AGENDA ITEM 11.

College Illinois!
Contract Prices and Fees for 2002-2003 Enrollment Period

Submitted for: Action

Summary: Two proposed pricing schedules for the 2002-2003 *College Illinois!* enrollment period are presented for consideration by the Commission: Option A (Table A) and Option B (Table B). These proposed pricing schedules have been developed by staff in cooperation with the program's actuary, Milliman USA.

The pricing options proposed reflect an array of conservative assumptions designed, first and foremost, to ensure that the financial commitments made by *College Illinois!* to Illinois families remain secure. In each case, prices have been set at a level that will provide revenue from contract sales sufficient to fund future contract obligations and current administrative costs. Both options also provide for elimination of the program's actuarial deficit over time and creation of an actuarial reserve in its place. This reserve is created as a hedge against larger than anticipated tuition and fee hikes, extended periods of stock market volatility, and future contract sales below expected levels.

Prices proposed in Option A represent significant increases when compared with 2001-2002 contract prices: an average 23.3 percent higher for public university contracts and 12.7 percent higher for community college contracts. The combination plan contract price increases average 19.3 percent. Revenue from these price increases would be used to redress the adverse actuarial impact of both recent double-digit tuition hikes imposed at Illinois public universities and negative performance within the equities component of the program's investment portfolio. The stabilization reserve factor of 5.0 percent is included in Option A prices to preserve the program's actuarial soundness.

Prices proposed in Option B represent a continuation of the approach toward pricing adopted during the past year and it represents a less conservative approach than Option A toward contract pricing for 2002-2003. Option B results in public university contract prices that would increase by an average of 14.5 percent and community college contracts that would increase on average by 11.6 percent. Combination plan contacts would increase on average by 12.2 percent.

Table C presents the proposed fee schedule for the *College Illinois!* 2002-2003 enrollment period. For the fourth consecutive year, no fee increases are recommended.

The 2002-2003 *College Illinois!* enrollment period during which these prices are in effect will be from October 31, 2002, through March 31, 2003.

Action requested: Staff recommends that the Commission approve a schedule of *College Illinois!* contract prices for the 2002-2003 enrollment period, either those prices presented in Table A or Table B. It is further recommended that the Commission approve the schedule of *College Illinois!* fees and charges for the program set forth in Table C.

ILLINOIS STUDENT ASSISTANCE COMMISSION

College Illinois!
Contract Prices and Fees for 2002-2003 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 fourth enrollment period, during which more than 6,500 contracts were purchased, an increase of more than 25 percent compared with the previous year. In total, more than 28,000 *College Illinois!* contracts have been purchased and those contracts currently in effect represent a financial commitment by program participants of more than $400 million.

The program's fifth annual enrollment period is scheduled to begin on October 31, 2002, and continue through March 31, 2003.

PRICING OPTIONS FOR *COLLEGE ILLINOIS!* CONTRACTS

Two proposed pricing schedules for the 2002-2003 *College Illinois!* enrollment period are set forth in Option A (Table A) and in Option B (Table B). Both pricing schedules have been developed by staff in cooperation with the program's actuary. Each option represents a fiscally sound approach toward pricing.

Option A represents a more conservative approach that results in dramatically higher contract prices. This option more aggressively addresses the financial impact of recent stock market performance, double-digit tuition increases at Illinois public universities and an increase in the program's current actuarial deficit. Option A also lowers the program's long-term investment return assumption and modifies the tuition inflation assumption at Illinois public universities. The significantly higher prices that result from this approach may render *College Illinois!* contracts less affordable for some families which, in turn, could potentially diminish the level of contract sales during the program's 2002-2003 enrollment.

Option B represents the status quo in terms of the program's approach toward pricing. Option B essentially replicates the approach adopted by the Commission last year, keeping investment return expectations and tuition inflation assumptions unchanged, but still providing for a similar reduction in the program's current actuarial deficit. Price increases with this option are significantly less, resulting in more affordable *College Illinois!* contracts for the 2002-2003 enrollment, which is more likely to result in a level of contract sales similar to this past enrollment. Option B does not aggressively address the impact on the program of worsening financial markets and recent double-digit tuition inflation at Illinois public universities. Instead, this approach endorses the validity of the program's initial assumptions regarding investment return and tuition inflation expectations.

