

AGENDA ITEM 5.

***COLLEGE ILLINOIS!*
CONTRACT PRICES AND FEES FOR 2005-2006 ENROLLMENT PERIOD**

Submitted for: Action

Summary: The proposed pricing schedule for the 2005-2006 *College Illinois!* enrollment period (October 31, 2005 through April 3, 2006) is set forth in Table A. This pricing schedule has been developed by staff in cooperation with the program's actuary, Richard M. Kaye & Associates, in conjunction with PricewaterhouseCoopers.

The pricing schedule set forth in Table A and proposed for Commission approval reflects an array of generally conservative assumptions designed to ensure that the financial commitments made by *College Illinois!* to program participants remain secure. Contract price increases proposed for 2005-2006 are similar, albeit somewhat lower, than the price increases approved last year. *College Illinois!* prepaid tuition contract prices proposed for 2005-2006 average 14.7 percent higher for university contracts and 10.0 percent higher for community college contracts. The combination plan contract price increases also average approximately 14.7 percent.

These price increases account for the actuarial impact of significant tuition and fees hikes for incoming students imposed at most Illinois public universities for 2005-2006, as well as the still uncertain impact of new truth-in-tuition legislation on public university tuition increases for 2006-2007 and thereafter. These prices also recognize that state budget constraints persist into FY2006 and FY2007, creating upward pressure on tuition and fees at Illinois public universities and community colleges during the immediate future.

Prices have been set at a level that will provide revenue from contract sales sufficient not only to fund future contract obligations and current administrative costs, but also to improve the actuarial soundness of the program. Consistent with past Commission action, the goal is to eliminate the current actuarial deficit over time and thereafter build and ultimately maintain a stabilization reserve as a hedge against unanticipated large tuition and fee hikes, extended periods of investment under-performance, and future contract sales volatility.

The 2005-2006 proposed contract price increases recognize second-year implementation of the state's truth-in-tuition law, which provided that, beginning last year (the 2004-2005 school year), Illinois public universities cannot increase the amount of tuition charged to those students who remain enrolled at that school during four consecutive years. For the 2005-2006 academic year, tuition and fees increased by 8.9 percent at Illinois public universities and 8.4 percent at community colleges statewide.

The *College Illinois!* program's approach toward pricing is in most respects very similar to last year. The annual long-term tuition increase expectation for Illinois public universities remains at 7.5 percent. Illinois public universities' tuition and fees are expected to increase by an average of 9.0 percent next year (in 2006-2007) and revert to an average of 7.5 percent each year thereafter. In most other respects, contract prices recommended in Table A have been developed using the same fundamental assumptions adopted by the Commission last year. The projections of future investment performance and anticipated annual contract sales have been reviewed once again this year (in collaboration with both our actuarial and investment advisors: Richard Kaye & Associates in association with PricewaterhouseCoopers, and Marquette Associates, respectively), but have not been changed. The method for determining future public university fee increases has been significantly refined, however, subsequent to the state's first-year experience with implementing the truth-in-tuition statute.

Table B presents the proposed *College Illinois!* fee schedule for the 2005-2006 enrollment period. No change is recommended in program fees and charges for 2005-2006 enrollments.

Action requested:

Staff recommends that the Commission approve the schedule of *College Illinois!* contract prices specified for the 2005-2006 enrollment period in Table A, as well as the schedule of *College Illinois!* fees and charges for the program set forth in Table B.

**COLLEGE ILLINOIS!
CONTRACT PRICES AND FEES FOR 2005-2006 ENROLLMENT PERIOD**

Introduction

College Illinois! is a self-sustaining program administered by the Illinois Student Assistance Commission (ISAC) and designed to operate independent of state appropriations and other external financial support. The program recently completed its seventh consecutive enrollment period that resulted in over 5,600 contracts being purchased. In total, more than 48,000 *College Illinois!* contracts have been purchased and those contracts currently represent a financial commitment by program participants of more than \$900 million. The program's seventh annual enrollment period is scheduled to begin on October 31, 2005, and continue through April 3, 2006.

