



Illinois Student Assistance Commission

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College Zone Outreach Centers are located
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2007

A Year in Review

Illinois Student Assistance Commission

The Illinois Student Assistance Commission:

A proud history of helping make college affordable



- July 1957** ▶ Legislation is passed by the Illinois General Assembly and signed by Governor William Stratton to create the Illinois State Scholarship Commission (ISSC). The purpose of the new agency is to increase access to college for Illinois students by offering scholarships and grants.
- 1958** ▶ The precursor to today's State Scholar Program, the first honorary scholarships are awarded to academically-talented students with no financial need.
- 1965** ▶ Federally guaranteed loans for college are first authorized by the federal Higher Education Act of 1965 (HEA). Illinois legislation establishes the Illinois Guaranteed Loan Program (IGLP) with ISSC as the guaranty agency.
- 1967** ▶ The first need-based college grant is issued under the new Monetary Award Program (MAP). Eventually, four million MAP awards will be issued by ISSC/ISAC between 1967 and 2007.
- 1976** ▶ The National Guard Scholarship Act awarded scholarships to enlisted persons who had served at least one year in the Illinois National Guard or Naval Militia. This would later become the Illinois National Guard (ING) Grant Program for active duty Illinois Army or Air National Guard members.
- 1977** ▶ To help ensure access to loans for Illinois students, ISSC expands into other aspects of the student loan industry, becoming a secondary market to purchase both performing and delinquent student loans through its Illinois Designated Account Purchase Program (IDAPP).
- 1986** ▶ ISSC is the designated agency in Illinois to administer the federal Paul Douglas Teacher Scholarship Program providing gift assistance to outstanding high school graduates to pursue teaching careers.
- July 1987** ▶ The State of Illinois repeals the requirement that a borrower be an Illinois resident to be eligible for an ISSC loan guarantee. The agency begins to act as a guarantor on a nationwide basis.
- 1988** ▶ The State of Illinois holds first bond sale for College Savings Bonds and charges ISSC with responsibility to administer a Bonus Incentive Grant Program when proceeds of the bonds are used for attendance at Illinois colleges and universities.
- 1989** ▶ Intending a broader role for the agency, legislation re-names the "Illinois State Scholarship Commission" as the "Illinois Student Assistance Commission" (ISAC).
- 1991** ▶ Legislation creates the Minority Teachers of Illinois (MTI) Scholarship Program to encourage minority students to enter the field of teaching and teach in schools with at least a 30% minority population.
- 1993** ▶ The federal Student Loan Reform Act of 1993 establishes the Federal Family Education Loan Program and the William D. Ford Direct Loan Program with competing programs for students and parents.
- 1994** ▶ With many Illinois colleges choosing to participate in direct lending, ISAC embarks on a national lending strategy.
- 1994 - 1995** ▶ Two new gift assistance programs for students planning to pursue teaching careers are made available – the Special Education Teacher Tuition Waiver and the DeBolt Teacher Shortage Scholarship Program (later to become the Illinois Future Teacher Corps Program). Students must fulfill a service commitment upon graduation.
- 1995** ▶ ISAC is the designated entity in Illinois to administer the federal Robert C. Byrd Honors Scholarship Program providing scholarships to exceptional high school graduates.
- 1995** ▶ Illinois legislation authorizes ISAC to originate loans.
- 1996** ▶ The first awards to college freshmen are made under the Silas Purnell Illinois Incentive for Access (IIA) Program.
- 1996** ▶ ISAC originates alternative loans beginning with the fall term.
- 1997** ▶ Illinois families are afforded a tax-advantaged method of saving for college through the Illinois Prepaid Tuition Program called *College Illinois*SM.
- 2003** ▶ The Illinois Teachers and Child Care Providers Loan Repayment Program and Illinois Future Teacher Corps Program are created to reward and assist Illinois students who teach in high-need and specialty areas. Also, ISAC introduces a coordinated approach to informing students about planning and paying for college; College Zone includes a Web site, toll-free call centers, publications and outreach.
- 2006 - 2007** ▶ Three programs designed to reduce the shortage of nurses in Illinois are created - Nurse Educator Scholarship Program, Nurse Educator Loan Repayment Program, and Veterans' Home Nurse Loan Repayment Program.
- 2007** ▶ Through portfolio restructuring, the percentage of Illinois borrowers in the ISAC loan portfolio rises from 29 percent to 78 percent.
- Fall 2007** ▶ The *College Illinois*SM Capstone Loan Program pilot is launched to make low-interest loans with "salary-sensitive" interest rates to college seniors.

ISAC Commissioners and Directors

ISAC Commissioners

The Illinois Student Assistance Commission is governed by Commissioners who are appointed by the Governor with the advice and consent of the Illinois Senate. They serve staggered six-year terms without pay. The Commissioners meet six times annually at various college campuses around Illinois.



Donald J. McNeil, Chairman
Partner, Barnes & Thornburg LLP
Cook County resident



Dr. Mary Ann Louderback
Former Member, Illinois Educational
Labor Relations Board
McHenry County resident
Representing public institutions



Sharon Taylor Alpi
Coleman Foundation Professor in Entrepreneurship,
Tabor School of Business, Millikin University
Macon County resident
Representing private institutions



David H. Vaught
Deputy Director, Illinois Department of
Central Management Services
Will County resident



Dr. Lynda Andre
Assistant Superintendent for Curriculum,
Edwardsville Community Unit School District 7
Madison County resident
Representing public high schools



Hugh Van Voorst
Owner, Van Voorst Lumber Company
Kankakee County resident
Representing community colleges



Warren "Bo" Daniels, Jr., Vice-Chairman
Managing Director and Head of Public Finance,
Loop Capital Markets
Cook County resident



Kelvin Wing
DePaul University, Student Commissioner
Cook County resident

ISAC Executive Staff

Andrew A. Davis - Executive Director
Kim Barker Lee - General Counsel
Katharine Gricevich - Special Assistant to the Executive Director
Susan Kleemann - Director, Research, Planning and Policy Analysis
Sam Nelson - Managing Director, Marketing and Communications
John Sinsheimer - CFO/Managing Director, Financial Products and Services
Joanne Tolbert - Managing Director, Human Resources and Development/Business Support

ISAC Directors

Vicki Baba - Interim Director, Human Resources and Development
Eduardo Brambila - Director, Public Service, Community Partnerships
Tom Breyer - Senior Policy Advisor
Bill Coleman - Interim Director, Business and Financial Services
Steve DiBenedetto - Interim Director, IDAPP
Stephen Dorfman - First Deputy General Counsel
Randy Erford - Director, *College Illinois!*SM Prepaid Tuition Plan
Susan McCarragher - Director, Administrative Services
Jacqueline Moreno - Director, Public Service, College Access Initiatives
Shoba Nandhan - Director, Budget and Finance Division
James O'Neil - Interim Director, Information Services
Christine G. Peterson - Director, Program Services and Compliance
Mary Roberts - Director, Sales and Marketing, *College Illinois!*SM Prepaid Tuition Plan
Claude Walker - Director, Media Affairs

ISAC Salutes Illinois State Scholars

A tribute to "the best and the brightest" of Class of 2008

Since 1958, ISAC has overseen the Illinois State Scholar Program, which honors high school seniors from across the state for academic achievement. This year, ISAC recognized 18,178 students from 711 high schools in all 102 Illinois counties as our 2008 Illinois State Scholars.