The program is utilizing the services of a new actuary for FY2003. The contract with the program's initial actuary expired on June 30, 2002. Earlier this year an RFP was issued and the outcome of that process was selection of a new actuarial firm to assist *College Illinois!* with annual pricing of contracts as well as preparation of the program's Annual Report. Milliman USA is the firm that was selected to assist *College Illinois!* staff in preparation of the proposed pricing and fees for the program's 2002-2003 enrollment period. William Riemert is the chief actuary assigned to assist *College Illinois!* throughout FY2003. The firm is under contract for one year with a provision for up to three one-year renewals.

PRICE DEVELOPMENT

Recommended prices for the 2002-2003 enrollment period were first determined by referencing estimated tuition and fee rates for the 2002-2003 academic year at all Illinois public universities and community colleges. 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 10.7 percent at public universities, and by an average of 5.7 percent at public community colleges. For the 2002-2003 enrollment period, recommended increases in *College Illinois!* contract prices for public university semesters and community college semesters exceed these average increases, due to the aforementioned adverse impact of recent investment performance, adjusted expectations for future investment return, and the premium necessary to create a stabilization reserve for the program.

This *College Illinois!* recommendation for increased contract prices is not unique. There are other state-sponsored Section 529 prepaid tuition programs across the nation that already have incorporated a premium into their contract prices, due to recent investment performance and the trend toward higher tuition and fees imposed at public universities and other higher education institutions nationwide. Milliman USA expects that most state-sponsored prepaid tuition programs that have not implemented a premium into their pricing in past years will likely consider doing so this year.

The most recent trend analysis demonstrates that tuition and mandatory fees at Illinois public universities increased by 7.0 percent annually during the past decade (1993-2003). Incorporating community college tuition and fees into the equation, these tuition and fees increased overall by 6.4 percent during that same decade. In the past several years, however, the trend has been higher, primarily due to increases imposed at the University of Illinois campuses at Urbana and Chicago. For 2002-2003, seven out of the twelve Illinois public institutions authorized double-digit tuition increases in response to lower state appropriations received consequent to the FY2003 Illinois state budget crisis.

After analyzing this and other data, *College Illinois!* staff has determined that pricing for *College Illinois!* contracts for the 2002-2003 enrollment period could reasonably assume that tuition and mandatory fees during the next two years could average 10.0 percent (an assumption included within pricing Option A). Once Illinois recovers from its current budgetary crisis, the expectation would be that in subsequent years, these tuition and fee increases will revert closer to the historical norm and increase by an average annual rate of 7.0 percent.

Similarly, the program's investment advisor, Watson Wyatt Investment Consulting, has confirmed that although 8.0 percent remains a defensible long-term target for average return on program investments, recent events have made this a less conservative expectation. When developing pricing options for the 2002-2003 enrollment, *College Illinois!* staff in one instance chose to propose (within pricing Option A) a more conservative investment return assumption of 7.75 percent.

College Illinois! contract options proposed for the upcoming enrollment period are generally consistent with those offered during prior enrollment periods. Purchasers can select from one to nine semesters at an Illinois public university, from one to four semesters at an Illinois community college, or the combination plan, which combines four semesters at a community college with four semesters at a public university. Benefits also can be used at private colleges in-state, as well as private or public colleges and universities across the nation. Nine semesters are offered as the maximum number for purchase at public universities (specified in state statute) because some academic programs require an additional semester of coursework beyond the traditional eight semesters before an undergraduate degree can be conferred. Although one semester is the equivalent of 15 credit hours, benefits may also be utilized at schools that operate on a quarterly or trimester basis.

As in prior years, a separate schedule is proposed for preschool students/beneficiaries (newborn through Kindergarten); for elementary and middle school students/beneficiaries (grades 1 through 8), and for high school students or beneficiaries who have graduated from high school (grades 9 through 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.

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 payment amounts over either 5 years or 10 years. The annual payment option has proven to be quite popular, with an estimated 15 percent of purchasers in each of the past two years choosing this approach.

OPTION A

Rationale

Under contract pricing Option A, it is recommended that *College Illinois!* contract prices increase dramatically for 2002-2003, in recognition of four major factors:

- Tuition and Fee Increases: Tuition and fees at Illinois public universities increased by 10.7 percent for the 2002-2003 academic year, led by the approximately 20 percent increase for freshman and sophomore students at the University of Illinois campuses in Urbana and Chicago, significantly more than 7.0 percent, which has historically been the average increase over the long term.