Pricing Schedule For *College Illinois!* Contracts

The proposed pricing schedule for the 2005-2006 *College Illinois!* enrollment period is set forth in Table A. As in prior years, this pricing schedule has been developed by staff in cooperation with the program's actuary. The program's proposed fee schedule for 2005-2006 is documented in Table B. For purposes of comparison, annual tuition and fee increases for Illinois public universities and community colleges is provided in Table C; last year's *College Illinois!* contract prices are provided in Table D; and the history of *College Illinois!* annual contract price changes since the program's (1998-1999) inception is provided in Table E.

It is recommended that *College Illinois!* contract prices increase for the 2005-2006 enrollment period, in recognition of five major factors:

- **Tuition and Fee Increases.** Tuition and fees at Illinois public universities increased on average by 8.9 percent for the 2005-2006 academic year, including increases ranging between 7.0% and 12.0% for new undergraduate students at all but one of the state's 12 public university campuses. This level of increase was consistent with the 9.0% increase assumed last year when making projections for 2005-2006. A higher-than-average tuition and fees increase was assumed last year due to the still unresolved state budget crisis that results in minimal or no funding increases for higher education institutions. Long-term, the average tuition and fees increase assumed by the program is 7.5 percent, consistent with historical data from the past decade. Tuition and fees also increased on average at Illinois community colleges by 8.4 percent, somewhat higher than the long-term annual 6.5 percent assumed by the program for pricing purposes. Recent tuition and fee increases at public universities are the consequence of a proportionate decline in state appropriations and partly attributed to implementing the new truth-in-tuition law. Community colleges are not affected by this new law, so the increases at community colleges are attributed, instead, to the impact of the state's budget crisis upon those institutions at a time when demand is rapidly expanding for community college services.

- Truth-in-Tuition. Last year's (2004-2005) *College Illinois!* proposed contract price increases were the first determined since the enactment of the state's new truth-in-tuition law. This law provides that, beginning with the 2004-2005 school year, Illinois public universities cannot increase the amount of tuition charged to those students who remain enrolled at that school during four consecutive years.

It was initially difficult to assess the continuing impact of this legislation last year. For FY2006, reflecting upon a year's experience with truth-in-tuition, the program's actuaries have developed a more accurate methodology for capturing the future cost of tuition and fee benefits of those student beneficiaries subject to truth-in-tuition. Unfortunately, this improved methodology will have an adverse impact upon the program's actuarial deficit and funded ratio for FY2005 because it projects larger liabilities. It will nonetheless enable the program to more accurately assess those future liabilities for FY2006 and thereafter.

- Future Fee Increases. Fees at Illinois public universities are not statutorily subject to the new Truth-in-Tuition statute. Consequently, fees at public universities can increase from year-to-year for all students enrolled at those institutions, including those whose tuition is frozen by the truth-in-tuition law. So, beginning with FY2006, each year when developing contract pricing *College Illinois!* needs to incorporate a forecast of future fee increases at Illinois' public universities – independent of the annual future tuition estimates. Historical data demonstrates a large degree of volatility in these Illinois public university fee increases, both from year-to-year and from institution-to-institution. Even so, based upon this data and expectations about near-term state funding for higher education, *College Illinois!* is assuming an 8.0 percent increase in fees for the next two years (due to the expected revenue needs of public universities during the still unresolved state funding concerns), and a 6.0 percent annual increase each year thereafter. This long-term fee assumption will be monitored closely by the program over the next several years and is subject to adjustment each year if actual experience suggests a different long-term rate of change.

Mandatory fees at Illinois public universities increased by 8.5 percent on average and by an estimated 8.0 percent on a weighted basis for 2005-2006. Whether the truth-in-tuition law intention to provide certainty regarding college costs will be extended to mandatory fees in future years remains to be seen.

