AGENDA ITEM 5.

FY2026 MONETARY AWARD RECOMPUTE FORMULA

Submitted for: Action

Summary:

In September 2024, the Commission approved a Monetary Award Program (MAP) Start-up formula to calculate eligibility for applicants planning to attend college in the 2025-26 academic year. Setting a formula when the FAFSA-filing cycle begins helps financial aid advisors assemble aid packages that help applicants decide whether and where to enroll. Recompute takes place when the MAP appropriation is finalized through the state budget process the following spring.

This MAP cycle has already been anything but "business as usual." Three months after the FY26 Start-up formula was approved, FY25 MAP claims exceeded projections at the December 6, 2024 first-term claim deadline, due to unexpectedly high claim rates. To keep claims within the appropriation, the decision was made to reduce second-semester awards by 8% and second- and third-quarter awards 6%; this is the equivalent of a full-year 4% reduction factor.

When FY25 awards were reduced, there was only a month of FY26 FAFSA data because filing began November 18, 2024, seven weeks after the normal October 1st start. And, because FY25 filing began December 30, 2023, there was no data for comparison. As time went on, there were indications that FY26 application volume would likely exceed FY25. With the expectation of continuing higher claim rates, it became apparent that FY26 awards should be reduced to avoid an early suspense. The FY25 4% reduction factor was then carried over to FY26 awards. These events were covered in Agenda Item #6 and formally approved at the April 17, 2025 Commission meeting.

By mid-May, FY26 claim projections indicated that, even with the 4% award reduction, suspending award announcements weeks earlier than the FY25 August 21 suspense date would be necessary, due to higher application volume and the assumption of continued high claim rates. Award announcements for FY26 applicants filing after June 5, 2025 would be placed in suspense. If actual claims are lower than projections, awards will be released accordingly, likely after the early December first-term claim deadline.

Some good news for FY26 - the MAP received an additional $10 million, as proposed in Governor Pritzker's budget, for a total of $721.6 million. This appropriation - which is nearly 80% higher than in FY19 - provides at least $707.1 million for grants; up to 2% may be used for agency operational costs. Given the early suspense and uncertainty due to proposed changes to Federal Pell Grants, the $10 million will provide some needed cushion for this MAP cycle.

Action Requested: Staff requests Commission approval of the formula found in Table Three, at the end of this item, as the FY26 MAP Recompute Formula. This formula is the same as the revised FY26 MAP Start-up Formula approved at the April 17, 2025 Commission meeting, which added the 4% reduction factor.

ILLINOIS STUDENT ASSISTANCE COMMISSION
FY2026 MONETARY AWARD PROGRAM RECOMPUTE

The MAP Eligibility Formula

The MAP formula determines whether a student is eligible for a grant and calculates the annual award amount. Figure One shows the basic formula, which uses the difference between a cost of attendance figure and student resources to calculate maximum eligibility. Costs include FY22 tuition and mandatory fees and a $5,200 living allowance. Resources include an inflated Student Aid Index (SAI) and a portion of FY2022 Pell grant eligibility.

Figure One: MAP Eligibility Formula

College Costs:		**Student Resources:**		**MAP Eligibility**
FY22 Tuition & Fees + $5,200 Living Allowance	*minus*	ISAC Adjusted SAI (with $1,800 minimum Self-Help) + 80% of FY22 Federal Pell Grant (max $6,495)	*equals*	Award is smallest of 1. Eligibility amount, 2. Tuition & fees, and 3. $8,400 Maximum Award **4. Reduce Award by 4% (multiply by 0.96)**

MAP eligibility is determined by subtracting resources from costs. If the difference is at least $300 and other criteria are met, the student is eligible for a MAP grant. Eligibility is capped by the lowest of the eligibility amount from the formula, tuition and fees used in the costs, or the $8,400 maximum award. Awards based on the eligibility amount are rounded in $150 increments. For FY25 and FY26, awards are reduced by 4%. Applicants with a Federal SAI of $9,000 or more are not eligible for a MAP grant.

Components of the MAP formula became outdated after FY02 until recent years. Application volume increased rapidly through FY13, and the focus was on providing awards to more students rather than increasing award sizes. Application volume then decreased through FY2023. With lower demand and generous increases to the appropriation, which increased nearly 80% between FY19 and FY26, the formula gradually improved. Updates included bringing tuition and fees to FY22 levels, increasing the living allowance from $4,875 to $5,200, and increasing the maximum award from $4,968 to $8,400. Application volume trended upward again in FY24 and when FAFSA Simplification was implemented in FY25, eligibility increased. The 4% reduction factor, added in mid-FY25 to keep claims within the appropriation, then extended to the FY26 Start-up formula, lowers the maximum award to $8,064.

