the costs allowed in their need analysis formula. Many states are making painful choices this year to maintain affordability for their poorest students.

WHY ‘TARGET’ LOW-INCOME FAMILIES? ISN’T DECREASING AFFORDABILITY A PROBLEM FOR ALMOST ALL FAMILIES TODAY?

College affordability is a nebulous term. Relatively wealthy families may feel college affordability has decreased because they can no longer cover college costs out of current income or the flagship public university has become more attractive than the more expensive private option or because for the first time their children have to finance part of their education costs with student loans. Students from families that are less well off may find that federal student loans will no longer cover the cost of the public university they wish to attend or that their college choices are limited only to community colleges. Further complicating their situation, some families will not qualify for credit-based alternative student loan programs. The very poor may find that even the community college is now out of reach financially. What all situations have in common is an increasing gap between the costs of college and students’ resources due to a combination of rapidly rising college costs coupled with flat family incomes and relatively small increases in student financial aid.

Although many families believe that college is not as affordable today as it has been in the past, the changes in college affordability have *not* affected everyone equally. How affordable college is for any given student depends on the income level of his family, the amount of federal, state, and institutional financial aid he receives and where he chooses to attend school. When ISAC prepares its standard affordability analysis every two years, it includes Pell grants, MAP grants and family income as resources to pay for college and current tuition and fees plus an estimate of living expenses as total college costs. It does not include institutional aid, Purnell IIA funds, other state and federal scholarship and grants, or federal tax credits in its calculation of resources. While any of these additional resources can strongly impact college affordability for any particular student, each particular asset is more likely to be available to some income levels than to others. Overall, what is meant by a decline in affordability varies dramatically among income levels and affects school choice for some students and access for others. These differences are described below.

Students from Low-income families (including Zero-EFC students): Incomes up to \$27,000; Average Income \$15,000

The average family income for students in this group is about \$15,000, or about \$3,000 *less* than the poverty level for a family of four. Students from families in this income group can receive maximum MAP awards at public universities and private schools and they qualify for aid at community colleges. Most are Pell recipients (full Pell award is

Very Poor Students: Average Family Income \$15,000

- must pay \$1,400 of community college costs
- must pay \$4,500 of public university costs

- *cluster at schools with little institutional aid*
- *have few resources to pay for college*
- *are most hurt by early MAP suspension dates*

\$4,050). Freshmen Zero-EFC students may receive Silas Purnell Illinois Incentive for Access (IIA) grant funds of \$500. While total state and federal grant aid for this group often exceeds \$8,000, average MAP grants to full-time students in this group are lower than for other groups because these students tend to choose lower-cost four-year institutions and community colleges in disproportionate numbers. These are the schools that usually offer little in the way of institutional financial aid.

The MAP and Pell grants currently cover all but \$1,400 of these students' costs at a community college and all but about \$4,500 at a public university. The \$4,500 gap at public universities is greater than the Stafford student loan limits for freshmen and sophomore students. Since students from families at this income level do not on average even meet minimum subsistence levels (now over \$18,000 for a family of four), there are no "extra" dollars to spend on college or to save in college savings plans. Alternative funding sources are few. Most of these low-income families cannot benefit from tax credits for education. PLUS loans and alternative loans may be difficult as families in this income group are often not "credit worthy." Limited home ownership precludes the use of equity loans or other collateral-based, low-interest loans.

This is the group of students that is hurt the most by early MAP suspension, receiving neither a MAP award nor an IIA award. Students from this income level disproportionately attend community colleges

Students from Lower-Middle Income Families: Incomes from \$27,000 to \$48,000; Average Income \$38,000

Some of these students are Pell-eligible and on average, they receive a Pell grant that is less than half the size (\$1,500) of the lowest income student. These students also cluster at the same schools that very poor students attend, schools with little institutional aid. These students receive MAP grants in addition to Pell but the total coverage still leaves them with out of pocket costs of nearly \$5,000 at community colleges and over \$8,000 at public universities. The \$8,000 gap at public universities is much greater than the annual Stafford student loan limits. PLUS loans and alternative loans may be difficult to obtain for families in this income group. These students are also hit hard by early MAP suspension dates.

<p>Lower-Middle Income Students: Average Family Income \$38,000</p> <ul style="list-style-type: none"> - must pay \$5,000 of community college costs - must pay \$8,000 of public university costs - <i>also cluster at schools with little institutional aid</i> - <i>generally not able to use tax credits</i> - <i>affordability gap greater than Stafford Loan limits</i> - <i>are also hurt by early MAP suspension dates</i>

Students from Middle Income Families: Incomes from \$48,000 to \$70,000; Average Income \$59,000

Students from middle-income families are not eligible for Pell grants. With an average EFC of over \$7,500, middle income students are precluded from MAP grants at community colleges and most public universities. The total out-of-pocket expenses for these students at community colleges is about \$6,800, and at public institutions it is \$12,800. Students from middle-income families may receive institutional aid, especially merit aid, and family incomes are sufficient to take advantage of income tax credits. PLUS loans are also an option for this income level. They may also qualify for credit-based alternative student loan programs.

<p>Middle Income Students: Average Family Income \$59,000</p> <ul style="list-style-type: none"> - must pay all community college costs - must pay all public university costs - receive MAP awards at many private schools - <i>qualify for PLUS, alternative loans</i> - <i>able to use tax credits</i>

Students from Upper Middle Income Families: Incomes from \$70,000 to \$100,000, Average Income \$83,000

Families at this income level qualify for tax credits. Students from these income groups are often better educated in high school and are offered more merit aid than other groups. Some families in this income group, especially if they have two or more children in college, will still qualify for MAP awards at high-cost private institutions. Families with incomes at this level often have additional assets and good credit and can obtain PLUS and alternative loans. Many own their homes making home equity loans another source of funds. In general, families with higher incomes are the families who are able to take advantage of prepaid tuition programs and other college savings programs. The *College Illinois!* prepaid tuition program, offered by ISAC, is most often purchased by families with incomes of \$75,000 or more.

Students from High Income Families: Incomes over \$100,000, Average Income \$164,000

These high-income families are the only families who have seen increases in income, an inflation adjusted average of over \$16,000 since FY1997, large enough to cover increases in college costs. Most high-income families benefit from tax credits. Students from high-income families receive proportionally more merit aid than other groups and attend schools that can offer significant institutional aid. These families often have additional assets, and can obtain PLUS and credit-based alternative student loan programs. Home ownership is high making home equity loans another possible source of funds.