- Investment Return and Tuition Inflation Assumptions. Each year, future investment return and tuition inflation assumptions are incorporated into contract pricing to ensure that the program's long-term fiscal viability remains based on conservative assumptions, rooted in a realistic view of what is achievable and likely to occur within the next ten years. This year, staff recommends that the long-term annual investment return assumption remain unchanged. Three years ago, the Commission lowered the investment return assumption by 25 basis points, from 8.0 percent to 7.75 percent, in recognition of the difficult economic challenges facing the United States and the world during the next decade. At this time, there is not yet sufficient compelling evidence to alter that decision.

Similarly, it is recommended that the program's long-term tuition inflation assumption remain unchanged at 7.5 percent. This assumption is consistent with the long-term trend in Illinois public universities' tuition and fees, as documented in Table C. Last year, the Commission increased this assumption from 7.0 percent to 7.5 percent, even though the change lessened the degree of actuarial deficit reduction derived from the program's strong investment performance in FY2004 and now once again in FY2005. Even so, actual tuition increase data indicates that an average 7.5 percent annual increase is a more realistic expectation of where Illinois public universities' tuition is headed over the next decade.

In addition to using a long-term annual tuition inflation assumption of 7.5 percent, 2005-2006 *College Illinois!* contract prices also presuppose that next year Illinois public university tuition and fees will once again, for the fourth straight year, rise more rapidly than usual, due to the protracted adverse impact of the state's budget crisis upon Illinois' public universities and community colleges. The expectation is that in FY2006, public universities' tuition will increase by an average of 9.0 percent, then return to the expected annual average of 7.5 percent each year thereafter.

- Stabilization Reserve. Continuation of the program's stabilization reserve requires that a premium be added to contract prices at least sufficient to eliminate the current actuarial deficit within a set time frame (10 years). Each year, the additional revenue derived from each contract enhances the program's actuarial soundness and improves the program's funded ratio, so long as expectations are met regarding tuition and fees inflation, investment performance and the level of contract sales. This strategy began in 2001 and has been successful in making progress toward this goal.

Over time, a stabilization reserve will also counteract the impact of periods of investment under-performance. While in FY2005, for the second consecutive year, the program's investment performance exceeded actuarial assumptions (9.0 percent in FY2005, compared to an assumption of 7.75 percent), during earlier years the program's investment performance had been below that investment assumption.

Overall, in evaluating the program's soundness for FY2005, it is anticipated that the financial impact of how public university fees are projected to increase in future years, despite the new truth-in-tuition law, will more than offset gains from positive investment performance during the 12 months ending in June 2005, resulting in a higher actuarial deficit and a somewhat lower funded ratio than reported in FY2004. (The program's annual Soundness Report typically is completed each October. Each January it is presented to the Commission as part of the *College Illinois!* Annual Report.) Even so, annual Commission actions on contract pricing have indisputably helped to enhance program financial soundness by continuing to provide a buffer against the annual uncertainty associated with college cost increases and performance of program investments.

The pricing schedule set forth in Table A and proposed for Commission approval once again reflects generally conservative assumptions designed, first and foremost, to ensure that the financial commitments made by *College Illinois!* to program participants remain secure. Prices have been set at a level that will provide revenue sufficient not only to fund future contract obligations and current administrative costs, but also to gradually reduce the program's current actuarial deficit and ultimately create a stabilization reserve. All *College Illinois!* revenue is deposited in the Prepaid Tuition Trust Fund, and can be used at some future date only for payment of contract benefits or for program administrative purposes. By law, these funds cannot be used for any purpose extraneous to the *College Illinois!* program.

Assumptions

For 2005-2006, the *College Illinois!* program's approach toward pricing is in most respects very similar to last year. The annual long-term tuition increase expectation for Illinois public universities remains at 7.5 percent. Illinois public universities' tuition and fees are expected to increase by an average of 9.0 percent next year (in 2006-2007) and revert to an average of 7.5 percent each year thereafter. In most other respects, contract prices recommended in Table A have been developed using the same fundamental assumptions adopted by the Commission last year. The projections of future investment performance and anticipated annual contract sales have been reviewed once again this year (in collaboration with both our actuarial and investment advisors: Richard Kaye & Associates in association with PricewaterhouseCoopers, and Marquette Associates, respectively), but have not been changed. The method for determining future public university fee increases has been refined, however, subsequent to the state's first-year experience with implementing the truth-in-tuition statute.