MAP formula components are still not current, but between FY19 and FY25, students eligible for the highest awards have seen (enrollment-weighted sector average) tuition and fee coverage increase from 36% to 57% at community colleges, 31% to 47% at public universities, and 13% to 18% at private non-profit schools. FY26 coverage will decrease, as tuition and fees increase, and MAP awards remain the same.

FY26 MAP Application Volume Comparisons Are Complicated

A fair comparison of "same point in time" FY26 and FY25 counts was not possible until early May, due to an issue with FY25 FAFSA data. When filing a FAFSA, applicants may choose up to 20 schools to receive their FAFSA data, which enables financial aid offices to create award packages. In MAP modeling, MAP eligibility at *first-choice schools* is used to help develop MAP claim projections, because over 80% of MAP recipients enroll at their first-choice school. Initially, the FY25 ISIRs (files with FAFSA data and resulting Student Aid Indices that we receive from the Department of Education) mistakenly had schools ordered by school code rather than the order schools were chosen by applicants. This hindered MAP modeling but was (mostly) fixed by the end of April.

Analysis is also complicated by different FAFSA filing start dates. FY25 filing opened on December 30, 2023 and the FY26 FAFSA became available for all on November 18, 2024, following several weeks of beta testing. While multiple issues plagued the FY25 cycle well beyond its opening date, FY26 filing was fairly smooth once beta testing was completed.

Staff used multiple methods to analyze FY26 application volume, including comparing with FY24 (with the normal October 1st start), comparing by number of weeks since filing began, and comparing with FY25 counts from reports run retroactively. Retroactive counts are higher than original "point in time" counts because corrections are included, but with multiple issues in FY25, original counts are artificially low. The true FY26 to FY25 percentage difference lies somewhere in the middle.

Table One below shows how FY26 total (Illinois resident filers with at least one MAP school on their FAFSA), announced (Illinois resident, undergraduate, filers with a MAP school listed first), and eligible (announced who are MAP-eligible at their first-choice school) application volumes compare with previous years, based on results of three methods.

Table One: FY26 Application Volume Compared to FY24 and FY25 Over Time

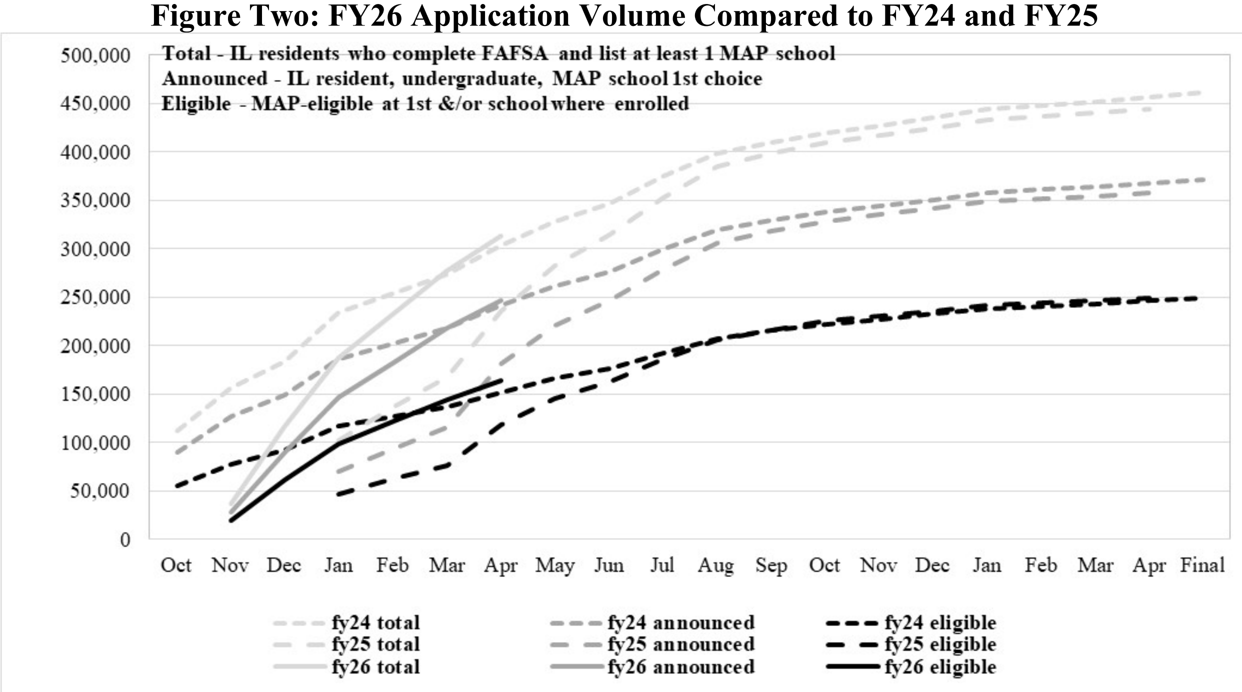
	FY26 vs FY24 point in time			FY26 vs FY25 point in time (counts with corrections)			FY26 vs FY25 point in time (original counts)		
	total	announced	eligible	total	announced	eligible	total	announced	eligible
29-May	5.2%	4.3%	9.7%	13.4%	12.1%	11.0%	17.6%	18.7%	19.8%
22-May	5.2%	4.2%	9.6%	14.2%	12.9%	11.9%	18.7%	19.8%	21.0%
15-May	4.7%	3.7%	9.1%	15.2%	13.9%	13.0%	20.1%	21.3%	22.6%
8-May	5.0%	4.0%	9.5%	17.3%	16.1%	15.3%	24.9%	26.4%	28.0%
3-Apr	1.7%	-0.8%	4.6%	24.6%	23.6%	23.7%	--	--	--
6-Mar	-7.0%	-8.8%	-3.4%	36.7%	35.2%	37.2%	--	--	--
6-Feb	-17.4%	-18.4%	-14.2%	47.5%	45.2%	49.2%	--	--	--
9-Jan	-31.3%	-33.9%	-27.8%	161.3%	156.2%	153.8%	--	--	--