"These students personify excellence," said ISAC Executive Director Andrew Davis. "Illinois State Scholars are among the best and the brightest in our state's high schools. We salute them, along with their partners in reaching for the stars - their families and teachers - for this stellar achievement."

Illinois State Scholar selection is based on scores achieved by students on the SAT, ACT and/or Prairie State Achievement Exam and/or class rank at the end of the junior year. High school guidance counselors work in conjunction with ISAC to determine the winners. At least a half million Illinois State Scholars have been recognized in the past 49 years. While the prestigious recognition does not provide a monetary award, winners are encouraged to cite the award on applications for college admission and scholarships.

"Competition for college admission and financial aid is fierce," Davis said. "Illinois State Scholar awardees have shown they can hit the books, so I ask every Illinois college president to put these students at the top of the list for admission."

This year's Illinois State Scholars hail from all parts of the state. Some of the winners are shown below.



Seven students from United High School in Alexis, Illinois (pop. 908) were named Illinois State Scholars. All residents of Warren County, they are (from left): Ben Battenburg, who will attend Monmouth College; Patrick Hollis, who will attend St. Ambrose; Sarah Armstrong, who is headed to the University of Iowa; Taylor Willett, who plans to study biochemical engineering; Larissa Prentice, who plans to earn an accounting or business degree; Max Christy, who will choose between Northern Illinois University and Bradley University, and Preston Schrader, who plans to earn an engineering degree.



Other State Scholar recipients are George Martinez (upper left), who plans to study Accounting at the University of Illinois, Urbana-Champaign and Crystal Montanez (lower left), headed to the University of Wisconsin in Madison to major in Immunology and Microbiology, both of Lane Technical High School in Chicago, and Martha Golonko (upper right), planning to attend Northwestern University to study Chemistry and Secondary Education, and Andrew Beierwaltes (lower right), off to the University of Illinois, Urbana-Champaign to major in Mathematics and Computer Science, both of Maine East High School in Park Ridge.



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Message from ISAC Chairman Donald J. McNeil



In 1956, Illinois Governor William Stratton convened a task force to examine the need to boost access to higher education. The recommendations of this panel were contained in "*The Illinois State Scholarship Act of 1957*," which was passed with bipartisan sponsorship by the General Assembly and signed into law by Stratton in July 1957. Stratton named seven commissioners to the agency (then called the State Scholarship Commission) who met in September, 1957. Soon, Dr. Lyman Smith was named Executive Director of the fledgling agency, two staff persons were hired, a Deerfield office was opened and the first scholarship - one based on both "academic promise and financial need" - was awarded.

Fifty years later, the agency has a new name suggesting a broader role - the Illinois Student Assistance Commission (ISAC) - and a track record of having helped millions of students attend college. The agency now offers a range of scholarship and grant programs, a prepaid tuition savings program, a wide array of initiatives to help families plan for college and an engaging Web site Governor Stratton could not have imagined.

In recent years, ISAC's role evolved. College costs spiked, more students were forced to take out loans to pay for college, and the student loan industry became big business. As a lender and guarantor of student loans, the agency began serving a national client base. Recent economic developments, however, required us to return to our original (and primary) role: to make college affordable for every Illinois resident.

In 2006, we made a strategic choice to exit the business of making loans to non-Illinois borrowers and instead place greater emphasis on Illinois students. We could not ask Illinois taxpayers to subsidize a Nevada student attending an Ohio college. And our timing could not have been better. Recent events in the credit markets and student loan industry have confirmed that holding on to our \$3 billion non-Illinois loan portfolio would have cost Illinois taxpayers tens of millions of dollars. The 2007 sale of our "non-Illinois-nexus" loans and organizational restructuring will enable us to achieve new efficiencies at ISAC, and better prepare us for our next 50 years.

I am proud of the Commissioners who oversee the agency. They hail from diverse backgrounds and regions, but have been united in finding creative solutions to the challenges facing ISAC and making the truly tough choices they were asked to make. These dedicated, unpaid citizens have given extraordinary time and thought to the cause of accessible higher education and deserve the gratitude of all Illinois residents.

Let me also salute our new Executive Director - Andrew Davis - who was greeted with a baptism of fire upon assuming the reins in January, 2007. His financial acumen, higher education experience and vision made him the perfect leader as ISAC faced (and overcame) challenges a state agency rarely encounters. Along with John Sinsheimer, our new chief financial officer, Kim Barker Lee, our new chief legal counsel, and a bright and energetic senior staff, Andy steered a course through choppy financial waters with remarkable skill and creativity. In addition, I commend all of the staff at ISAC for their dedication and professionalism in providing outstanding products and services to Illinois students and families during these changing times in higher education and the student loan industry.

Our anniversary year - which included the 30th anniversary of the Illinois Designated Account Purchase Program and 10th anniversary of the *College Illinois*SM prepaid tuition program - will be viewed as a pivotal, watershed moment in ISAC's history. I'm confident that in 2008, ISAC will be an even more effective advocate for college affordability as we work toward our ultimate goal - to make sure that every Illinois student who works hard enough to gain admission to an Illinois college will get the financial help he or she needs to attend the school of his or her choice.

IllinoisMentor

An interactive resource to help students plan for careers and college

Expanding the reach of College Zone, in December of 2005 ISAC increased our Web presence with the introduction of IllinoisMentor. Accessible through collegezone.com, IllinoisMentor is a companion to the four main components - planning, find, applying and paying for college - of the Student and Parent Zones of our College Zone Web site.

With the addition of IllinoisMentor, college-bound students have an interactive career and college planning tool where they can explore career options, choose a college and apply online for admission, and request that their high school transcripts be electronically transmitted to the college(s) of their choice.

IllinoisMentor's My Mentor feature gives high school students the ability to create an electronic portfolio where personal, educational, career and test score information is stored in one online area. My Mentor makes it easier to keep track of high school coursework requirements and all the data students find useful when planning for college. The personal data stored can be used to populate online college admission applications, FAFSA on the Web (the Internet version of the federal financial aid application) and online scholarship search services.

Other interactive features of IllinoisMentor include:

- an Add Your Counselor component that lets students share their plans with their high school counselor by granting access to their My Mentor portfolio.
- a career self-assessment that students can use to better understand their own interests and skills as they relate to careers, and a career matching assistant which allows students to match those interests and skills to fields in which they may decide to pursue their livelihood.
- campus tours, a comparative view and matching assistant to help students gain information about Illinois colleges' and universities' admission requirements, and academic and student life from the convenience of their computer and then compare college options to find colleges that meet their requirements.

Last year, more than 56,500 students accessed IllinoisMentor to help with their career exploration and college planning process.