Tuition and Fees. The Commission would assume that tuition and fees at Illinois public universities and community colleges will increase at an average annual long-term rate of 7.5 percent, consistent with past experience in Illinois (during the past two decades). Recommended prices for 2005-2006 assume that this long-term trend will continue, with one important modification. It is expected that tuition and fee increases at Illinois public universities will increase on average by 9.0 percent during 2006-2007. The State of Illinois' present budgetary problems that resulted in double-digit or near-double-digit tuition increases at many Illinois public universities during the past three years will not likely be resolved within the next 12 months. Therefore, it appears reasonable to once again expect somewhat higher than usual tuition and fees increases will be authorized at Illinois public universities for at least another year. This modification has not been applied toward Illinois community colleges, however. A number of factors, including community colleges' traditional mission to ensure access and affordability, combined with their lesser reliance on state appropriations (because of funding derived from local property tax revenue), makes it less likely that community colleges' tuition and fee rates will rise significantly above the 6.5 percent long-term norm.

Investment Performance. Currently, the program's assumption is that over the long-term (i.e., 10 years or more), investment returns would average 7.75 percent (a 5.25 percent real return on equities and fixed income investments; 2.5 percent annual inflation). No change is recommended in this long-term investment return assumption and the program's investment consultant, Marquette Associates, has confirmed this position. Despite continued volatility within the financial markets, 7.75 percent appears to be a reasonable long-term investment assumption for the program, given the equity markets strong rebound in late 2003 from a prolonged 3-year down cycle. Marquette will be conducting an analysis of the program's asset allocation in the spring of 2006, however, which may lead to recommended changes in the program's investment portfolio which, in turn, would suggest a change in investment performance expectations for FY2007 and thereafter.

Stabilization Reserve. For 2005-2006, all recommended contract prices increased by either 14.7 percent (for public university contracts) or 10.0 percent (for community college contracts) to generate additional revenue that will over time eliminate the program's current actuarial deficit and eventually create a stabilization reserve. These revenues are necessary to enhance the program's actuarial soundness. In each of the past five years, this approach has generated significant revenues that have helped to enhance the program's funding ratio, particularly during those years when the rate of return on most equity investments had been negative. Notably, other state prepaid tuition programs in recent years have adopted this approach of building stabilization premiums into their contract prices.

Other Factors. In addition to assumptions about the level of tuition and fees, investment returns and a stabilization reserve, there are certain other factors that must be considered each year when developing contract prices. After seven years of operation, there is now a meaningful amount of experience and data from which to derive reasonable assumptions. Consequently, when developing 2005-2006 contract prices, it is assumed that:

- Between 5,000 and 6,000 contracts will be purchased in FY2006 and each year thereafter -- a reasonable expectation for annual contract sales consistent with the program's experience during the past seven enrollment periods;
- Contracts purchased will be allocated similarly by type (university or community college, number of semesters) in 2005-2006 and each year thereafter;
- Through annual pricing decisions, along with improved actual investment performance, the program's actuarial deficit will likely be diminished, then eventually eliminated, and an actuarial reserve may be created and maintained in future years; and
- The program's administrative costs approved for FY2006 are incorporated into contract pricing.

Recommended Contract Prices

Recommended prices for the 2005-2006 enrollment period were determined first by referencing estimated tuition and fee rates for the 2005-2006 academic year at all Illinois public universities and community colleges. As always, prior year trends and projected future trends in tuition and fee rates for Illinois higher education also were referenced when crafting this pricing recommendation.