Keeping different start dates in mind, FY26 filing (unsurprisingly) started out well behind FY24 in January, but the gap gradually closed and by April, FY26 counts began surpassing FY24. In May, FY26 counts settled in higher than FY24 – by more than 5% for total, more than 4% higher for announced, and approaching 10% for eligible. Much of the eligible difference is due to FAFSA Simplification changes which were implemented in FY25 and resulted in more eligible applicants.

Early comparisons with FY25 data show a definite increase in FY26 application volume, although the magnitude is not completely clear. The retroactive counts include corrections, which skew numbers upward, causing the difference with FY26 counts to appear lower than they should be. On the other hand, the original FY25 counts are artificially low due to multiple issues in FY25, causing the difference with FY26 to appear larger. The FY26 to FY25 comparisons also show the increase in FY26 counts is still decreasing each week.

It is helpful to see how application volume is distributed over time. Figure Two shows total, announced, and eligible monthly counts for the full FY24 and FY25 cycles and counts through May 2025 for FY26. Note the slope of the normal FY24 cycle which started October 1, 2022. There is a rapid increase in filing through January, then the slope declines slightly through August, as filing continues rising but at a slower pace. After August, the slope declines again. After the late FY25 start, the counts are subdued through April due to multiple issues, but particularly because schools were listed in code order instead of the order that applicants chose them on the FAFSA. A sharp uptick is seen in April, when this problem was (mostly) fixed. Through August, the slope for FY25 filing is steeper than FY24, which reflects outreach efforts to help applicants complete FAFSAs during the summer. After August, FY25 filing came close but did not catch up to FY24, except for eligible counts which were higher due to FAFSA Simplification.

Figure Two: FY26 Application Volume Compared to FY24 and FY25



As mentioned earlier, FY26 FAFSA filing had a smoother start than FY25. The steeper slope shows quicker early increases in FY26 than in either FY24 or FY25. Although the slope declined a bit in February, FY26 filing surpassed FY24 in March. It will be interesting to watch the filing cycle proceed. Will application volume continue rising above prior years, or are applicants just completing FAFSAs earlier due to the improved, simpler filing experience and perhaps due in part to the return of MAP suspense dates?

Table Two below shows FY26 application volume comparisons with FY24 and FY25 as of May 29th, broken down by sector of first-choice school and dependency type. While applicant counts are up in all sectors and for both dependency types, interest in community colleges and counts for independent students (which tend to go together) are particularly high.