- Investment Performance: Investment returns for FY2002 were once again appreciably lower than expectations, resulting in an actuarial deficit for the program on June 30, 2002 (which can be diminished at least partially or entirely by these and future pricing decisions).

- Investment Return and Tuition Inflation Expectations: 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. The long-term annual investment return assumption has been lowered by 25 basis points, from 8.0 percent to 7.75 percent, in recognition of the economic challenges facing the United States and the world during the next five to ten years. Similarly, while the long-term annual tuition inflation assumption remains unchanged at 7.0 percent, prices are based on an expectation that (short-term), Illinois public university tuition and fees will rise on average by 10.0 percent during the next two fiscal years.

- Stabilization Reserve Requirements: Creation of a stabilization reserve requires additional revenue that will serve two purposes: (1) in the immediate future, stabilization revenue will help to reduce the program's current actuarial deficit; and (2) over time, a stabilization reserve will counteract the impact of future spikes in college tuition and fees, annual fluctuations in contract sales, and periods of economic uncertainty resulting in poor investment performance.

The option set forth in Table A and proposed for Commission approval once again reflects conservative assumptions designed, first and foremost, to ensure that the financial commitments made by *College Illinois!* to Illinois families 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. This stabilization reserve is created as a hedge against the kind of adverse economic conditions we currently are experiencing: the adverse impact of periodic spikes in college tuition and fees, annual contract sales volatility, and extended periods of low investment returns. Stabilization reserve revenues, like all *College Illinois!* revenue in the Prepaid Tuition Trust Fund, can be used at some future date only for payment of contract benefits or for program administrative purposes. By law, such reserve funds cannot be used for any purpose extraneous to the *College Illinois!* program.

Modification of Assumptions

Until now, there has been no appreciable change or modification in the *College Illinois!* program's approach toward pricing. The projections of future investment performance and future tuition and fee increases have been reviewed each year, but have not been changed. This year, however, under Option A, *College Illinois!* staff is recommending both a change in the program's investment return assumption and in the assumption regarding tuition and fee increases. Staff submits this recommendation for Commission consideration after thoughtful consultation with both our actuarial and investment advisors (Milliman USA and Watson Wyatt Investment Consulting, respectively).

Tuition and Fees: The Commission has assumed that average annual long-term tuition and fees at Illinois public universities shall increase at a rate of 7.0 percent and at community colleges at a somewhat lower rate of 6.5 percent, consistent with past experience in Illinois (during the past two decades). Recommended prices for 2002-2003 under Option A 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 10.0 percent during the years 2003-2004 and 2004-2005. The State of Illinois' present budgetary problems that resulted in double-digit tuition increases at many Illinois public universities are not likely to be resolved for a few years. Therefore, it appears reasonable for the immediate future to expect that higher than usual tuition and fee increases will be authorized at Illinois public universities. 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 college tuition and fees will spike during the next two years.

Investment Performance: In past years, the assumption was that over the long term (i.e., 10 years or more), investment returns would average 8.0 percent per year (a 5.5 percent "real" return on equities and fixed income investments; 2.5 percent annual inflation). While this still is possible, the combination of recent events has resulted in a great deal of uncertainty in terms of stock market returns. These include the demise of the technology stock bubble, the September 11, 2001 terrorist attacks and their aftermath, accounting scandals at some of the largest U.S. corporations (e.g., Enron, WorldCom, Tyco, Qwest and former accounting giant, Arthur Andersen), possible U.S. military action against Iraq, and persistent political unrest in the Middle East.

This higher degree of uncertainty regarding future investment performance supported by the opinions of our actuary and investment advisor persuaded staff to recommend a reduction of 25 basis points in the program's long-term investment return assumption to 7.75 percent, when setting recommended contract prices for 2002-2003 under Option A. Although reducing this investment return assumption increases the program's current actuarial deficit and creates upward pressure on contract prices, it is consistent with the program's stated preference toward holding conservative assumptions. Watson Wyatt Investment Consulting has updated their recommended assumption for likely investment performance for the program's current mix of investments to be 8.2 percent for any one year and 7.73 percent for any ten-year period. Accordingly, just as an 8.0 percent investment return was perceived as a conservative assumption during the bull market of 1998, 7.75 percent now appears to be a more genuinely conservative long-term investment assumption within the context of the present environment.