College Zone

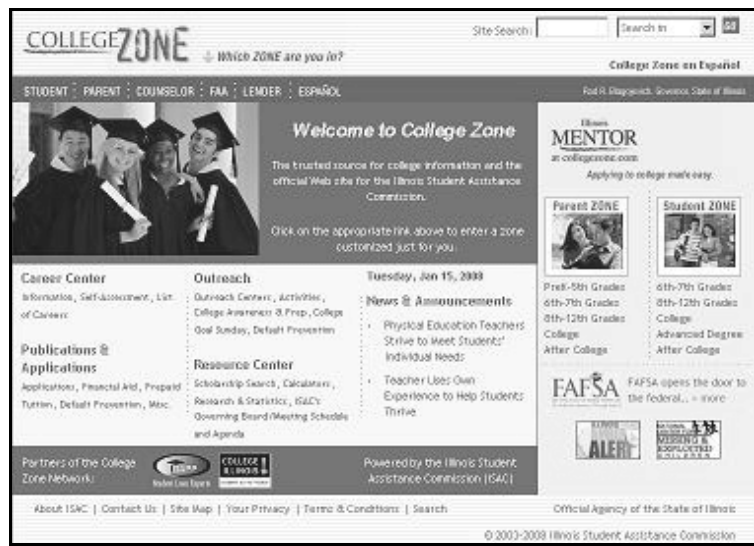
ISAC's resource for students, parents, counselors, financial aid advisors and lenders

Now well into its fifth year of assisting college-bound students and their families as they prepare for higher education, College Zone has more than earned its reputation as the "trusted source for college information". As testament, nearly 1.7 million users visited our Web site last year, more than 64,500 students and parents spoke one-on-one with our College Zone Counselors and almost 21,000 high school counselors, college financial aid advisors and lending and servicing institution representatives spoke with dedicated staff through our specialized toll-free call centers. To complement information available through the Web site and via the telephone, ISAC also publishes a wide array of brochures and printed material to educate and guide Illinois families throughout the entire college experience. More than 850,000 brochures (including pieces in Spanish and Polish) are distributed each year, made available via the convenient ordering process on our Web site.

Launched in August of 2003, College Zone can best be described as a multi-tiered approach to educating future college students along every phase of their college planning journey. At the center of College Zone is ISAC's official Web site, collegezone.com. With "zones" designed exclusively for each user - Students, Parents, Counselors, Financial Aid Administrators, Lenders - collegezone.com simplifies the knowledge search by providing audience-specific information in each zone. Additionally, the Student and Parent Zones are further defined by the age of the student and the family's stage in the college planning process, with areas for adult learners, parents of young children, and high school students, to name just a few. Reaching out to the growing Hispanic population, our Web site also has an Español zone, patterned after the Student Zone, with text completely in Spanish.

ISAC partners in the delivery of financial aid can find the "how-to's" of administering ISAC's programs through their own partner zones of the site, as well as an e-Library with manuals, workshop handouts and presentations, ISAC administrative rules, federal regulations and numerous other job aids and reference materials. Built specifically for those who interact with potential and current students every day, the underlying purpose of the partner zones of collegezone.com is to provide the tools and guidance to help our partners serve Illinois college-bound students.

Capitalizing on our already-existing partnership with Illinois community colleges, student resource centers are operating on all community college campuses throughout the state. At these centers, students and their families are provided with on-site computer access to collegezone.com for planning information, year-round assistance with completion of the FAFSA (financial aid application), and financial aid counselors available to answer questions in person and provide information on planning and paying for college.



Message from ISAC Executive Director Andrew Davis



One year ago, I was honored to be named Executive Director of the Illinois Student Assistance Commission, only the fourth Executive Director in ISAC's proud 50-year history. Multiple challenges were immediately posed: how to steer ISAC through the uncertain currents of a rapidly-changing student loan industry, how to address the emerging needs of a very different student population, how to modernize and recast a 50-year-old agency, and how to do more with less.

The most pressing challenge was to stem the losses from our student loan portfolio. In 2006, we lost \$6 million - mostly in loans made to out-of-state residents attending out-of-state schools - and trends indicated further losses. The agency was suddenly operating in a much more competitive environment. The federal College Cost Reduction and Access Act of 2007 (CCRAA) and the soaring cost of borrowing spurred by the subprime mortgage crisis (page 5) forced us to act quickly.

In three transactions, we sold about \$3 billion of our \$4.2 billion student loan portfolio. This enabled us to pay down \$3.3 billion in debt, while covering the cost of the MAP Plus Program and a portion of our Monetary Award Program (MAP). In fact, in 2007, ISAC administered \$448 million in scholarships and grants to Illinois students, made \$250 million in student loans, and guaranteed another \$1.8 billion in loans to 208,000 students and families.

Selling the portfolio was a prudent move. Had we kept it, we would have lost an additional \$12 million due to the CCRAA alone, and another \$15 million due to the higher cost of borrowing. Still, the losses that we experienced forced another tough decision: a workforce reduction. Beginning last summer, senior management undertook a thorough agency-wide evaluation of all job functions. We identified 50 positions that were no longer essential and could be eliminated. The process was methodical and difficult, and the result is a more streamlined operation to better serve Illinois students, families and taxpayers.

This self-evaluation, restructuring and belt-tightening offered a chance to re-define and re-invigorate ISAC. We are more focused on helping Illinois students and are operating more economically, without losing the capacity to provide core outreach functions. We are leaner and more agile, so we can try innovative approaches, such as the *College Illinois*SM Capstone Loan Program (page 12) and College Access Vertical Teams (page 14). One new idea being developed with the Illinois Education Foundation and Aetna is an innovative pilot program to cut dropout rates among low-income nursing students at Prairie State Community College by providing mentoring, tutoring and life coaching.

Such cutting edge - yet sensible - solutions must be employed to reach today's college student. The face of the typical Illinois college student is changing: students are older, there are more female and minority students than ever, and many are veterans or the first in their family to apply to college. Since taking the helm, I have tripled the size of ISAC's Public Service staff to better counsel these hard-to-reach students across the state.

To better address this changing population, ISAC's diverse workforce has drastically increased our outreach efforts in ethnic communities. (In fact, one of the highlights of my summer was marching in the spectacular Bud Billiken Parade, carrying a banner that urged millions of parade watchers to start planning now for college.) Further, ISAC's workforce is notable for the large number of women we have in both the general workforce (more than 60 percent) and in management positions. In fact, females comprise two-thirds of our Senior Management Team.

We are committed to providing excellent customer service to students and borrowers through our College Zone Outreach Centers, Web site, live phone operators and constituent services staff. In 2007, ISAC staffers cut through college financial aid red tape to directly assist 275 constituents referred by members of Illinois' Executive Branch, Congressional delegation and General Assembly, along with tens of thousands of people who reached us directly by phone, the Internet or in person.

In 2008, we will continue to provide these customer and outreach services, operate efficiently and tirelessly promote our mission of making college affordable for all Illinois students.

ISAC's Year in Review

In 2007, three milestone anniversaries of proudly serving the families of Illinois were observed. The Illinois Student Assistance Commission (ISAC) reached our 50th year, having been established in 1957; the Illinois Designated Account Purchase Program (IDAPP) secondary market division turned 30 years old; and the College Illinois!SM Prepaid Tuition Plan celebrated ten years since its inception. Although 2007 was a year of celebration and acknowledgement, it was also a time of transition for the agency. With a relatively new slate of Commissioners and approaching the half-century mark, newly-appointed Executive Director Andrew Davis led ISAC into a period of self-examination.

During that time, a number of outcomes became clear. First and foremost, ISAC's mission remains fundamentally the same as it was 50 years ago – to increase access to and make college affordable for Illinois students. At the same time, it became evident that, due to a combination of factors - including limited state dollars for our scholarship and grant programs, total responsibility for our administrative budget, increased borrowing costs, and impending cuts by the federal government - ISAC had reached an economic crossroads.

