

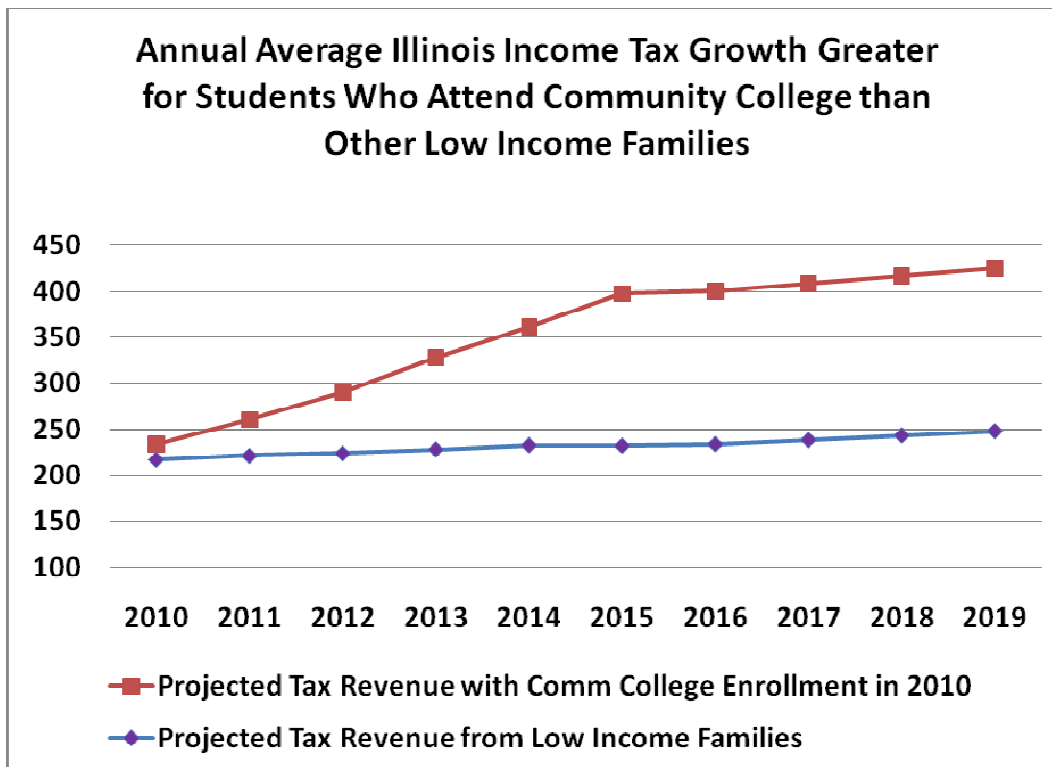
Monetary Award Program Capital Investment Bond Proposal

If created by legislative action, the Monetary Award Program Capital Investment Bond initiative will use revenue-supported bonds to supplement the state's appropriated funds for Illinois MAP grants. This self-sustaining plan for funding a portion of MAP would enable more students to complete a degree or certificate program and then go on to earn higher income than before they began their studies, which then results in higher income tax receipts.

Background

- ISAC currently provides grants of up to \$1,900 for low-income students attending Illinois community colleges
- This year about 50,000 low-income community college students received MAP grants at a cost of approximately \$50 million from General Revenue Funds
- Approximately **80,000 additional** low-income students who want to attend community college are eligible for MAP, but there is **insufficient funding**
- Nationally, community college graduates earn at least 33% more over their lifetimes than those who graduated only high school
- In Illinois, MAP recipients' average income tax payments are 70% more 6 years after first enrolling in community college, while the average income tax payments of low income taxpayers who did not attend community college are only 7% more over the same timeframe (See Chart I)

Chart I



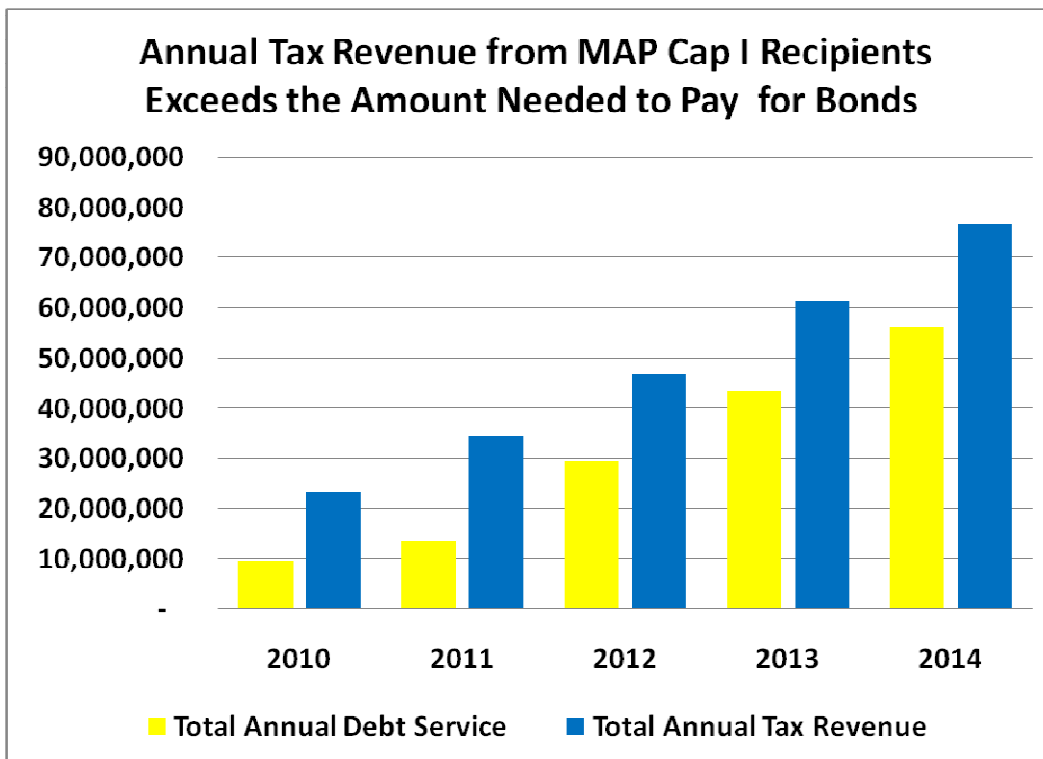
Source: ISAC analysis of Illinois Department of Revenue data

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Proposal

- Education is an investment that brings positive returns for both the individual and for the state – yet is not funded as a capital investment with a long-term rate of return – MAP Capital Investment Bonds (MAP Cap-I Bonds) are a mechanism to use the power of the capital markets to fund investment in human capital
- Under this proposal, ISAC would have the authority to issue up to \$550 million in MAP Cap-I Bonds between now and FY 2015
- With approximately \$100 million in bonds issued each year, ISAC could provide MAP grants for the 50,000 community college students who currently receive grants **plus 50,000 more students** who currently miss out because the Monetary Award Program has insufficient resources to meet growing needs
- These same students would generate more than enough in Illinois income taxes to pay back the amount borrowed with interest (See Chart II Below)
- The state would continue to reap higher income taxes after the 10 year payback and benefit from more higher earning taxpayers who received a community college education.

Chart II



Source: ISAC analysis of Department of Revenue data and Loop Capital