Stabilization Reserve: In 2001-2002, all contract prices included a 2.0 percent increase implemented to eliminate the deficit and generate additional revenue to create, over time, a stabilization reserve. Under Option A, for a second year this factor has been incorporated into pricing to continue this strategy. Taking into consideration the larger program deficit as of June 30, 2002, the result is that the proposed contract prices for 2002-2003 were increased by 5.0 percent to create this reserve. This is a proportionately similar factor to the 2.0 percent imposed last year, in order to appropriately acknowledge a larger projected actuarial deficit. Growth in the size of the actuarial deficit is the result of higher-than-anticipated 2002-2003 college tuition and fees, lower-than-anticipated investment performance in FY 2002, coupled with revised (lower) investment returns and (higher) tuition increases assumed in future years. Consequently, additional revenue is necessary to enhance the program's actuarial soundness. In the near-term, these revenues will help to reduce the program's current actuarial deficit. Long-term, a stabilization reserve will act as a financial bulwark against future spikes in college tuition and fees, fluctuations in contract sales, and periods of stock market volatility.

Other Factors: Nonetheless, there remain many aspects of the program that are *not* expected to change. Under both Option A and Option B, these include expectations that:

- an estimated 6,000 contracts will be purchased in FY2003 -- a level of sales consistent with the program's experience during the past several enrollment periods;
- contracts will be allocated similarly by type in FY2003 and each year thereafter;
- through annual pricing decisions, along with improved actual investment performance, the program's actuarial deficit will be diminished, then eliminated, and an actuarial reserve will be created and maintained in future years; and
- the program's administrative costs approved for FY2003 are incorporated into contract pricing.

Overview Option A

Option A represents a more conservative approach toward pricing than Option B. This approach results in dramatically higher contract prices because it more aggressively addresses the financial impact of recent stock market performance and recent double-digit tuition increases at Illinois public universities. Option A does this by lowering the program's long-term investment return assumption and modifying the tuition inflation assumption at Illinois public universities. The significantly higher prices that result from this approach may render *College Illinois!* contracts less affordable for some families which, in turn, could potentially diminish the level of contract sales during the program's 2002-2003 enrollment.

Prices proposed in Option A represent significant increases when compared with 2001-2002 contract prices: an average 23.3 percent higher for public university contracts and 12.7 percent higher for community college contracts. The combination plan contract price increases average 19.3 percent. Revenue from these price increases would be used to redress the adverse actuarial impact of both recent double-digit tuition hikes imposed at Illinois public universities and negative performance within the equities component of the program's investment portfolio. The stabilization reserve factor of 5.0 percent is included in Option A prices to preserve the program's actuarial soundness.

These particular public university contract options have price increases that range between 20.9 percent and 27.3 percent; community college contract options have price increases that range between 8.9 percent and 18.7 percent; and the three combination plan options range between 18.3 percent and 20.5 percent. Generally speaking, although contracts for younger beneficiaries are priced lower, prices for those contracts increase by a larger percentage, because of the change in expected future investment returns. (That is, a lower investment return expectation has a larger impact on contracts that are in place over a longer period of time.) Prices for all installment contracts increase by similar percentages as the program's lump sum contracts.

Under Option A pricing (Table A):

- one year (two semesters) at an Illinois community college can be purchased for $1,918 or for $41 per month over five years for a child in kindergarten or younger;
- one year (two semesters) at a public university for the same child could be purchased for $6,121 or $125 per month over five years;
- a four-year (eight-semester) contract for a grade school/middle school student can be purchased for $25,432. This same contract also could be purchased for $512 per month over five years or $306 per month over ten years; and
- a combination contract can be purchased for this same student for $16,435 or $332 per month over five years or $199 per month over ten years.

OPTION B

Option B represents a continuation of the approach toward pricing adopted during the past year and it represents a less conservative approach than Option A toward contract pricing for 2002-2003. Under this option:

- Contract prices reference actual mean-weighted average increases imposed at Illinois public universities and community colleges during the past year;
- The program's long-term tuition and fees inflation assumption at Illinois public universities would remain at 7.0 percent each year into the future, with community colleges tuition and fees increasing at a somewhat lesser rate of 6.5 percent;
- The program's long-term investment assumption would remain at 8.0 percent (a 5.5 percent real rate of return and 2.5 percent inflation); and
- Prices would include a stabilization reserve factor of 5.0 percent, which is proportional to the 2.0 percent charged during 2001-2002.