This past year, according to the most recent data submitted to ISAC, tuition and mandatory fees have increased in Illinois by an average of 8.9 percent at public universities, and by an average of 8.4 percent at public community colleges. For the 2005-2006 enrollment period, the recommended increase in *College Illinois!* contract prices for public university semesters and community college semesters exceed these increases due to the premium necessary to eliminate the current actuarial deficit and ultimately create a stabilization reserve for the program.

This *College Illinois!* recommendation for contract prices is not unique and is, in fact, in-line with price increases being imposed in other states that operate Section 529 prepaid tuition programs. Like *College Illinois!*, most other state-sponsored Section 529 prepaid tuition programs have in recent years incorporated premiums into their contract prices, partly due to recent investment performance and volatility, but mostly due to the nationwide trend toward higher tuition and fees imposed at public universities and other higher education institutions.

College Illinois! contract options proposed for the upcoming enrollment period are consistent with those offered during prior enrollment periods. Purchasers can select from one to nine semesters at the university level, from one to four semesters at the community college level, or the combination plan, which combines four semesters at a community college with four semesters at a university.

Once again, as in prior years, a separate schedule is proposed for preschool students/beneficiaries (through kindergarten); for elementary and middle school students/beneficiaries (grades 1-8), and for high school students or beneficiaries who have graduated from high school (grades 9-12 and older). These three groupings were selected to simplify the number of plan offerings and for their intuitive appeal (i.e., preschool, grade school and middle school, and high school and older). Pricing distinctions for each age category do not constitute a discount. Instead, lower price contracts are offered for younger beneficiaries because payments received can be invested over a longer period of time, providing a greater opportunity to earn the necessary rate of return on contributions invested.

According to the proposed pricing schedule (Table A):

- A one year (two semesters) university contract for a child in kindergarten or younger can be purchased for \$9,279 or \$190 per month over five years;
- A four-year (eight-semester) university contract for the same child can be purchased for \$35,925. This same contract also can be purchased for \$727 per month over five years or \$436 per month over ten years.
- A combination contract (four community college semesters and four university semesters) can be purchased for a grade school/middle school student for \$24,286 or \$492 per month over five years or \$296 per month over ten years; and
- One year (two semesters) at a community college can be purchased for a child in grade school/middle school for \$2,656 or \$56 per month over five years.

Once again, purchasers can also choose to pay by annual installments or to make down payments of \$2,000, \$5,000 or \$10,000, when choosing a monthly installment plan in order to lower their monthly payment amounts over either 5 years or 10 years.

The proposed lump sum contract prices for 2005-2006 when compared with last year's lump sum contract prices represent an average increase of 14.7 percent for university contracts, 10.0 percent for community college contracts, and an increase of approximately 14.7 percent for the combination plan contracts. Prices for all installment contracts increase by similar percentages as the program's lump sum contracts.

Schedule Of Fees For *College Illinois!*

Table B presents the proposed fee schedule for the *College Illinois!* 2005-2006 enrollment period. *No change in fees is recommended for 2005-2006.*

As in past years, the fees in Table B are divided into several groupings: Administrative; Service and Cancellation fees. Administrative fee revenues are used to cover general administrative costs of the program, whereas service fee revenues pay the cost of providing a particular service or to reimburse the Illinois Prepaid Tuition Trust Fund for lost investment opportunity. Cancellation fees are assessed only when an account is cancelled.

The application fee is a one-time non-refundable fee paid by the purchaser at the time of application. This fee is used to defray the costs associated with setting up a new account, including loading information into the program database, generating program documentation and printing of coupon books for purchasers who choose to pay by installments. The discounted application fee is applicable to the second and all subsequent contracts purchased by the same individual. The administrative load that is built into contract pricing and the application fee (both listed in the administrative category) are assessed every contract purchaser.

Service fees are charged only when special handling of an account is required and records administration costs and/or administrative costs for the program are incurred. Service fees include charges for late payments, returned payments, and account changes requested by the purchaser.

Cancellation fees are charged only for purchasers who decide to cancel their *College Illinois!* contract. Cancellation fees represent an early withdrawal penalty upon the purchaser, consistent with the intent of the federal law (Internal Revenue Code, Section 529) that authorizes state qualified prepaid tuition programs such as *College Illinois!*.