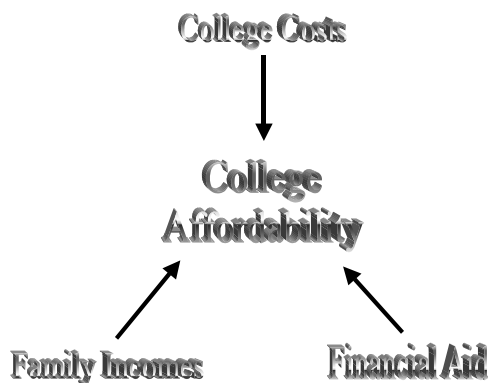
While high income families have seen their incomes keep up with the rising cost of college, upper middle income and middle families have seen

inflation adjusted income increases of only \$5,000 during the same period. Lower-middle income families have seen an increase of \$3,500 while the poorest families have lost about \$100, inflation adjusted, over the period. When coupled with the large increases in college costs during the same period, it is easy to see why college affordability has become both a state and national issue.

- Upper-Middle and High Income Students: Family Income \$70,000+
- pay all community college costs
 - pay all public university costs
 - may receive MAP awards at private schools if more than one child attends college

 - *PLUS and alternative loans available*
 - *generally able to use tax credits*
 - *participate in prepaid tuition and other college savings programs*

THE ROLE OF RISING COLLEGE COSTS IN REDUCING AFFORDABILITY



Three factors affect college affordability: family incomes, college costs, and financial aid. Although funding levels for state and federal financial aid and the growth rate of family incomes play a role in the reduced affordability of college, the principal reason for loss of college affordability over the past decade is increasing direct college costs – tuition and fees. While appropriations for MAP have been stagnant in recent years, since 1994 the MAP appropriations have increased by about 60 percent, more than \$125 million in additional funds. The average MAP award has grown over 50 percent to \$2,539, up from \$1,677, an increase of \$862. The effective maximum award has increased by 28 percent to \$4,471, up from \$3,500 in FY1994, an

increase of \$971. These increases track closely to the rate of general inflation over the decade, around 30 percent. At the same time, the program is providing aid to more students. The number of students served has grown from 123,141 to 140,898 – almost 18,000 more students served today than 11 years ago.

However, as shown in Table 1, increases in tuition and fees have outstripped inflation over the past decade, rising 109 percent at public universities, 78 percent at community colleges and 74 percent at private institutions. Tuition and fee increases in Illinois are running two and one-half to three times the rate of inflation. Translated into dollars, students pay, on average, about \$900 more at community colleges, about \$3,400 dollars more at public universities and over \$8,000 more at private institutions than they did a decade ago.

Table 1: Tuition And Fee Increases at Public and Private Institutions, FY1994-FY2005

Sector	Measure	1993-94	2001-02	2004-05	3-Year Increase	Increase FY1994-FY2005
Public Universities	Avg Tuition & Fees Percent Increase	\$3,134	\$4,798	\$6,565	\$1,767 36.83%	\$3,431 109.48%
Community Colleges	Avg Tuition & Fees Percent Increase	\$1,201	\$1,731	\$2,138	\$407 23.49%	\$937 78.02%
Private Institutions	Avg Tuition & Fees Percent Increase	\$11,054	\$16,326	\$19,193	\$2,867 17.56%	\$8,139 73.63%

The average sector increases understates individual increases at some schools. Increases at public universities range from \$2,900 to \$5,000 over the period. While the average increase for private schools has been mitigated somewhat by the entry of a few lower-cost schools, many schools in the private sector have increased their tuition and fees by over \$10,000 during this period, far outstripping the combination of growth in financial aid and family incomes. Higher-cost public and some private institutions do provide significant institutional aid, but the award criteria vary from school to school. Some schools provide need-based aid while others use their institutional dollars for merit aid. The institutional aid data provided by the private schools selected for the FY2003 IBHE/ISAC Committee on Affordability report showed little change in institutional aid award sizes by income quintile.

Illinois college cost increases have put a great strain on the MAP program because covering a significant portion of the college costs for students attending these colleges, never an easy task, is growing even more difficult. At the same time a new dynamic is creating an additional problem for the program. Because the analysis performed to qualify students for MAP includes *both* family income and college costs, the much higher college costs, particularly at private institutions, have opened up MAP grants to more students who come from higher income families. Students from these families are receiving awards for the first time, solely because of the increasing cost of college.

THE INCREASING TENSION BETWEEN PROVIDING ACCESS AND PROVIDING CHOICE

As shown in Table 2, about three-quarters of FY2004 MAP recipients had an expected family contribution (EFC) of less than \$3,000. The EFC is the amount of money a family is considered to be able to contribute toward the cost of educating its child. An EFC of \$3,000 represents an income level of about \$40,000 (for a dependent student from a family of four) in FY2004. For many of these lower-income students, MAP is crucial for access to *any* four-year college; these students simply do not have the resources to attend a four-year school without MAP. However, students from higher income families may also qualify for MAP awards if they attend high-cost schools. This represents the choice component of MAP. Many of these students could afford to attend some lower-cost public university without financial

aid; however, MAP makes a higher cost public university or a private school a somewhat more affordable option. The increasing cost of some public and private schools results in more and more MAP dollars being provided for choice, and, since new funding has been scarce recently, these dollars come at the expense of access.