To meet our program funding and administrative obligations, and to better financially position ISAC for its next 50 years, a series of sales of portions of ISAC's student loan portfolio was undertaken. The revenue generated by the sales allowed us to retire approximately \$3.3 billion in debt, afforded some protection from the impact of the federal cuts and realigned our remaining loan portfolio into a more "Illinois-centered" demographic. More significantly, we also used those proceeds to fund both a new state initiative for middle-income families – the MAP Plus Program – and a portion of our Monetary Award Program (MAP), for a total amount of \$53.3 million. In spite of the challenges faced by the Commission this year, the success of our mission of making college affordable for Illinois students was evident in many areas:

- Through MAP and MAP Plus, ISAC provided over \$410 million in need-based grants to more than 206,000 Illinois students. MAP helped pay tuition and fee costs for students attending Illinois public and private universities, community colleges and qualifying proprietary institutions. Over 20,000 freshman students with no family resources also benefited from the Silas Purnell Illinois Incentive for Access (IIA) Program, receiving an additional grant of up to \$500 to help cover educational expenses.
- Students meeting the qualifications of our specialized scholarship and grant programs, including those for residents who are serving or have served in the military, prospective teachers and health care professionals, and dependents of police, fire and correctional officers, received awards of nearly \$35 million.
- To aid students in achieving their educational goals, ISAC guaranteed more than \$1.8 billion in loans for more than 208,000 borrowers through our role as guarantor in the Federal Family Education Loan Program (FFELP). Supplementing the federal loan programs, IDAPP's alternative loans provided more than \$47.8 million in funds to help meet college costs not covered by the Federal Stafford and PLUS Loan Programs. In its capacity as a lender, IDAPP also disbursed more than \$213.3 million in student, parent and consolidation loans. As in past years, ISAC reduced borrowers' loan costs by paying the 1% federal default fee (previously guarantee fee) for a savings of approximately \$50 per loan, and IDAPP's Low Cost Borrower Benefits Program reduced interest rates on loans with good payment histories by as much as 2.25%.
- The *College Illinois!*SM Prepaid Tuition Plan helped more families prepay the future costs of college, having sold more than 57,000 contracts in its ten-year history.
- The "College Zone" concept of assisting the college-bound students of Illinois and their families, was further enhanced with the addition of a Career Center and test preparation features to its IllinoisMentor component. These interactive functions enable students to research future careers, match personal skills and interests to possible fields of endeavor and better prepare for achievement and admission tests.
- The *College Illinois!*SM Capstone Loan Program was created and launched for the fall of 2007 in a pilot phase. Seven colleges and universities in diverse areas of Illinois participated in the pilot. The Capstone program was designed for college seniors who have exhausted other financial aid options, but need assistance in the final year to achieve their educational goals. A Capstone loan also has interest rate reduction benefits for borrowers who meet Illinois residency requirements and are in lower-paying careers. Plans to expand the pilot are proceeding.

As we look ahead to our next 50 years, our goals include making the agency stronger and sharpening our focus on the programs, services and products that provide comprehensive solutions to the families of Illinois. Together with you, our colleagues, we can help make educational dreams come true.

Taking ISAC's Message To The Streets

Financial literacy efforts help students curb debt

Financial Literacy

As a guarantor and lender participating in the Federal Family Education Loan Program (FFELP), ISAC feels a strong responsibility to educate borrowers not only on the basics of borrowing, but also on personal finance in general, and the consumer economics of higher education in particular. The necessity of borrowing to finance postsecondary education is simply a reality for many students and utilizing available student loan products can actually be a wise investment. A college education is growing more expensive every day. That expense, when managed wisely, leads to substantial gains in terms of individual and family advancement as well as community economic development. To help Illinois students and their families understand the complexity of financing higher education and make informed consumer decisions, ISAC offers a variety of tools, services, and programs under the umbrella of "Financial Literacy."

Personal Finance Seminars for Students

Before a student can make wise decisions about borrowing, that student must understand the basics of personal finance: What is a credit score? How is it calculated? What are the advantages of banking accounts versus the use of currency exchanges? What do terms such as "APR" "fixed" "variable" "accrue" and "capitalize" really mean? Many students, and particularly those who will be the first in their family to attend college, face the distinct disadvantage of having limited or no exposure to financial institutions and practices. At ISAC we believe that as an agency of the State of Illinois, it is our responsibility to educate students about personal finance long before the discussion of student loan promissory notes begins. Our mission is not to make loans. Our mission is to make college affordable for Illinois students. Education is the first step in that process.

Consumer Economics of Higher Education

Professional Development Sessions

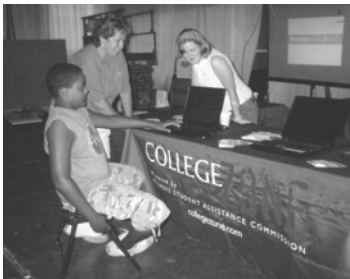
For the past two years, ISAC has offered high school counselors and other adults who work with college-bound students, the opportunity to attend professional development sessions that demonstrate methods for helping families become more informed consumers of higher education. A college education is a huge investment. Many families, though, view it not as an investment but as an honor. While it may very well be both, the fact is that in the frenzy to make the college dream a reality, impulsive financial decisions with long-term ramifications are sometimes made. Families often do not consider future earning potential when deciding to borrow and do not take into account the need for graduate school - and additional student loan debt - to pursue certain careers. In many cases, they have not received adequate information about school and program reputation, career placement services, average time to degree, transferability of coursework and other very important elements necessary for informed decision making. Illinois students are quite lucky to have a vast array of high quality educational options available right here in their home state. Our outreach staff believes that giving each student the tools to make the best decision and find the right college "fit" is essential for a strong industrial, intellectual and financial future for Illinois. By training the counselors and mentors that work with students and parents every day, we empower the professionals that Illinois families know and trust to provide one-on-one guidance whenever and wherever it is needed.

Taking ISAC's Message To The Streets

Multifaceted outreach strategy fuses high-tech with grass-roots organizing



A College Zone Outreach Center is operated at every community college campus as well as at ISAC's Chicago office. Trained counselors are on hand to help with a wide range of college planning issues, free of charge. Spanish-speaking counselors are available at many campus outreach centers, or by phone (800-899-4722).



It's never too soon to start planning. Devon Sabo, a 6th-grader from Pleasant Plains gets tips from ISAC staff at ISAC's Illinois State Fair booth. Visitors from across Illinois stopped by to learn about early college preparation, the College IllinoisSM prepaid tuition plan and completing the FAFSA (Free Application for Federal Student Aid).

Navigating the confusing and ever-changing college financial aid delivery process is a challenge. But unfamiliarity with the process should not be a barrier to any Illinois student who wishes to attend college. By utilizing an engaging Web site, grass-roots organizing techniques and coalition-building, ISAC is able to reach unprecedented numbers of Illinois students, their families and those who help them with college planning.

