Illinois Student Assistance Commission

FAQs

Monetary Award Program Capital Investment Bond Proposal

Q. What is the MAP Capital Investment Bond Proposal?
A. It is a proposal to create an alternative funding source for community college MAP grants so that they are not as dependent on current cyclical state funding, particularly in times of tight budgets.

Q. How will the MAP Capital Investment Bond initiative work?
A. We know that people's earnings increase when they go to college. When people's earnings increase, the amount of income taxes the state receives generally increases. The MAP Capital Investment Bond proposal will borrow money in the capital markets through bonds to increase the number of MAP grants ISAC can award so that more people can go to college. ISAC will pay back the borrowing with the increased income tax revenue the state will receive as the MAP students get better jobs with their better education.

Q. Why is this the right time to start this initiative?
A. In times of recession, such as now, more people than ever are going back to school to get trained or re-trained for new jobs. At the same time, the state's budget has a huge gap, and there are no additional funds to expand MAP to all the students who are eligible. In fact, 80,000 eligible community college students were turned away in FY2010 because we didn't have enough MAP money. If instead of relying entirely on the fragile state budget for MAP grants, we rely in part on the future income taxes paid by those students when they get better jobs, we can provide enough money to enable all eligible community college students to get MAP grants. This also will strengthen Illinois' economy by creating a better-educated workforce. If the legislation is passed and signed this year, we could start this initiative for the 2010-2011 academic year.

Q. How would this proposal impact the appropriation for the Monetary Award Program?
A. The community college portion of the Monetary Award Program, approximately $50 million of the nearly $404 million in the Governor's proposed FY 11 budget, would be funded from the bond funds. In such a case, MAP would simply be funded from two different sources.

Q. Will all MAP applicants continue to be treated the same in terms of eligibility?
A. Yes, eligibility criteria will remain the same. The MAP Capital Investment Bond initiative simply provides an alternative funding source so that the program is not dependent on current state revenue. It will not change the eligibility criteria or the way grants are awarded or paid.

Q. Why issue MAP Capital Investment Bonds only for community college students and not the entire Monetary Award Program?
A. We need to be sure that we can pay back any bonds that we sell. Initial research with Illinois income tax data shows that community college graduates who received MAP grants earn enough that they pay nearly 70% more in state income taxes than other low income taxpayers who do not go to school. They also tend to work while in school and upon completion, start earning those higher salaries right away. Plus, community college students are more likely than students in other sectors to stay in Illinois. The typical community college MAP grant is about 30% of the size of other MAP grants which means we can sell a relatively small number of bonds, serve a large number of students, and pay back the bonds quickly from the higher earnings. It would be much more challenging to make this proposal viable for the entire program.

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