Table 2: MAP Awards by EFC, FY2004

EFC	Number	Percent	Dollars	Percent	Average Award
<\$3,000	106,450	75.6%	\$235,372,719	70.9%	\$ 2,211
\$3,000-\$5,999	25,293	18.0%	\$ 67,873,069	20.5%	\$ 2,683
>\$6,000	9,155	6.5%	\$ 28,561,697	8.6%	\$ 3,120
All EFC's	140,898	100.0%	\$331,807,485	100.0%	\$ 2,355

It is easy to see what is happening if we compare MAP recipients today with their counterparts a decade ago. In FY1995, a \$6,000 EFC represented an income of \$49,000 and in FY2004 it correlated to an income of about \$54,000 (based on a family of four, one non-working child in college.) Some of the increase in incomes over the period is captured in the EFC calculation - both of these incomes are considered middle income for their respective periods although the \$49,000 income in FY1995 would make that family a little better off than the \$54,000 income today. While the EFC's calculated in FY1995 and FY2005 represent similar economic situations, students from families with \$6,000 - \$9,000 EFC's in 1995 were treated very differently than those students today. In 1995, fewer than 3,000 students with EFC's in the \$6,000 to \$8,500 range received awards, totaling about \$6.6 million. Students from these higher income brackets were 2.3 percent of MAP recipients, and they claimed 2.7 percent of the MAP dollars. In 2004, 9,155 students with EFC's from \$6,000 to \$9,000 comprised 6.5 percent of MAP recipients and receive 8.6 percent of MAP dollars - \$28.6 million. This increase can be attributed in large part to tuition and fees rising at three times the rate of inflation causing "financial need" to grow. Table 3 illustrates these changes.

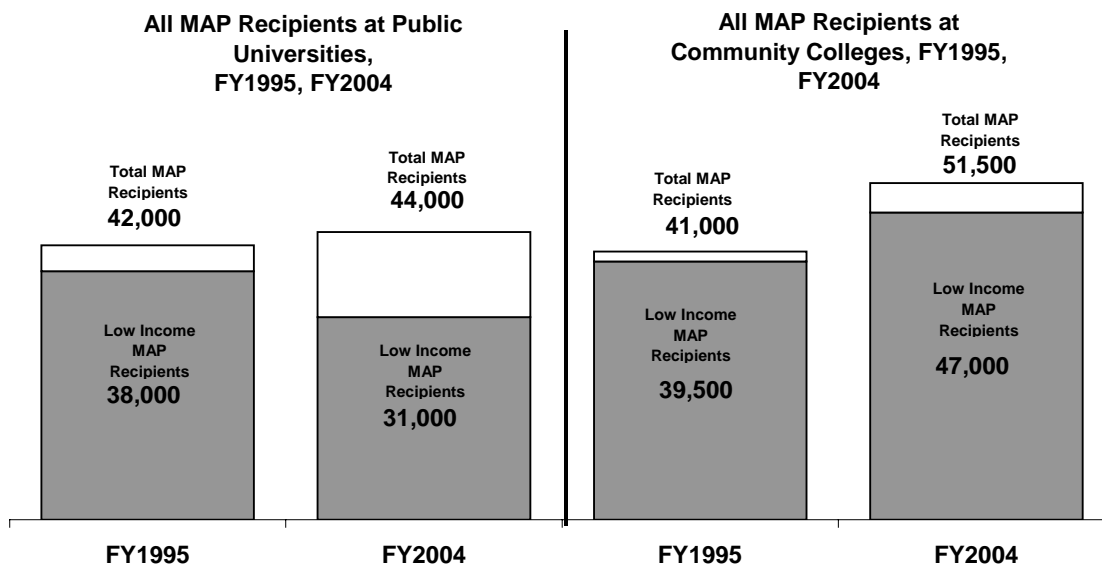
Table 3: MAP Awards by EFC, FY1995 and FY2004

EFC Level	Number of Awards		Dollars (\$M)		Percent of Awards		Percent of Dollars	
	FY1995	FY2004	FY1995	FY2004	FY1995	FY2004	FY1995	FY2004
\$0-2,999	108,563	106,450	\$196.5	\$ 235.4	85.5%	75.6%	82.2%	70.9%
\$3,000-5,999	15,492	25,293	\$ 36.0	\$ 67.9	12.2%	18.0%	15.1%	20.5%
\$6,000-9,000	2,978	9,155	\$ 6.6	\$ 28.5	2.3%	6.5%	2.8%	8.6%
All	127,033	140,898	\$239.1	\$ 331.8	100.0%	100.0%	100.0%	100.0%

This growth in MAP awards to higher income students is coming at the expense of lower-income students. Again, referring to Table 3, while the number of students served by MAP increased by over 13,000 between FY1995 and FY2004, the number of very low-income students (students with EFC's less than \$3,000) actually *declined* by 2,000 students. Although most of the new students, about 10,000, had EFC's in the \$3,000 to \$6,000 range, 6,000 more students from higher EFC's are now receiving awards, at an additional cost of \$22 million. It should also be noted that MAP awards are made based on established priority application deadline dates (i.e. first come, first served). Higher income, traditional students tend to apply earlier than poorer, non-traditional students. The average award given to these higher income students (average \$3,100) is close to fifty percent larger than awards given to poorer students (average \$2,200). For every two higher income awards given, about three lower-income students are squeezed out. The \$28 million given to higher income students represents about 16,000 awards that could have been given to low-income students – about a third of the students ISAC suspended in FY2004.

These new higher-income MAP recipients are attending higher cost public and private institutions. At the majority of the most selective institutions in the state, a student with an \$8,000 EFC in 1995 would have received no award; today that student receives a full \$4,422 award. In 1995, these schools were charging \$11,000 to \$20,000 per year; today the range is \$17,000 to over \$30,000 per year. Students with EFC's in the \$5,000 to \$6,000 range are also receiving awards today at the more expensive public universities and many private schools where they would not have received awards a decade ago. In 1995, the tuition and fees at these schools ranged from \$3,500 to about \$10,000; today the tuition and fees for these schools are in the \$6,500 to \$16,000 range.

Figure 1: Lower-Income MAP Recipients at Public Universities and Community Colleges, FY1995, FY2004



While cost increases at private schools have contributed most to new eligibility for higher income students, the cost increases at public universities also have had repercussions, particularly for low-income students. As late as FY2002, the maximum MAP award covered the average tuition and fees at public universities. Today, the MAP award does not cover full tuition and fees at any public university and the affordability gap – the gap between *average* tuition and fees at public universities and the maximum MAP award is now above \$2,000. At the University of Illinois, the maximum MAP award now covers less than half its tuition and fees in some programs of study. Attendance patterns for low-income students have changed over the decade. Community colleges now serve about 44 percent of low-income MAP recipients compared to 39 percent just a decade ago. Some of these students appear to be migrating from the public universities. As shown in Figure 1, while the number of MAP recipients attending a public university rose from 42,000 to 44,000 over the decade, the number from families with lower incomes fell from 38,000 to 31,000. During a period of increasing enrollment, the public university sector lost about 7,000 low-income students.