- In 2007, ISAC helped more than 85,500 students and other clients, and reached another 43,000 students and parents at workshops and college fairs throughout the state. More than 850,000 brochures were distributed, including materials in Spanish and Polish.
- Thousands of high school counselors and community agency advisors were trained by ISAC staff at 40 sessions to help families learn what scholarships, grants and loans are available and how the financial aid process works. Hundreds of counselors and community advocates attended the popular "How to Complete A FAFSA...in Spanish" seminars conducted in Cook, McHenry, Will and Kane Counties.
- The message urging parents to plan sooner for college was taken to the streets by ISAC in 2007 at Chicago's huge Bud Billiken Parade and Picnic, the Illinois State Fair in Springfield and the DuQuoin State Fair, sporting events, college fairs and other venues.
- Some of ISAC's methods of aggressively reaching every family possible have earned the agency national acclaim by higher education advocates. See pages 14-15 for details on ParentNET, Vertical Teams, the Taxpayer Assistance Program, electronic transcript transfer and others innovative collaborations.
- As the amount of student loan debt rises, ISAC offers a range of financial literacy seminars and outreach activities. In 2007, ISAC conducted 72 personal finance seminars on college campuses to help students make educated decisions about money. See page 17 for more.

- ▶ 1.7 million hits on collegezone.com
- ▶ Financial aid events impacting 457,800 residents in every Illinois county
- ▶ 43 events conducted in Spanish for 6,500 participants
- ▶ 64,533 calls handled by ISAC counselors
- ▶ Thousands of counselors and advocates trained at 40 events
- ▶ 850,000 ISAC brochures distributed
- ▶ 56,517 hits on innovative "IllinoisMentor"
- ▶ College Zone Outreach Centers at 50 community colleges

The Student Loan Industry in Flux

ISAC stays ahead of the curve

The student loan industry was rocked in 2007. New federal legislation, the global credit crunch, and alleged improprieties by some schools and lenders contributed to unprecedented changes in the landscape. ISAC has so far navigated the crisis while other lenders and guarantors have struggled to survive.

Challenging trends emerge

In late 2006, federal cuts to lender payments were looking increasingly likely, while competitive market pressures, volatile interest rates, and a burgeoning number of loan consolidations were threatening the ISAC student loan portfolio's profitability. In an effort to limit the agency's exposure to these risks – to take such chances only on behalf of Illinois students and institutions – ISAC began in January 2007 a process of selling part of its student loan portfolio. In particular, the agency put out for bid those loans made to out-of-state students attending non-Illinois schools.

These sales:

- boosted the proportion of "Illinois-nexus" loans from 29 percent to more than 75 percent;
- enabled ISAC to pay down \$3.3 billion in debt, as well as cover the cost of MAP Plus grants and a portion of the Monetary Award Program (MAP) to help lower- and middle-income students attend college, and
- insulated the agency, Illinois taxpayers and Illinois students from greater losses as even bigger challenges took root.

Federal action cuts revenue

On October 1, 2007, the federal College Cost Reduction and Access Act of 2007 (CCRAA) took effect, resulting in dramatically reduced federal payments to ISAC and other guarantors and lenders of federal loans. While the CCRAA does many positive things – increasing federal Pell grants for the neediest students, for example – it also cuts \$21 billion in federal payments to lenders and guarantors over the next five years.

The annual loss in revenue to ISAC due to the CCRAA is projected to be \$9 million; if ISAC had retained the entire portfolio, the losses would have been nearly \$20 million.

Global credit crunch spurs increase in cost of borrowing

The cost of borrowing soared after the August 2007 meltdown in the global financial markets. Investors who had witnessed the subprime mortgage debacle grew increasingly skeptical of the commercial financial market, including the debt instruments that have been some of the student loan industry's most frequently used means for financing new loans.

This disruption in the markets may cost ISAC an additional \$6 million annually in unexpected borrowing costs. However, the crisis would have proved even tougher on the "old ISAC." Had the agency not paid down the majority of its debt, the cost of borrowing would likely have been \$21 million higher.

ISAC's Finances

Loan sale summary and bonds defeased

Loan Sale Summary:

	Par Value of Loans Sold	Premium	
		\$	%
January Loan Sale:	\$628 million	\$37.2 million	5.90%
July Loan Sale:	\$1.38 billion	\$46.9 million	3.40%
August Loan Sale:	\$1.06 billion	\$30.3 million	3.00%
Total	\$3.068 billion	\$114.4 million	3.70%

Bonds Defeased/Called through 10-04-2007:

1992 Trust-All Series	\$ 690,180,000
1995 Trust-All Series	\$ 940,000,000
2001 Trust-All Series	\$ 881,200,000
2002 Trust	
Series 2002 I-1, I-2,	\$ 140,000,000
Series 2003 III-2, IV-2,V,	\$ 187,650,000
Series 2004 VI-1, VI-2, VII	\$ 210,000,000
VRDN All Series	<u>\$ 259,700,000</u>
TOTAL	<u>\$ 3,308,730,000</u>

Innovative Approaches

Broad collaborations, sensible solutions

ISAC is spearheading three statewide initiatives to help first-generation college students prepare for college much sooner, boost the number of Illinois families who may be eligible for federal and state college financial aid, and expedite the process of applying to college.

Promoting earlier college planning

Many elementary and junior high school students receive the message that “college is possible” but still don’t know how to take the next steps. The KnowHow2GO campaign is a national effort to encourage young people to actively pursue postsecondary education. Developed by the Lumina Foundation, American Council on Education and Ad Council, KnowHow2GO uses free and paid media, an interactive Web site, street-level marketing and professional training to promote college preparation to children of inner city, rural and immigrant families.



The Lumina Foundation has awarded ISAC a \$225,000 KnowHow2GO grant to implement the initiative in Illinois. The grant will be used to roll out the pilot Vertical Team initiative (see page 14) and partner with Chicago Public Schools to plant the seed early that college is achievable.

“We want students in middle school or younger to start preparing for college academically and we want their families to start preparing financially,” said ISAC Executive Director Andrew Davis.

Getting 3,439 Illinois families in the game for financial aid

Beginning in January, high school seniors need to submit a FAFSA (Free Application for Federal Student Aid), the basic building block in creating a college financial aid package. The FAFSA determines eligibility for grants, scholarships, loans and work-study programs, and is the essential first step in receiving financial aid from federal, state and private sources. Much of the information required on the FAFSA will be from income tax returns, so ISAC encourages families to combine the two projects.



By partnering with the Tax Assistance Program (TAP), which provides free tax preparation for low-income taxpayers at 47 sites statewide since 2005, ISAC assisted 3,439 families in completing their FAFSA right on the spot. “Here are 3,439 low-income families who might have missed opportunity to receive the federal or state college assistance they deserved,” Davis said. “We helped them get in the game and plan to expand this terrific partnership with TAP.”

Modernizing the college application process for Illinois students

For a century, high school guidance counselors and college admission officers wrestled with mountains of paper as millions of high school transcripts were mailed to Illinois universities and colleges. Thanks to an ISAC-led initiative, this paper-driven approach to college applications is on its way out. Illinois was the first Midwestern state to adopt an electronic transcript exchange, using ISAC’s IllinoisMentor system, which is easy and free.

The student initiates the electronic transcript transfer process when he or she first applies for admission online through IllinoisMentor at collegezone.com. Both the high school and college must be participants in the Electronic Transcript Exchange Project. One school - Princeton High School - has already transmitted 29 transcripts for its students. As of January 1, 2008, 65 Illinois high schools have agreed to participate, 18 high schools have already sent electronic transcripts, and 35 Illinois universities and colleges are accepting them.

“Transmitting transcripts with a simple mouse click instead of relying on sending them through the mail brings efficiency to a once-cumbersome process,” Davis said. “The technology exists and is made available by ISAC at no cost to high schools and colleges.”