Option B results in public university contract prices that increase by an average of 14.5 percent and community college prices that increase by an average of 11.6 percent. Combination contract prices (four semesters at a community college and four semesters at a public university) increase on average by 11.9 percent.

Option B does not lower the investment return assumption for the program, nor does it assume a continuation of double-digit tuition increases during the next two years (an expected consequence of the current state budget crisis). The proposed stabilization reserve factor of 5.0 percent is proportionately the same as the 2.0 percent factor imposed in 2001-2002. As in Option A, this approach results in progress toward elimination of the program's actuarial deficit and creation of an actuarial reserve in future years.

The proposed Option B pricing schedule for 2002-2003, as presented in Table B, demonstrates that:

- One year (two semesters) at an Illinois community college could be purchased for $1,860, or for $40 per month over five years for a child currently in kindergarten or younger;
- One year (two semesters) at a public university for the same child could be purchased for $5,623 or $115 per month over five years;
- A four-year (eight-semester) contract for a student currently in grade school could be purchased for $23,587. This same contract also could be purchased for $475 per month over five years or $284 per month over 10 years.
- A combination contract could be purchased for this same student for $15,429 or $312 per month over five years or $187 per month over 10 years.

SCHEDULE OF FEES FOR *COLLEGE ILLINOIS!*

Table C presents the proposed fee schedule for the *College Illinois!* 2002-2003 enrollment period. As was the case last year, no fee increases are recommended.

The fees on Table C 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 $40 application fee is applicable to the second and all subsequent contracts purchased by the same individual.

In contrast, 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, account changes requested by the purchaser, as well as the transfer of benefits to private or out-of-state schools.

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 2002-2003 *College Illinois!* enrollment period during which these prices are in effect will be from October 31, 2002, through March 31, 2003. The 2002-2003 *College Illinois!* proposed prices in Option A represent increases from the previous year that average 23.3 percent for public university contracts and 12.7 percent for community college contracts. The combination plan contract price increases average 19.3 percent.

The *College Illinois!* contract price increases recommended for 2002-2003 under Option A address four major factors:

- recent double-digit tuition and fees at Illinois public universities, particularly at the large University of Illinois campuses in Urbana-Champaign and Chicago;
- stock market performance for FY2002 that has been appreciably lower than expectations;
- modifications to future investment return and tuition inflation assumptions to ensure that the program's long-term fiscal viability remains based on clearly conservative assumptions, rooted in a realistic view of what is achievable and likely to occur within the next decade; and
- continuation of a strategy to build an actuarial reserve (at the same pace as last year) which will ensure against future unanticipated spikes in university tuition and fees and annual volatility of contract sales.

Option B represents a continuation of the pricing approach adopted during the past year. It represents a less conservative approach toward contract pricing than Option A in that it does not lower the program's long-term investment return assumption nor does it assume that double-digit tuition increases will persist at Illinois public universities during the next two years. Under Option B, therefore, contract price increases for 2002-2003 are notably lower than in Option A. Option B contract prices for 2002-2003 average 14.5 percent for public university contracts and 11.6 percent for community college contracts. The combination plan contract price increases average 11.9 percent.

No fee increases are recommended for the 2002-2003 *College Illinois!* enrollment period.

Table A

College Illinois!