The situation is different at community colleges. Again, as shown in Figure 1, in FY1994, 39,500 of the 41,000 MAP recipients attending community college were lower-income students; in FY2004, MAP recipients had risen to 51,500, of which 47,000 were lower income. Of the 10,500 new MAP recipients attending community colleges in FY2004, about 6,000 were from families with lower incomes. The FY2004 number is lower than it would be otherwise because of an early MAP suspension date. About 35,000 low-income students, who listed a community college as their first choice school, did not

receive any award at all because they applied after the FY2004 MAP appropriation was projected to be fully expended. About 9,000 were dependent students coming from families with an average income of \$18,500. About 26,000 were independent students, often with dependents, with an average income of \$15,000. The majority of the remaining 17,000 students who were suspended indicated they wanted to attend a lower-cost urban public universities, lower cost private not-for-profit institutions, or a proprietary school. In FY2004, ISAC suspended about 52,000 students; up from about 44,000 suspended in FY2003. For FY2005, ISAC is on track to suspend at least 40,000 students.

To summarize, over the past decade we have seen three MAP distribution problems become exacerbated because increases in college costs have outstripped new funding for financial aid and increases in family incomes. The first is lack of access for low-income students at public universities due to the increase in the affordability gap between the maximum MAP award and public university tuition and fees. The second problem is the increasing number of students who are shut out entirely because MAP funding runs out early in the year, denying these students access, sometimes even to community colleges. The third problem is the drift of MAP funds to upper middle and higher income families who have become eligible because of very large increases in private school tuition and fees.

3 MAP DISTRIBUTION PROBLEMS

1. Lack of access to public universities for low-income students because of gap between maximum aid award and college costs
2. Increasing numbers of suspended students, mostly low-income students
3. Drift of MAP funds to higher income students because of rising college costs

CAN FORMULA ADJUSTMENTS HELP AFFORDABILITY?

ISAC has a history of making formula changes in response to changing student needs, external factors that skew aid away from the target population and recommendations resulting from the IBHE/ISAC affordability committees. For example, MAP eligibility is based on financial data collected by the federal government for determining eligibility for its programs. During the federal reauthorization of the Higher Education Act in FY1993, changes in the methodology used to determine student financial need for federal programs resulted in increased student eligibility. With no new state funding to offset this increased eligibility, ISAC undertook to mitigate this impact by retargeting MAP funds to lower-income students with the imposition of an EFC cap. ISAC also initiated a “Less-Than-Half-Time” pilot program in response to a recommendation from the first IBHE/ISAC Committee on Affordability. The result has been the inclusion of students attending less than half time in MAP eligibility.

The most common changes to the MAP formula are for the purpose of incorporating new funding. Updating the formula with current tuition and fees, adjusting the living allowance, increasing the size of the maximum award are all changes to the formula that are made as appropriations allow. Without new funding, adjusting formula parameters can minimally improve affordability for some but always at the expense of others; with new funding, affordability can be improved for all MAP recipients or targeted to those from certain income levels without reducing affordability for the rest.

ADJUSTMENTS TO THE FORMULA IF NEW FUNDING IS AVAILABLE

If new appropriations are forthcoming for FY2006, the question then becomes: where will the dollars best improve affordability for our grant recipients? In the September Agenda Item, a list of formula changes that would improve college affordability were described and the additional dollars required to implement them were given.

Summarizing that list: three changes to the formula could incorporate new appropriations to improve affordability for most or all MAP recipients. They include incorporating more current tuition and fees at 100 percent (currently the formula contains FY2003 tuition and fees at 95 percent); lowering or eliminating the reduction factor (currently 10 percent on all awards made to students with EFC's less than or equal to \$3,000 and 11 percent on awards made to students with EFC's greater than \$3,000), and increasing the statutory maximum award (currently set at \$4,968.) The cost of processing a projected four percent increase in students for FY2006 is also estimated.

Updating Tuition and Fees

The MAP formula currently uses FY2003 tuition and fees assessed at 95 percent. Not using current tuition and fees affects some students in all sectors, but especially those students who are attending low-cost public universities and community colleges. Because MAP awards are always the lesser of the maximum award and college tuition and fees, schools that had tuition and fees below the maximum in FY2003 must use 95 percent of that value as the maximum award for their students, even though their tuition and fees have increased significantly during the past two years.

The difference in the size of the award can be quite large if current tuition and fees are incorporated into the formula. Students attending public universities that had tuition and fees well below the maximum in FY2003 but have had significant percentage increases since could see their awards increase by up to \$1,890 if FY2005 tuition and fees at 100 percent are used instead of the FY2003 tuition and fees at 95 percent.

MAP recipients attending community colleges also would see increases in the size of their awards. In FY2003, the mean weighted average tuition and fees at community colleges was \$1,830; for FY005 it is \$2,068. Updating tuition and fees in the formula for this sector would result in an increase in the average full award of \$330. Since low-income students tend to congregate at lower-cost public universities and community colleges, these students will benefit the most from using more current tuition and fees.

Using FY2005 tuition and fees will increase eligibility for some students at all types of institutions. Since the value of a MAP award is determined by subtracting resources from college costs, if costs are allowed to rise to FY2005 levels, eligibility will also increase. Some students will receive full awards instead of partial awards they are now receiving and others will be newly eligible for a MAP grant. It would be possible to increase tuition and fees used in the formula only for schools where the tuition and fees were below the maximum in FY2003. This would eliminate some of the cost associated with new eligibility at higher cost schools that were above the maximum award in FY2003. The difference in cost to the program is about \$12 million, \$40 million for FY2005 tuition and fees for all schools versus \$28 million for tuition and fees only for schools below the maximum in FY2003. Other formula changes concerning tuition and fees used would cost from about \$8 million (using FY2004 tuition and fees at 95 percent) to over \$50 million (using projected FY2006 tuition and fees at 100 percent)

Removing the Reduction Factor

To stretch MAP awards further, a reduction factor of 10 percent for MAP recipients with EFC's less than \$3,000 and 11 percent for EFC's \$3,000 or greater was put in place for FY2004. Removing the additional 1 percent reduction on MAP recipients with EFC's greater than \$3,000 costs about \$1 million; each percentage point reduction thereafter costs approximately \$3.8 million. Removing the reduction factor benefits all MAP recipients; however students receiving larger awards benefit the most. A MAP recipient attending a community college who is now receiving approximately \$1,600 would see an increase of about \$180; students receiving the full award of \$4,471 would receive the statutory maximum MAP award of \$4,968, an increase of \$497.