Education advocates laud ISAC’s Electronic Transcript Exchange Project. “Today’s tech-savvy students demand the accuracy, ease and security provided by electronic transcript exchange,” said Illinois Board of Higher Education Executive Director Judy Erwin. “This cuts administrative costs to both high schools and colleges, and we endorse it.”

Innovative Approaches

Building partnerships with parents, local communities

Students need more than financial assistance to gain a college education. Cutting-edge programs have been developed by ISAC to address the needs of first-generation students, students from low-income families and those who have fallen through the college track cracks. Both the ParentNET and Vertical Teams initiatives - which ISAC plans to roll out in the upcoming year - have been hailed nationally as model programs.



Parent Network for Education and Training (ParentNET): Getting parents involved
Many students rely on their parents – some of whom lack any prior college-going experience – to make decisions about higher education with lifelong impact. ParentNET is a college access initiative designed to help parents as they help their children prepare for college. A community-based collaboration, ParentNET provides programming to address the special needs of families with students aspiring to be the first in the family to attend college.

Through the ParentNET partnership, ISAC works closely with educators and community leaders in a “four-season strategy” to help parents believe their children can attend college and prepare for it. In the fall, early awareness workshops are offered. Financial aid awareness and FAFSA completion seminars are convened in the winter. Springtime brings college campus exposure and parent leadership training occurs in the summer. Each event increases the social capital of the parents, enabling them to navigate the complex process of college admission and financial aid.

“We’re using traditional coalition-building and grassroots organizing techniques to put nontraditional students on a college track much sooner and keep them there.”

Andrew Davis
Executive Director
ISAC

ParentNET began in 2006 as a pilot project with several Chicago-area partners: University of Illinois at Chicago, Latin American Recruitment and Educational Services, Richard Daley College, West Side Technical Institute, League of United Latin American Citizens (LULAC), National Education Service Center, Benito Juarez Community Academy, Kelly High School and Community Links High School. Parents attended various college fairs (offered in English and Spanish), culminating in a “Three College Visits in One Day” tour, during which parents were bused to a vocational school, community college and university.

College Access Vertical Teams: Unclogging the P16 pipeline

The path to college must begin early in a student’s career. Many low-income students in particular need more guidance and support as they advance through elementary and secondary school. To eliminate barriers to postsecondary education for such students, ISAC developed the College Access Vertical Team concept. The idea is to establish small networks of educational and outreach professionals within the P16 continuum to support and mentor students at a much earlier age.

A local Vertical Team is comprised of at least five individuals: a representative from a community-based organization, a middle school teacher, a high school counselor, and a college financial aid administrator and admission counselor. Each individual builds upon the previous action of another while simultaneously laying the groundwork for subsequent action. Training and materials are provided by ISAC, which facilitates monthly meetings.

The first Vertical Team was organized in the Rockford area in 2006. Consisting of Rock Valley College, Rockford East High School, Lincoln Middle School and La Voz Latina, this team organized popular outreach events, including a day-long field trip to Rock Valley College which enabled students to attend a real college lecture, participate in a campus-wide scavenger hunt and meet with first-generation college students.

ISAC's Finances

Restructured/simplified debt portfolio

2002 Resolution: Outstanding Issues post Restructuring

Series	Payment Priority	Rate Reset Frequency	Maturity	Outstanding Par Value Post Restructure
2002 I-3	Senior	28 days	3/1/2042	\$ 70,000,000
2002 II	Subordinated	28 days	3/1/2042	\$ 30,000,000
2003 IV-1	Senior	28 days	3/1/2043	\$ 88,150,000
2003 IV-3	Senior	28 days	3/1/2043	\$ 21,400,000
2004 VI-3	Senior	28 days	3/1/2044	\$ 75,000,000
2005 VIII-1	Senior	28 days	3/1/2045	\$ 70,000,000
2005 VIII-2	Senior	28 days	3/1/2045	\$ 70,000,000
2005 VIII-3	Senior	28 days	3/1/2045	\$ 80,000,000
2005 VIII-4	Senior	28 days	3/1/2045	\$ 50,000,000
2005 VIII-5	Senior	28 days	3/1/2045	\$ 60,000,000
2005 VIII-6	Senior	28 days	3/1/2045	\$ 70,000,000
2005 VIII-7	Senior	28 days	3/1/2045	\$ 80,000,000
2005 VIII-8	Senior	28 days	3/1/2045	\$ 80,000,000
2005 IX-1	Subordinated	28 days	3/1/2045	\$ 20,000,000
2005 IX-2	Subordinated	28 days	3/1/2045	\$ 20,000,000
				<u>\$ 884,550,000</u>
		Total Senior		\$ 814,550,000
		% Senior		92.1%
		Total Subordinated		\$ 70,000,000
		%Subordinated		7.9%

Restructured/Simplified Debt Portfolio:

Total Available Credit/Debt Issues Outstanding

Pre Loan Sales and Restructure		
1992 Resolution	\$ 690,180,000	FFELP and Alternative Loans
1995 Resolution	\$ 940,000,000	FFELP and Alternative Loans
2001 Resolution	\$ 881,200,000	FFELP and Alternative Loans
2002 Resolution	\$ 1,432,200,000	FFELP and Alternative Loans
Five series of VRDN's	\$ 259,700,000	FFELP and Alternative Loans
Bank of America Warehouse Line	\$ 500,000,000	FFELP
Total	\$ 4,703,280,000	
Post Loan Sales and Restructure		
2002 Resolution	\$ 884,550,000	FFELP ONLY
Citibank Warehouse Line	\$ 500,000,000	Alternative Loans*
Total	\$ 1,384,550,000	

* Amended 10/2007 with a \$150 million sub limit for FFELP loans

The Illinois Designated Account Purchase Program



For three decades, the Illinois Designated Account Purchase Program (IDAPP) has been originating loans and providing exceptional services to Illinois and out-of-state borrowers. During the past year, however, IDAPP has transitioned to a new "Illinois-nexus model", focusing on making loans to students attending Illinois schools

As the current student loan market continues to be volatile, IDAPP remains committed to providing educational loans to the students and colleges of Illinois as evidenced by the newly created *College Illinois!* Capstone Loan program (page 12). Additionally, many Illinois colleges have asked IDAPP to assist with developing their preferred lender lists, including Western Illinois University, Illinois Wesleyan University, Rush University, Trinity International University, Saint Xavier University and Robert Morris College.

"The Low Cost Borrower Benefits Program will slash the amount of debt a student faces on graduation day. And by cutting the interest rate for borrowers who pursue vital but lower-paying careers such as teaching, we improve the quality of life for all Illinois residents."

Andrew Davis
Executive Director
ISAC

New initiative will save typical college student \$2,600 while providing incentive to live and work in Illinois

In December, IDAPP's Low Cost Borrower Benefits Program was introduced. Through this program, Illinois college students who receive federal Stafford loans may now be able to have as much as 1.8 percent cut from their interest rate.

The Low Cost Borrower Benefits Program slashes the cost of borrowing for Illinois college graduates whose careers may be in lower-paying fields, such as social work, teaching or health care. A borrower who has received a Stafford loan through ISAC's lending division - IDAPP - is eligible to cut the interest rate by obtaining Illinois employment, earning less than \$50,000 or enrolling in a direct debit program.