Conclusion

The 2005-2006 *College Illinois!* enrollment period during which these prices are in effect will be from October 31, 2005, through April 3, 2006. The 2005-2006 *College Illinois!* proposed prices represent increases from the previous year that average 14.7 percent for university contracts and 10.0 percent for community college contracts. The combination plan contract price increases average approximately 14.7 percent. No change in *College Illinois!* fees is recommended for 2005-2006.

Table A
College Illinois!
Pricing Schedule for 2005 - 2006 Enrollment Period

Type of Plan	Infant - Kindergarten					First - Eighth Grade					Ninth Grade and Older				
	Lump Sum	5 year monthly	5 year annual	10 year monthly	10 year annual	Lump Sum	5 year monthly	5 year annual	10 year monthly	10 year annual	Lump Sum	5 year monthly	5 year annual	10 year monthly	10 year annual
University - 9 semesters	\$40,313	\$815	\$9,352	\$489	\$5,566	\$42,545	\$860	\$9,869	\$516	\$5,874	\$44,436	*	*	*	*
University - 8 semesters	\$35,925	\$727	\$8,334	\$436	\$4,960	\$37,898	\$766	\$8,792	\$460	\$5,233	\$39,571	*	*	*	*
University - 7 semesters	\$31,483	\$637	\$7,304	\$382	\$4,347	\$33,246	\$673	\$7,713	\$404	\$4,591	\$34,704	*	*	*	*
University - 6 semesters	\$27,104	\$549	\$6,288	\$330	\$3,743	\$28,567	\$578	\$6,628	\$347	\$3,945	\$29,802	*	*	*	*
University - 5 semesters	\$22,674	\$460	\$5,261	\$276	\$3,132	\$23,882	\$484	\$5,541	\$291	\$3,298	\$24,902	*	*	*	*
University - 4 semesters	\$18,222	\$370	\$4,229	\$223	\$2,518	\$19,170	\$389	\$4,449	\$234	\$2,648	\$19,965	*	*	*	*
University - 3 semesters	\$13,761	\$280	\$3,194	\$169	\$1,902	\$14,453	\$294	\$3,355	\$177	\$1,997	\$15,032	*	*	*	*
University - 2 semesters	\$9,279	\$190	\$2,155	\$115	\$1,283	\$9,706	\$198	\$2,254	\$120	\$1,342	\$10,060	*	*	*	*
University - 1 semester	\$4,711	\$98	\$1,096	\$60	\$653	\$4,956	\$103	\$1,152	\$63	\$687	\$5,091	*	*	*	*
Comm Coll - 4 semesters	\$4,882	\$101	\$1,135	*	*	\$5,125	\$106	\$1,192	*	*	\$5,305	*	*	*	*
Comm Coll - 3 semesters	\$3,739	\$78	\$870	*	*	\$3,904	\$82	\$908	*	*	\$4,022	*	*	*	*
Comm Coll - 2 semesters	\$2,575	\$55	\$600	*	*	\$2,656	\$56	\$619	*	*	\$2,705	*	*	*	*
Comm Coll - 1 semester	\$1,350	\$30	\$316	*	*	\$1,421	\$32	\$333	*	*	\$1,473	*	*	*	*
Combination - 8 semesters (4 CC and 4 Univ)	\$23,019	\$467	\$5,341	\$280	\$3,179	\$24,286	\$492	\$5,635	\$296	\$3,354	\$25,336	*	*	*	*