Increase in the Maximum Award

A \$100 increase in the maximum award costs approximately \$4 million. Increasing the maximum award helps MAP recipients at all private schools and at some public universities but it does not increase awards for students at community colleges or most students at public universities where FY2003 tuition and fees are under the current maximum award. Thus, any increase in the maximum award, especially before current tuition and fees are incorporated into the formula, disproportionately benefits higher cost institutions and the predominantly higher income students who attend those institutions.

Volume Increase

Although not a formula change, providing \$14 million funding for a four percent volume increase is necessary to keep suspension dates from creeping backward. In FY2005, the MAP suspension date was August 15; without an appropriation increase to accommodate the expected volume increase and with no other changes to the existing formula, that date would have to be pushed back several weeks. Early suspension dates disproportionately affect lower-income students who are attending community colleges, urban public universities and private schools on quarter systems.

COMMENTS ON AFFORDABILITY IMPROVEMENTS FROM THE HIGHER EDUCATION COMMUNITY

The Commission held an informal session on college affordability after the September Commission meeting. Sixteen participants, mostly from community colleges and private institutions, expressed their and their colleagues' opinions about college affordability issues. While all had concerns about the decrease in affordability, they were divided on the best way to address the issue. Using current tuition and fees in the formula was important to some community colleges, however, their most frequently mentioned improvement to affordability was a later priority filing date (deadline) longer processing deadline. Representatives from nearly all sectors, especially private schools, believe that lowering the reduction factor is important for improving affordability.

OTHER ADJUSTMENTS TO THE FORMULA TO IMPROVE AFFORDABILITY FOR THE POOREST STUDENTS

In FY2004 MAP funding was level but college costs continued to increase. To try to help lower-income students, it was recommended that a tuition and fee cap be placed in the MAP formula. At the same time it was recommended that the \$9,000 EFC cap currently in place be eliminated. Although the net effect of these changes would have increased eligibility for some students and increased the dollars flowing to students attending private institutions, some private institutions challenged the changes, calling the cap unfair because the private sector was the only sector affected by the cap. They were also concerned because a small number of students from higher income families were eliminated from eligibility or had their eligibility reduced because of the cap. In the end, the cap was dropped in favor of a tiered reduction factor that assessed MAP recipients from families with EFC's below \$3,000 a 10 percent reduction on their awards and for those MAP recipients with EFC's over \$3,000, an 11 percent reduction factor. Although a tiered reduction factor does not minimize the penalty on working students nor does it eliminate the "cliff" problem, it was perceived as being a better solution because it affected students in all sectors and did not completely eliminate aid to any student.

By building on the tiered reduction factors already in place, it would be possible to ameliorate the drift of MAP dollars to higher income students, redistribute those dollars to poorer students without eliminating anyone from eligibility, and, depending on how the tiers are structured, reduce the "cliff" effect that the current \$9,000 EFC cut-off creates. Currently, students with an EFC of \$8,999 can receive full \$4,422 MAP grants; if their EFC increases by a few dollars (which happens frequently from year to year), they receives nothing – they fall off the cliff. Tiering the reduction factor can reduce the cliff effect by making the drop less precipitous.

Tiering the reduction factor by EFC can provide direct help to lower EFC students by eliminating or reducing the 10 percent reduction factor now applied to their awards. Tiers can also be structured to maintain the 10 percent reduction factor on lower EFC's but increase it on higher EFC's with the resulting dollars shifted to pay for formula changes that cost money, such as using more current tuition and fees in the formula. Different combinations of mild to moderate changes to the current tiered EFC can result in a potential redistribution of about \$2 million to \$20 million that can be used to address lack of new funding for the program.

COMMENTS ON RATIONING MECHANISMS FROM THE HIGHER EDUCATION COMMUNITY

During the post-Commission meeting discussion on affordability, several rationing options were proposed to redistribute existing MAP dollars. Women Employed mentioned implementing a tuition and fee cap and community colleges recommended the cap as well as eliminating or reducing awards to proprietary institutions and encouraging MAP recipients to use the 2+2 approach to achieving a bachelor's degree – two years at community college and two years at a four-year institution – as ways to ration existing dollars. Suggestions from representatives from private not-for-profit and proprietary schools included an earlier cut-off date for traditional students, lowering the EFC cap from its current \$9,000 level, and implementing a tuition and fee cap.

FURTHER UNDERSTANDING THE EFFECT OF INSTITUTIONAL AID ON MAP

The concept of net cost may be an important factor to consider when designing ways to stretch scarce MAP dollars. Many private schools emphasize that they award large amounts of institutional aid and that few students pay full “sticker price” for their education. One Illinois private institution calculates that only forty percent of its students pay sticker price – the rest receive substantial discounts in the form of tuition waivers, scholarships or other grants. While IBHE policy limits public universities' ability to provide undergraduate tuition waivers to 3 percent of total undergraduate tuition charged and waived, some public universities still provide significant institutional aid. For example, the University of Illinois, continuing its long-standing commitment to provide access for all qualified students to its institutions, has set aside \$21 million in need-based aid for FY2005 to partially cover the gap between the MAP grant and its tuition and fees for its low-income students and has indicated that half of its full-time undergraduate students pay less than sticker price.

An analysis of public and private university financial aid data may be able to shed more light on the net cost of college in Illinois. The analysis of such data may permit policy makers to consider changes that will help ensure that limited MAP funds are targeted to the lowest income students in Illinois.

CONCLUSION

All economic indices in Illinois point to another year of difficult choices. Because affordability issues have become so critical, especially for students from the lowest income families where basic access to a four- year degree is in jeopardy, choices and changes have to be made. While it appears logical to maintain the current MAP eligibility formula during times of level funding, the current formula, coupled with continually increasing college costs, is actually exacerbating the deterioration of college affordability in Illinois. To the extent possible, MAP dollars need to be redirected toward students from lower-income families through the inclusion of more recent tuition and fees in the formula or lowering the reduction factor. The money to do this could come from an increase in funding; however if new funding is unavailable or insufficient, redistributing some dollars through a tiered reduction factor (tied to EFC levels) or some other method could achieve a similar, necessary result.