A student who borrows \$20,000 with a ten-year repayment period will save an estimated \$2,600 over the life of the loan under this initiative. The Low Cost Borrower Benefits Program cuts college costs in three ways:

- A 0.5 percent interest rate reduction is earned immediately for obtaining Illinois employment. Eligibility begins once the borrower has graduated, entered repayment and begun paying state income taxes.
- An interest rate reduction of 0.5 percent is applied if the borrower's annual income is between \$30,001 and \$50,000. A 1.0 percent interest rate reduction is applied if the borrower's annual income is \$30,000 or less.
- A 0.3 percent rate reduction is earned by enrolling in the direct debit program, through which the borrower may pay the loan directly from a

Breaking New Ground: Illinois Veterans' Home Nurse Loan Repayment Program

Helping those who help our heroes

Deborah Frank, a single mom from Kankakee County, was facing \$4,500 in student loan debt. A licensed practical nurse at the Manteno Veterans' Home for the past 12 years, Frank heard that the new Illinois Veterans' Home Nurse Loan Repayment Program was designed to help nurses pay off their student loans. In November, Frank became the first Illinois nurse to participate in the groundbreaking new initiative. She is now planning to use the grant to pay off her loans from nursing school, thanks to her commitment to helping Illinois veterans. "I hope this program will be an incentive for nurses to work in the Veterans' Homes because I'm very happy with my job here at IVHM," Frank said.

To address the nursing shortage and ensure quality care for those in the state's veterans' homes, the State of Illinois created the Veterans' Home Nurse Loan Repayment Program to be administered by ISAC in conjunction with the Illinois Department of Veterans' Affairs (IDVA). Nurses employed at a veterans' home for one year are now eligible to have as much as \$5,000 of their student loans repaid by the state. The award may only be used to pay the recipient's educational loan.

To be eligible for the repayment, the registered professional or licensed practical nurse must:

- be a U.S. citizen or eligible non-citizen and be an Illinois resident;
- have an outstanding balance due on an eligible educational loan (includes Stafford loans, Graduate PLUS loans, consolidation loans, nursing student loans, Supplemental Loans for Students, alternative loans and other types of government and institutional loans);
- be a nurse who meets licensing requirements of the Illinois Department of Financial and Professional Regulation and is in good standing by the IDVA; and
- fulfill a 12-month period as a registered nurse or licensed practical nurse at one of Illinois' Veterans' Homes, in Anna, LaSalle, Quincy or Manteno.

"One way to honor the sacrifices made by the men and women who now reside in Illinois Veterans' Homes is by providing the best care possible," IDVA Director Tammy Duckworth said. "The Veterans' Home Nurse Loan Repayment Program enables us to keep quality nursing professionals on the job, doing what they do best."

"Nursing is a tough profession that takes a special kind of person, one with commitment and compassion," ISAC Executive Director Andrew Davis said. "When it comes to caring for our veterans, the people of Illinois wish to attract and retain the very best nursing professionals. This program will help do so."



Nurse Deborah Frank with Victor Sylvester, a World War II veteran at the Manteno Veterans' Home. Frank became the first Illinois resident to participate in the Veterans' Home Nurse Loan Repayment Program, which helps nurses pay off their student loans.

"We are making every effort to help make sure that all of our veterans get the quality care they deserve.

The new Veterans' Home Nurse Loan Repayment Program will not only help nurses repay their student loans, it will attract even more qualified nurses to pursue their career helping take care of our veterans."

***Governor Rod R. Blagojevich,
in his Veterans' Day announcement
making \$1.2 million available for the
Veterans' Home Nurse Loan Repayment Program.***

Breaking New Ground: College Illinois!SM Capstone Loan Program

Trailblazing initiative helps college seniors "cross the finish line"

"We have many students who must borrow to complete their college degrees but who are idealists in their vocation. That usually means a lower-paid occupation, and the Capstone program can make their dreams and future contributions to Illinois possible."

**Chancellor Sylvia Manning
University of Illinois
at Chicago**



"The Capstone Loan has made a huge difference with my finances and took away the most stressful part of my last year in college, which is worrying about paying rent and other living expenses. I'm thankful Capstone was created and that I was eligible."

**Chelsea Gunder
Western Illinois University
English Education major
from Justice, Illinois**

For many college seniors, the final year of school poses new financial burdens. Often, they have exhausted their grant, loan and other financial aid options. To address this problem, ISAC Executive Director Andrew Davis assembled a task force and charged it with designing a low-interest loan program to ensure that all of the other aid or loans these students received was not in vain. The result was the trailblazing College Illinois!SM Capstone Loan program.

The first of its kind in the nation, the College Illinois!SM Capstone Loan program is designed to "help college seniors cross the finish line" and keep Illinois students in Illinois. It includes a "salary-sensitive" interest rate component to help students who pursue crucial but lower-paying jobs (such as teachers or social workers), and students who plan to pursue careers in regions of the state with lower salary levels. The loan's interest rate starts at 8 percent, but there are unique interest rate reductions for students who are residents of the state (paying individual income taxes in Illinois) and work in Illinois or earn lower salaries, such as:

- A 1 percent interest rate reduction can be earned immediately for obtaining Illinois employment. Regardless of income, this benefit can be earned once the borrower has graduated, entered repayment and begun paying state income taxes. Annual proof of Illinois employment is required.
- A rate reduction of 1 percent will be applied if the borrower's annual income is between \$30,001 and \$50,000. A rate reduction of 2 percent will be applied if the borrower's annual income is \$30,000 or less. Annual proof of income is required.
- If the borrower works full time and has an annual income of \$30,000 or less, the outstanding balance on the loan may be reduced by 2 percent upon the completion of each series of 12 consecutive, on-time payments.

"By offering interest rate reductions for borrowers who stay in Illinois, we curb 'brain drain' and keep our new college graduates closer to home," Davis said. "And by reducing the rate another point or two for borrowers who are taking important but lower-paying jobs, we improve the quality of life for all Illinois residents."

The program's name - "Capstone" - is inspired by an ancient architectural term referring to the stone at the top of an arch which locks the rest of the structure together. It is the apex or crowning achievement, a fitting description of what this loan can do for students as they near the completion of their undergraduate work. Seven diverse Illinois schools participated in the initial pilot phase: University of Illinois at Chicago, Western Illinois University (Macomb and Quad Cities), Loyola University Chicago, Saint Xavier University (Chicago and Orland Park), North Central College (Naperville), Millikin University (Decatur) and Midstate College (Peoria). The pilot is being expanded in 2008-09.

Peoria Residents Are First Capstone Grads

Benita Fields (left) and Ritchie Higdon - both of Peoria - were the first students to graduate who benefited from a College Illinois!SM Capstone Loan. Both were November graduates from Midstate College, one of seven pilot schools in the Capstone Loan Program. Fields - a mother of six and now a Caterpillar employee - had exhausted all eligibility for other state and federal programs. "This loan came at just the right time," Fields said. Higdon, who graduated with a Bachelor of Science in Accounting, said, "This loan allowed me to finish my degree without having to put a financial burden on my family."



College Illinois!SM: A Worry-Free Way To Pay For College

Illinois' prepaid tuition plan celebrates 10th anniversary

Soaring college tuition. Volatile financial markets. Rising student loan debt. For most families, the cost of a college education may be the single most expensive purchase they ever make, other than perhaps purchasing a home. So, ten years ago, the State of Illinois created a 529 Prepaid Tuition Program called *College Illinois!SM*, administered by ISAC. The idea was to give Illinois families a tax-advantaged way to lock in the cost of future college tuition and fees today.