* payment plan is not available

Table B
College Illinois!
Fee Schedule for 2005 - 2006 Enrollment Period

Type of Fee	Description	Amount
ADMINISTRATIVE FEES		
Application	application processing for new account	\$85
Application - additional contracts *	processing of second and subsequent applications (same purchaser)	\$50
Payment processing **	charge assessed for monthly and annual payment plans	\$3 per payment (included in contract prices)
Administrative load	ensure adequacy of annual program administration	included in contract prices
SERVICE FEES		
Late payment - monthly payment plan	payment received after payment grace period	\$20
Late payment - lump sum, annual or down payment	payment received after payment grace period	1% of outstanding balance
Non-sufficient funds/returned payment	payments returned by financial institution	\$20
Change payment schedule	change in payment schedule	\$15
Change of purchaser	change of purchaser of plan	\$15
Change of beneficiary	change of beneficiary of plan	\$15
Change type of plan	changing from one plan type to another	\$15
Document replacement	new coupon book, welcome package, etc.	\$15
Benefits transfer to private or out-of-state school	processing private or out-of-state school invoice	\$15 per institution attended
CANCELLATION FEES		
Cancellation - voluntary ***	purchaser elects to cancel account	The lesser of \$100 or 50% of amount paid
Cancellation - involuntary	plan is canceled due to delinquency, incorrect information, etc.	The lesser of \$100 or 50% of amount paid
Cancellation - fraud	plan is canceled due to deliberate misrepresentation	The lesser of \$500 or 100% of amount paid
Account maintenance - lump sum payment	charge assessed for cancellation of lump sum plans	35 cents per month

* Application fee is \$85 for first contract purchased and \$50 for each contract thereafter purchased by the same individual.

** Payment processing fees are not refunded when a prepaid tuition contract is canceled.

*** For reasons other than death, disability or scholarship.

Table C
College Illinois!

Historic Increases in Tuition and Fees (Mean-Weighted Average)

Illinois Public Universities			Illinois Community Colleges		
Academic Year	Average Tuition and Fees	Annual Increase	Academic Year	Average Tuition and Fees	Annual Increase
2005-2006	\$7,151	8.9%	2005-2006	\$2,318	8.4%
2004-2005	\$6,565	13.5%	2004-2005	\$2,138	10.5%
2003-2004	\$5,785	9.2%	2003-2004	\$1,935	5.7%
2002-2003	\$5,298	10.7%	2002-2003	\$1,830	5.7%
2001-2002	\$4,786	8.6%	2001-2002	\$1,731	4.7%
2000-2001	\$4,406	5.9%	2000-2001	\$1,653	4.9%
1999-2000	\$4,160	5.5%	1999-2000	\$1,576	4.6%
1998-1999	\$3,942	3.3%	1998-1999	\$1,506	3.7%
1997-1998	\$3,817	5.2%	1997-1998	\$1,452	6.0%
1996-1997	\$3,629	5.7%	1996-1997	\$1,370	3.6%
1995-1996	\$3,434	4.0%	1995-1996	\$1,323	5.1%
1994-1995	\$3,303	5.4%	1994-1995	\$1,259	4.8%
1993-1994	\$3,134	8.0%	1993-1994	\$1,201	8.4%
1992-1993	\$2,901	14.3%	1992-1993	\$1,108	6.7%
1991-1992	\$2,538	5.3%	1991-1992	\$1,038	8.8%
1990-1991	\$2,410	3.4%	1990-1991	\$954	3.1%
1989-1990	\$2,330	12.8%	1989-1990	\$925	3.2%
1988-1989	\$2,066	15.6%	1988-1989	\$896	5.0%
1987-1988	\$1,787	4.5%	1987-1988	\$853	7.8%
1986-1987	\$1,710	5.9%	1986-1987	\$791	3.3%
Average Annual Increase -			Average Annual Increase -		
	Past 10 years:	7.7%		Past 10 years:	5.8%
	Past 20 years:	7.8%		Past 20 years:	5.3%