**Summary of the
Public Forum to Discuss College Affordability in Illinois
September 24, 2004
Northeastern Illinois University
Chicago, Illinois**

Following the regular meeting of the Illinois Student Assistance Commission (ISAC) on September 24, 2004, a public forum was held to encourage interested parties to express their ideas concerning college affordability in Illinois, especially as related to the Monetary Award Program (MAP). ISAC Executive Director, Larry Matejka, summarized the points made in Agenda Item 8 that analyzed college affordability in Illinois. He noted that college affordability has eroded appreciably in Illinois since FY2003, beginning with the \$38 million reduction to MAP during that year. Level MAP funding coupled with rising college costs have increased the affordability gap. He added that ISAC estimates that the State would need to provide at least \$120 million in new funding for MAP to attain previous affordability levels.

Rachel Unruh, *Women Employed*

Ms. Rachel Unruh of Women Employed was the first to speak and focused on low-income students. She indicated that Women Employed believes aid should go to those with least resources, as education is the only sure route to economic self-sufficiency. She observed that by 2006, 66 percent of jobs will require education beyond high school and by 2013, 80 percent will require some college. However, she continued, minority college participation has declined in Illinois over the past decade. Educating low income and minorities is important to the Illinois economy. In 2002, an estimated \$12.9 billion in total personal income was lost, in addition to \$4.5 billion in tax revenue, because all ethnic groups did not have educational attainment equal to whites.

Ms. Unruh noted that Women Employed found that lowest income families must spend a higher percentage of their incomes on education costs. To alleviate this burden, Women Employed recommends ISAC:

1. Remove the MAP reduction factor;
2. Process MAP claims at least until mid-August;
3. Procure at least \$8 million in new state funding to ensure \$3.7 million in federal funding through LEAP and SLEAP;
4. Replace the Expected Family Contribution (EFC) cap with a tuition and fee cap or make any other changes that allocate more funds to the poorest students; and
5. Expand Silas Purnell IIA program according to legislation (\$1,000 for Zero- EFC students, \$500 for \$1-500 EFC students).

Dave Tretter, *Federation of Independent Illinois Colleges and Universities (FIICU)*

Mr. Tretter characterized MAP as the main vehicle for college affordability in the State of Illinois. According to research done by FIICU, he stated, enrollment numbers suggest college capacity issues in the future, with a wave of new students coming in the next six to seven years (Mr. Tretter indicates he has data for this assertion and will provide them to ISAC staff). He noted that there is concern over whether there will be enough places in college available for them. FIICU is concerned that students will leave the state to attend college and feels strongly that MAP is an incentive to attend Illinois colleges. From discussions FIICU has had with legislators over the summer, Mr. Tretter suggested that many believe that the cut to MAP in FY2003 and level funding since that time may be the biggest issue in higher education this year.

When asked why FIICU resisted the imposition of a tuition and fee cap in this year's MAP formula, Mr. Tretter said that private institutions believed capping private school tuition and fees would shift students away from private schools.

Dr. Jean Goodnow, President, *Illinois Valley Community College (IVCC)*

Dr. Goodnow observed that IVCC has 4,500 students, both full and part-time, who rely on MAP to make college affordable. She argued that the new 75-hour limit on MAP aid for underclassmen complicates access to higher education and limits students' ability to attain Associate Degrees. Dr. Goodnow explained that the IVCC district is financially challenged. Many students attending IVCC are first generation college students, working students, dislocated workers or transfer students, often with no social or financial support and inadequate college preparation skills. She expressed concern that as a result of the 75-hour limitation, many capable students would not be financially able to complete their degrees and would therefore not be in a position to help improve the economy.

Dr. Goodnow pointed out that college prep or remedial coursework for less-prepared students can take up to 14 credit hours (math), 3 to 12 for English, and 3 to 14 for reading. Students changing career paths may require 16 to 32 credit hours. In total, it may take a student well over 64 credits to attain a basic Associate Degree. In the fall of 2004, IVCC turned away 32 students who would have otherwise qualified for \$14,786 in MAP grants.

Commissioner Winter relayed that she belonged to an organization that offered scholarships for women going into health care and that those scholarships have gone unused. She asked if private funds are going unused and if so, how can these scholarships best be made available to those who need aid. Dr. Goodnow said that she has seen this happen, sometimes because the requirements for the scholarship are very narrow.

Cynthia Armster, Associate Vice Chancellor of Student Affairs, *City Colleges Of Chicago (CCC)*

Ms. Armster had three points to make on affordability:

1. Reductions to MAP awards have hurt students. She indicated that the reductions resulting from using FY2003 tuition and fees were detrimental to CCC students, as were those made as a result of the imposition of the award reduction factor.
2. The early suspension date in FY2004 resulted in 44 percent of eligible CCC students not receiving MAP funding. She suggested that the suspension date should be extended to end of August.
3. The 75-hour credit rule does not account for students transferring from a four-year school to a community college to finish general education requirements, or for students who have already earned a degree and returned for another, or for students who often need a whole year of remedial courses.

Ms Armster said that the State needs to provide more funding for community college students so they can achieve their educational goals. When asked to prioritize the three affordability issues listed above, she felt they were all equally important.

Joan Kerber, Vice President of Learning Services, *Sauk Valley Community College (SVCC)*

According to Ms. Kerber, Whiteside County has the lowest percentage of graduates in the northwest region of state and one of the lowest literacy rates. About 88 percent of SVCC students are first generation and 75 percent work while attending school. She noted that many of these students are not able

to enroll at SVCC without MA assistance. She suggested that as result of the MAP funding problems, low-income students are being squeezed out of community colleges as well as universities and emphasized that early suspension dates are a particular problem. In FY2004, 23 percent of suspended SVCC students had applied before September 1. It was noted that students apply later because they need to make sure the needs of their families are met first.

In concluding her remarks, Ms. Kerber stated that she realizes that dollars are tight, but emphasized that in hard times common sense says to conserve precious resources and reallocate to areas of highest need. Decisions made during “non-drought” years may need to be reconsidered. Her suggestions include:

1. Cap tuition and fee costs at highest public university rate;
2. Redefine MAP eligibility to use actual EFC; and
3. Extend processing deadline five days each year until it reaches September 1.