Since then, *College Illinois!SM* has grown into one of the nation's largest prepaid tuition plans. More than 57,000 contracts, valued at more than \$1.1 billion, have been purchased for more than 53,900 students. These contracts represent prepayment of nearly 180,000 **years** of college. *College Illinois!SM* contracts are not affected by stock market volatility or a loss in purchasing power due to tuition inflation. Similar to an insurance policy, *College Illinois!SM* is a contract between the purchaser and the State of Illinois that ensures future payment of tuition and fees for college. *College Illinois!SM* really means College Anywhere, since benefits may be used at any Illinois college, as well as colleges and universities, public or private, nationwide.

Plan earnings are 100 percent exempt from state and federal taxes. Purchasers also can claim a state tax deduction of up to \$10,000 (or \$20,000 per couple) on contributions used to pay for *College Illinois!SM* contracts. These same tax benefits extend to grandparents or other family members who give the gift of a college education through *College Illinois!SM*.

Participants can purchase from one semester at a community college to nine semesters at a public university. Various payment options are available: participants may pay by lump sum or enroll in an installment plan. The Buy-A-Year approach is another popular way to begin building a financial plan to pay for college, by starting today and adding semesters over time. More information is available at collegeillinois.com.

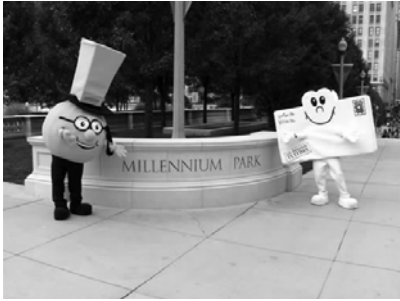
"I've never seen tuition rates go down, and to lock in at today's value really appealed to us."
Mike C., Crystal Lake



College tuition costs for a child born in 2008 are projected to be as high as \$140,000.



College Illinois!SM mascots Tony Tuition and Rex the Exclamation Point hit the road recently on a 10-stop tour of Illinois to promote College Illinois!SM enrollment. Every year, thousands of families learn about this prepaid tuition program through free and paid media, Internet marketing and promotional events such as this one at the Old State Capitol in Springfield (left), or at other venues such as the University of Illinois-Northwestern football game in Champaign or the Halloween celebration at Chicago's Millennium Park (right). Rex and Tony also annually display their hockey skills at Chicago Wolves home games in Rosemont.



Who Benefits From ISAC Scholarships and Grants?

\$448 million to 181,526 students

ISAC administers more than a dozen different grants and scholarship programs. Some grants are issued based on need, such as the Monetary Award Program (MAP) and the Silas Purnell Illinois Initiative for Access Program. Others are designed to encourage students to pursue careers in such vital professions as teaching or nursing.

Last year, ISAC issued \$448 million in grants and scholarships to 181,526 Illinois students. Some of the larger program appropriations and number of recipients in 2007:

	FY07 Appropriations	Recipients
Monetary Award Program (MAP)	\$354,259,000	145,796
Silas Purnell Illinois Initiative for Access	\$ 8,200,000	20,473
Illinois Veteran Grants (IVG)	\$ 19,250,000	10,964
Illinois National Guard Grants	\$ 4,480,000	1,999
Illinois Future Teacher Corps Scholarships	\$ 4,100,000	566
Minority Teachers Scholarships	\$ 3,100,000	601

The Monetary Award Program has been the state's cornerstone need-based college grant program. At least 4 million MAP grants have been awarded to students since the program was launched in 1967. The MAP grant provides payment toward tuition and mandatory fees at any Illinois public or private 2- and 4-year college, university or hospital school. The student must be an Illinois resident and not in default on any student loans. Eligibility is based on financial need and the maximum award depends on legislative action and available funding. Each academic year, the amount of the maximum annual award is the least of (1) the eligible amount as determined by an analysis of financial circumstances, (2) the maximum amount which ISAC allows for tuition and fees at the college, or (3) \$4,968.

The Monetary Award Program has expanded to accommodate the changing population of students and their needs. In 1974, the program was opened to half-time students. While some dependent students were helped by this change, the expansion significantly increased the number of independent students receiving aid. Less than 40 percent of MAP awards went to independent students before half-time awards were paid; today, nearly 50 percent of MAP awards go to independent students. In 1998, MAP was further expanded to include students attending proprietary institutions. Now, about 6,500 proprietary school students receive approximately \$18 million in MAP awards, nearly 5 percent of the dollars awarded.



William Alvarez, a Robert Morris College student in culinary arts, appeared at an ISAC Commission meeting in June to express his thanks for the MAP grant he received. "This grant is helping me to achieve my dreams and I really appreciate it," Alvarez said.

Who Benefits From ISAC Scholarships and Grants?

Veterans, the needy, future teachers

Silas Purnell Illinois Incentive for Access (IIA) Grant

Named for one of the Tuskegee Airman and a Chicago education advocate who personally raised funds so that 60,000 students from disadvantaged families could attend college, the Silas Purnell Illinois Incentive for Access Grant provides up to \$500 to thousands of college freshmen who have no family resources.

Illinois Veteran Grant (IVG)

Since 1920, Illinois has been a national leader in helping military veterans attend college. Through the Illinois Veteran Grant Program created in 1967, Illinois public colleges and universities partnered with ISAC to waive tuition and mandatory fees for nearly 11,000 veterans during the 2006-07 academic year, a number which will likely increase as more troops return home. The General Assembly has appropriated about \$19 million to help cover the cost of IVG in each of the past six years. The program was created to honor Illinois veterans (including members of the Illinois National Guard or a Reserve component of the Armed Forces) with at least one year of federal active duty. All periods of service must have been honorable.

Illinois National Guard (ING) Grant

The Illinois Army and Air National Guard is comprised of 13,200 men and women based at 53 armories and three air bases. After one year of service, an Illinois National Guard member is eligible for the Illinois National Guard Grant which pays for tuition and certain fees at public 2- or 4-year Illinois colleges and universities. For the 2006-07 school year, nearly 2,000 National Guard members used the grant to help with college expenses.

Illinois Future Teacher Corps (IFTC)

The State of Illinois needs new teachers, at least 15,000 per year. The Illinois Future Teacher Corps Program—created by Governor Rod Blagojevich in 2003 - is a scholarship for academically talented students who plan to pursue careers as preschool, elementary and secondary school teachers in Illinois. Based on the teaching commitment made, awards may be up to \$5,000 or \$10,000 per year for payment of tuition, fees, room and board. Students with financial need, minority students and those planning to teach in a hard-to-staff school or teacher shortage discipline receive awarding priority.



Morton College sophomore Guadalupe Zarco, participated in a panel discussion with ISAC Executive Director Andrew Davis in Cicero last October. Describing herself as a single mom who comes from an immigrant family and works two jobs, Guadalupe told ISAC officials, "There are many people here at Morton who have gone through the same thing that I have." Davis said ISAC is aware of the "changing profile" of today's college students, who are older and more likely to be working parents. "Society is changing. Students over age 24 are the fastest-growing college-bound group and ISAC is responding to these new demographics."