The count of FY26 eligible applicants with a community college listed first on their FAFSA is nearly 17% higher than FY24 and FY25 counts with corrections and nearly 28% higher than original FY25 counts. Eligible independent applicants increased about 16% over FY24 and FY25 with corrections counts, compared to 6% to 8% for dependents. Compared to original FY25 data, FY26 counts are 19% higher for dependents and more than 21% higher for independents. The odd larger difference for dependents between FY26 counts versus FY25 counts with corrections and FY25 original counts (nearly 8% and nearly 19%, compared to 16% and 21% for independents) is likely due to a higher rate of issues with the FY25 FAFSA experienced by dependent applicants.

Table Two: FY26 Application Volume through May 29 by Sector and Dependency Type

FY26 Eligible Applicants by Sector and Dependency Type	FY2026 11/18/24 - 5/29/25	FY2024 10/01/22 - 5/29/23	fy26 v fy24 filing at 5/29	FY2025 12/30/23 - 5/29/24 (with corrections)	fy26 v fy25 (with corrections) at 5/29	FY2025 12/30/23 - 5/30/24 (original)	fy26 v fy25 (original) at 5/29
public universities	54,345	53,433	1.7%	51,189	5.8%	45,995	15.4%
private universities	41,173	37,958	8.5%	38,183	7.3%	36,253	11.9%
community colleges	80,071	68,623	16.7%	66,468	17.0%	57,987	27.6%
proprietary	5,040	4,680	7.7%	4,922	2.3%	4,565	9.4%
dependent	108,686	102,661	5.9%	100,517	7.5%	88,211	18.8%
independent	71,943	62,033	16.0%	60,245	16.3%	56,589	21.3%

Other Important Notes for the F26 Monetary Award Program Cycle

In spite of a tight budget year, the FY26 MAP received an additional $10 million, as proposed in Governor Pritzker's budget. This brings the total appropriation to $721.6 million, nearly 80% higher than in FY19. At this point in the program cycle, $10 million will typically cover 5 to 7 days' worth of filing and provide awards for around 2,000 recipients. The additional money is especially welcome because there are proposed Federal Pell grant changes that could potentially increase MAP claims if passed. Money put into the MAP is always useful, especially in a year with greater demand for student aid.

Higher application volume is good news, as it shows that more Illinoisans are interested in attending college. But tools to help ration FY26 MAP spending – a 4% award reduction and suspense of award announcements - have already been employed. In FY25, first-term MAP claims exceeded projections at the first-term claim deadline, due to an unprecedented 10% annual increase in claim rates. To keep claims within the appropriation, second- and third-term awards were reduced by amounts equivalent to a full-year 4% reduction. IBHE and ICCB reports later showed fall enrollment had increased 7.4% at community colleges and 1.6% at public universities, and retention rates increased as well.

As the FY26 MAP program cycle progressed, it became apparent that application volume would exceed FY25. That, combined with the assumption of continued high claim rates, led to the decision to extend the 4% award reduction to FY26. Revising the formula as early as possible, rather than waiting until recompute, provided students with earlier insight into their total financial aid. Earlier revision was also intended 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. After communicating with Commissioners, the 4% reduction factor was added to the FY26 MAP Start-up formula in mid-March. This process was covered in Agenda Item #6 and formally approved at the April 17, 2025 Commission meeting

By mid-May, FY26 MAP claim projections using FY25 claim rates indicated that, even with the 4% award reduction, suspending award announcements weeks earlier than the FY25 August 21 suspense date would be necessary, due to higher application volume. After extensive analysis, the decision was made to suspend FY26 MAP award announcements for applicants filing after June 5, 2025. Some uncertainty was built into the date decision to help avoid another painful mid-year award adjustment. If actual claims turn out lower than projections, some suspended awards will be released accordingly, probably following the first-term claim deadline in early December.

On June 2nd staff met with the ILASFAA MAP Formula Committee to discuss FY2026 MAP issues and gain insights from schools. While the suspense date had already been set and no change was planned for the recompute formula, many committee members expressed relief that another award reduction was not happening at recompute. Staff will continue to monitor FY2026 MAP application volume, with the goal of maximizing MAP award dollars to students without exceeding the appropriation.

Action Requested

Staff requests Commission approval of the methodology summarized in Table Three for the FY2026 MAP Recompute Formula. This is the same version approved at the April 17, 2025 meeting, which added the 4% reduction to MAP awards.

Table Three: Recommended FY2026 MAP Recompute Formula

BUDGET = T&F + Living Allowance	
1	Use 2021-2022 reported tuition and mandatory fees at all institutions, assessed at 100%.
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% of 2021-22 eligibility, determined by the 2021-2022 Pell Grant Payment Schedule, with 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% (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.