Dr Richard Massie, Vice President, Student and Administrative Services, Shawnee Community College (SCC) and President, Illinois Community College Chief Student Service Officers Commission

Dr. Massie pointed out that Shawnee Community College serves two of the lowest income counties in Illinois where 67 percent of the college’s students need financial aid, 81 percent receive PELL, and 17 percent are African-American. Dr. Massie provided three examples of SCC students helped by MAP: an African-American mother of two with a disabled husband, finishing a nursing degree; a 35 year-old Hispanic widow with five children pursuing a teaching degree; and a single African-American woman with five children pursuing a teaching degree. These students and many others could not have attended school without MAP. He argued that funding more lower-income and minority students would have a significant and meaningful impact on Illinois economy. For his students, who often live far from the college, available transportation and its associated costs are also important issues.

Carolyn Lindley, Director of Financial Aid, Northwestern University (NWU)

Ms. Lindley believes that the definition of need that should guide the affordability discussion should read: Cost of Attendance minus Ability to Pay. Under that definition, she pointed out, families earning \$45,000 to \$75,000 can be considered needy. She regards the EFC as merely an index, not a reflection of an applicant’s true ability to pay. She also distinguished between ability to pay and willingness to pay, and she emphasized that aid eligibility changes with the cost of the school.

Audience comments in response to this definition of need included the suggestion that attending a community college and then transferring to NWU would be a good alternative to four years of expensive tuition charges at NWU. Comments were also made regarding family borrowing power and its relationship to financial need. An example was cited that a family with an income of \$20,000 may have less ability to borrow than wealthier families.

Gary Davis, Associate Director, Illinois Community College Trustees

Mr. Davis suggested that it should not be forgotten that Illinois is still one of most generous states when it comes to student financial aid. He also indicated that students attending community colleges apply late for financial aid because of so many competing responsibilities. He suggests six ideas to stretch aid dollars:

1. Adopt the two plus two program that Arizona State University uses, making the transfer from a community college to a four-year school very easy. He would encourage Illinois universities adopt this model.
2. Use College Zone to identify/promote private sources of college grant aid.

3. Encourage more federal money for schools.
4. Consider the rate of return on dollars invested in education. Illinois taxpayers get 13 percent return on every dollar spent on community college education. Borrowing money at less than 13 percent and investing in MAP makes good economic sense.
5. Revisit inclusion of proprietary schools in MAP eligibility.
6. Leverage more federal dollars whenever possible or at least try to regain LEAP and SLEAP funding.

Mr. Davis expressed support of the tuition and fee cap proposed in FY2005, emphasizing that in difficult times, the State should concentrate on lower-income student access to college over college choice.

Randy Kangas, Assistant Vice President for Planning and Budgeting, *University of Illinois (U of I)*

Mr. Kangas indicated that this year, affordability issues reached the top levels at the U of I. He noted that funding the “MAP gap” at the U of I cost \$800,000 in FY2000; \$2.2 million in FY2002; and more than \$21.4 million in FY2005. Supplemental aid was being provided to students to cover this MAP gap. Mr. Kangas observed that the university has to balance affordability with quality issues as its budget has been reduced too.

Mr. Kangas believes his university has done a good job of providing access to low-income students. As evidence of that success, he utilized Pell grant statistics, pointing out that as a percentage of the overall student population at U of I, Pell recipients totaled 16.9 percent in 1984, 16.6 percent in 1990, and 16.7 percent in 2002. Thus, he added, the university does not feel it is squeezing out poor students.

He also mentioned that the affordability data provided in the “Measuring Up Report” does not include institutional aid, which is considerable at many institutions. Carolyn Lindley from NWU echoed this remark, pointing out that only 40 percent of students pay sticker price at NWU.

In response to a question posed by Commissioner Winter, Mr. Kangas said that the MAP gap aid at U of I began in 1994 when engineering tuition and fees rose higher than the maximum MAP award. He added that the subsidy provided has fluctuated over time, noting that the university reviews its policy in this area every three years. At present, he stated, the entire affordability gap is not covered; consequently, financial aid advisors are given some discretion over who receives aid with the guideline that it be directed toward the neediest students.

Cheryl Warmann, Director of Financial Aid, *Oakton Community College (OCC)*

Ms. Warmann indicated that she would prefer targeting financial assistance to help low-income students and providing an adequate economic incentive to as many students as possible. She observed that low-income students are nearly everywhere, noting that examples from OCC include divorcees living with family while going to school or people, formerly with good jobs who have become recently unemployed. Some have income and/or access to savings but still cannot afford the extra expense of college. OCC, priced at \$62/credit hour or approximately \$2,400 per year including books, is still out of reach for many.

A big issue for Ms. Warmann is the early to mid-August suspension deadline of the past few years. More than half of her students register in August, many of whom are unable to register earlier because they work or have childcare needs or other issues. She feels that students should be able to secure funding through the end of August.

Commenting on the students served by OCC, Ms. Warmann noted that most students who are eligible for MAP at her school have family incomes in the \$20 - \$30,000 range. Independent students without families who qualify for aid have incomes in the \$6,000 - \$12,000 range. The percentage of her school population who are MAP and PELL recipients has increased. Of special concern to Ms Warmann are students with incomes just barely too high to be eligible. To help serve this group, Ms. Warmann explained, the OCC student government has helped secure additional academic scholarships, but funding is still limited. The majority of the money raised goes to dependent students with incomes from \$42,000 to \$50,000 if family is large, and to independent students with incomes from \$16,000 to \$18,000. She recommended changes to MAP formula to help this population. From the options presented in Agenda Item 8, she indicated that using current tuition and fees and removing the reduction factor would be the best way to help these students.

Ms Warmann suggested lowering the EFC cap to save money and to shift money from higher EFC students at higher cost institutions to lower EFC students at lower cost institutions. She indicated that she would like to see MAP continue to aid both college access and choice, but reducing the EFC cap would show commitment to those least able to afford the cost of college.

Audience members suggested that extending deadline for community college students or making appropriations directly to community colleges would be ways to extend processing for the most needy students. Larry Matejka responded by saying that while those methods could be used, it would represent prorating MAP dollars by sector rather than focusing on individual students. ISAC's priority has always been to focus on students, rather than on sectors.