Table D
College Illinois!
Pricing Schedule for 2004 - 2005 Enrollment Period

Type of Plan	Infant - Kindergarten					First - Eighth Grade					Ninth Grade and Older				
	Lump Sum	5 year monthly	5 year annual	10 year monthly	10 year annual	Lump Sum	5 year monthly	5 year annual	10 year monthly	10 year annual	Lump Sum	5 year monthly	5 year annual	10 year monthly	10 year annual
University - 9 semesters	\$35,147	\$711	\$8,154	\$427	\$4,853	\$37,092	\$750	\$8,605	\$450	\$5,121	\$38,741	*	*	*	*
University - 8 semesters	\$31,321	\$634	\$7,266	\$380	\$4,325	\$33,041	\$669	\$7,665	\$401	\$4,562	\$34,499	*	*	*	*
University - 7 semesters	\$27,448	\$556	\$6,368	\$334	\$3,791	\$28,985	\$587	\$6,725	\$352	\$4,003	\$30,256	*	*	*	*
University - 6 semesters	\$23,630	\$479	\$5,483	\$288	\$3,264	\$24,906	\$505	\$5,779	\$303	\$3,440	\$25,983	*	*	*	*
University - 5 semesters	\$19,768	\$401	\$4,587	\$241	\$2,731	\$20,821	\$422	\$4,831	\$254	\$2,876	\$21,711	*	*	*	*
University - 4 semesters	\$15,887	\$323	\$3,687	\$194	\$2,195	\$16,713	\$340	\$3,879	\$204	\$2,309	\$17,407	*	*	*	*
University - 3 semesters	\$11,997	\$245	\$2,785	\$148	\$1,659	\$12,601	\$257	\$2,925	\$155	\$1,742	\$13,105	*	*	*	*
University - 2 semesters	\$8,090	\$166	\$1,879	\$100	\$1,119	\$8,462	\$173	\$1,965	\$105	\$1,171	\$8,770	*	*	*	*
University - 1 semester	\$4,108	\$86	\$956	\$53	\$570	\$4,321	\$90	\$1,005	\$55	\$599	\$4,438	*	*	*	*
Comm Coll - 4 semesters	\$4,439	\$92	\$1,032	*	*	\$4,659	\$97	\$1,084	*	*	\$4,823	*	*	*	*
Comm Coll - 3 semesters	\$3,399	\$71	\$791	*	*	\$3,549	\$74	\$826	*	*	\$3,656	*	*	*	*
Comm Coll - 2 semesters	\$2,341	\$50	\$546	*	*	\$2,414	\$52	\$563	*	*	\$2,459	*	*	*	*
Comm Coll - 1 semester	\$1,228	\$28	\$288	*	*	\$1,292	\$29	\$303	*	*	\$1,339	*	*	*	*
Combination - 8 semesters (4 CC and 4 Univ)	\$20,069	\$407	\$4,657	\$245	\$2,772	\$21,174	\$429	\$4,913	\$258	\$2,925	\$22,089	*	*	*	*

* payment plan is not available

Table E
College Illinois!
Contract Price Increases

Enrollment Period	University Semesters		Community College Semesters		Combination Plan
	Tuition and Fee Increase	Average Price Increase	Tuition and Fee Increase	Average Price Increase	Average Price Increase
2005-2006	8.9%	14.7%	8.4%	10.0%	14.7%
2004-2005	13.5%	16.0%	10.5%	12.0%	16.0%
2003-2004	9.2%	12.0%	5.7%	8.0%	11.0%
2002-2003	10.7%	23.3%	5.7%	12.7%	19.3%
2001-2002	8.6%	11.0 - 12.0%	4.7%	7.0 - 8.0%	10.0 - 11.0%
2000-2001	5.9%	6.3%	4.9%	4.9%	5.9%
1999-2000	5.5%	6.5 - 7.0%	4.6%	9.6 - 10.4%	7.4 - 7.8%

5-12

Beginning with 2001-2002, a premium (stability reserve factor) of between 2.0% and 5.0% was added each year to annual contract prices.

Beginning with 2002-2003, the next year's tuition and fees were assumed to increase by either 9.0% or 10.0% (rather than 7.0%-7.5%).

In 2002-2003, the program's long-range annual investment return assumption was lowered by 25 basis points from 8.0% to 7.75%.

In 2004-2005, the program's long-range annual tuition and fees assumption was increased from 7.0% to 7.5%.