In a response to a question from Commissioner Winter, Mr. Matejka indicated that Illinois probably has one of the latest suspension dates of any state. New York has an entitlement program. The states with large programs, such as California, Pennsylvania, and New Jersey, have early cutoffs – Pennsylvania's is March 1. In Illinois, the cutoff date works like a spigot and has to be used so that ISAC does not spend more than the annual appropriation. Given level funding, if the award period is lengthened, the size of the grants awarded has to be reduced even further. ISAC cannot keep cutting awards, or the awards will be reduced to the point where it no longer provides sufficient help. Next to New Jersey, Illinois is the largest exporter of students in the country. He echoed a previous speaker's remarks regarding the degree to which strong funding for financial aid facilitates the State's efforts to keep students in Illinois, and makes it more likely that they will remain here after graduating.

John Jennetten of ISAC indicated that College Zone, ISAC's outreach resource, can be used for making students and families aware of the deadline dates.

Terry Ludwig, President, Shawnee Community College (SCC), Chairman, Governance Committee Of Illinois Council of Community College Presidents

Mr. Ludwig believes that the affordability issues are complex. He focused on the number of suspended students in FY2004 (over 50,000) and feels that this is eliminating access. He argued that when access is limited, you have to offer more awards even if awards are lower. Students still have some choices among both sectors and schools.

Mr. Ludwig said that implementation of College Zone has helped SCC educate students and parents about financial aid. He recommended that ISAC sponsor more workshops to bring in people from the community and educate them about availability of financial aid.

Kathy Facenda, Director of Student Finance Operations, DeVry

Ms. Facenda noted that DeVry has 4,000 MAP eligible students. She observed that students realize a college education has never been so important and that it is critical to gain employment and remain competitive in a current job. That said, she continued, too many families cannot afford to send their children to college. MAP makes a huge difference to her students. She pointed out that the elements of student choice and the portability of the grant are the most empowering aspects of MAP. DeVry likes the use of EFC in the MAP formula and feels it should continue. Concluding her remarks, she suggested that in order to best meet the needs of low-income students, consideration should be given to modifying the MAP formula by lowering the EFC cap and using a later suspension date.

In response to a question by Chairman Barr concerning the impact of MAP grants on students attending proprietary schools, Ms. Facenda emphasized the degree to which this allows students to have greater choice with regard to the institution that best suits their needs. Students choose proprietary schools, she noted, for year round, content-specific courses that meet their career goals.

Mary Shaw, Director of Financial Aid, University of St Francis

Ms. Shaw indicated that she attended SIUE, relying on financial aid, and has worked at public, large private, and small private schools in financial aid for 14 years. The University of St Francis has 1,400 undergraduate students with a high-need population that continues to grow. Its largest enrollment is in service areas – nursing, education, social work. The school provides a high level of financial support – up to half of tuition of \$17,310 - to low-income students, according to Ms. Shaw, but it could not support high-need students without MAP. The institution has a significant transfer population, especially from Joliet Junior College. Its freshman class size is the same size as the transfer class (200 or so in fall plus 50 or so in spring). She noted that although the average loan debt of students graduating from her school is \$16,000, the loan default rate is less than two percent. About 60 percent of St. Francis' students borrow to pay for college, and over 70 percent of its graduates stay in Illinois.

Ms Shaw believes that using the EFC cap allows award dollars to be equitably awarded to all sectors. If funding is still insufficient, a tuition and fee cap could be implemented.

Deb Brodzinski, Vice President Of Student Services, Robert Morris College (RMC)

Ms. Brodzinski observed that RMC is a low-cost private institution with seven locations and 5,800 undergraduate students. About 55 percent are Pell grant eligible, and 65 percent are first generation. She indicated that RMC students would benefit from these priorities:

1. Year-round processing, with students being able to receive the entire award during the full year, including summer. Ms. Brodzinski suggested that the regular school year definition include summer term. RMC has a 66 percent graduation rate and many students attend year-round. Ms. Brodzinski wishes they could receive MAP for every term.
2. Applications for very low-income students should not be suspended. These students do not have the guidance to get to college and do not know when or how to apply. Ms. Brodzinski believes that ISAC should set aside some percentage of MAP funds for poorest students or cut the size of the awards enough to allow year-round processing for lowest income students.
3. A tuition cap in the MAP formula would benefit RMC students.
4. Any decrease in reduction factor would be welcomed.

Francois Hajduk, Financial Aid Director, *Harold Washington Community College (HWCC)*

Mr. Hajduk indicated that the 75/135 rule is not good for his students. Half of the 7,000 students in his school are Pell grant eligible, and in the fall of 2003, eight percent had 75 or more hours already. Of the remaining students, 12 percent would not have received a spring award because of the 75-hour rule. These students have exceeded 75 credit hours due to remediation, transferring from a senior institution, or being advised by a senior institution to attend a community college for general education courses, which happens frequently, according to Mr. Hajduk. He cited the example of a student who is ineligible for aid at a community college due to the 75 hour rule, but is in good standing at a senior institution, noting that if the student is directed to go to a community college for general education class, that student would be ineligible for a MAP grant because of the 75-hour rule.

Mr. Hajduk asked that ISAC encourage more consortium agreements between senior institutions and community colleges, suggesting that such arrangements will enhance affordability and save dollars for MAP to permit some redistribution of financial aid.

Kathy Edmunds, Director of Financial Aid, *North Central College (NCC)*

Ms Edmunds has been in the financial aid profession for over 36 years. She believes that MAP can best be allocated by moving the suspension date to May 1st for full year consideration and removing the reduction factor. Anyone who applies after May 1 might be subjected to different criteria such as a payment chart similar to the Pell grant chart. She also thinks that allocating dollars directly to schools and letting them award funds to their population would be a good idea.

Conclusion

Chairman Barr concluded the public forum by emphasizing that Commission meetings are always open and members of the public are welcome to address the Commission on any items on the agenda. Per the agency's rules, notification of a desire to provide such testimony must be given to the Commission Secretary within five days prior to the meeting.

Chairman Barr noted that less formal meetings are good from time to time, subject to Commissioners' availability and everyone else's time. Mr. Matejka added that there is a November Commission meeting and another in January plus at least one meeting of the Formula Advisory Committee. Also, ISAC staff members generally are available to provide information and answer specific questions.