Pricing Schedule for 2002 - 2003 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**
Public Univ - 9 semesters	$26,594	$535	$6,170	$320	$3,672	$28,550	$574	$6,623	$343	$3,942	$30,342	$610	$7,039	*	*
Public Univ - 8 semesters	$23,699	$477	$5,498	$285	$3,273	$25,432	$512	$5,900	$306	$3,512	$27,020	$544	$6,268	*	*
Public Univ - 7 semesters	$20,796	$419	$4,825	*	*	$22,310	$449	$5,176	*	*	$23,697	$477	$5,498	*	*
Public Univ - 6 semesters	$17,880	$361	$4,149	*	*	$19,170	$387	$4,448	*	*	$20,350	$410	$4,722	*	*
Public Univ - 5 semesters	$14,958	$302	$3,471	*	*	$16,026	$324	$3,719	*	*	$17,004	$343	$3,946	*	*
Public Univ - 4 semesters	$12,021	$244	$2,790	*	*	$12,864	$260	$2,985	*	*	$13,633	$276	$3,164	*	*
Public Univ - 3 semesters	$9,078	$185	$2,108	*	*	$9,699	$197	$2,251	*	*	$10,264	$208	$2,383	*	*
Public Univ - 2 semesters	$6,121	$125	$1,422	*	*	$6,513	$133	$1,513	*	*	$6,869	$140	$1,595	*	*
Public Univ - 1 semester	$3,108	$65	$723	*	*	$3,326	$70	$774	*	*	$3,476	$73	$808	*	*
Comm Coll - 4 semesters	$3,637	$76	$846	*	*	$3,852	$80	$896	*	*	$4,023	$83	$935	*	*
Comm Coll - 3 semesters	$2,785	$59	$648	*	*	$2,934	$62	$683	*	*	$3,050	$64	$710	*	*
Comm Coll - 2 semesters	$1,918	$41	$447	*	*	$1,996	$43	$465	*	*	$2,051	$44	$478	*	*
Comm Coll - 1 semester	$1,006	$23	$236	*	*	$1,068	$24	$250	*	*	$1,117	$25	$261	*	*
Combination - 8 semesters (4 CC and 4 Public Univ)	$15,315	$309	$3,554	$185	$2,116	$16,435	$332	$3,814	$199	$2,270	$17,444	$352	$4,048	*	*

* payment plan is not available

Table B

College Illinois!

Pricing Schedule for 2002 - 2003 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
Public Univ - 9 semesters	$24,295	$489	$5,637	$292	$3,355	$26,462	$533	$6,139	$318	$3,654	$28,444	$572	$6,599	*	*
Public Univ - 8 semesters	$21,665	$437	$5,026	$261	$2,992	$23,587	$475	$5,472	$284	$3,257	$25,345	$510	$5,880	*	*
Public Univ - 7 semesters	$19,022	$384	$4,414	*	*	$20,703	$417	$4,803	*	*	$22,239	$448	$5,160	*	*
Public Univ - 6 semesters	$16,367	$331	$3,798	*	*	$17,801	$359	$4,130	*	*	$19,111	$385	$4,434	*	*
Public Univ - 5 semesters	$13,701	$277	$3,180	*	*	$14,891	$301	$3,455	*	*	$15,977	$323	$3,707	*	*
Public Univ - 4 semesters	$11,020	$224	$2,558	*	*	$11,961	$242	$2,776	*	*	$12,819	$259	$2,975	*	*
Public Univ - 3 semesters	$8,329	$170	$1,934	*	*	$9,024	$184	$2,095	*	*	$9,656	$196	$2,242	*	*
Public Univ - 2 semesters	$5,623	$115	$1,306	*	*	$6,067	$124	$1,409	*	*	$6,467	$132	$1,502	*	*
Public Univ - 1 semester	$2,908	$61	$677	*	*	$3,103	$65	$722	*	*	$3,275	$68	$762	*	*
Comm Coll - 4 semesters	$3,520	$73	$819	*	*	$3,781	$79	$879	*	*	$3,993	$83	$928	*	*
Comm Coll - 3 semesters	$2,691	$57	$628	*	*	$2,881	$61	$670	*	*	$3,029	$64	$705	*	*
Comm Coll - 2 semesters	$1,860	$40	$434	*	*	$1,962	$42	$457	*	*	$2,039	$44	$475	*	*
Comm Coll - 1 semester	$1,026	$23	$240	*	*	$1,050	$24	$246	*	*	$1,062	$25	$248	*	*
Combination - 8 semesters (4 CC and 4 Public Univ)	$14,168	$287	$3,288	$172	$1,958	$15,429	$312	$3,580	$187	$2,132	$16,567	$335	$3,844	*	*

* payment plan is not available

Table C
College Illinois!
Fee Schedule for 2002 - 2003 Enrollment Period

Type of Fee	Description	Amount
ADMINISTRATIVE FEES		
Application	application processing for new account	$75
Application - additional contracts *	processing of second and subsequent applications (same purchaser)	$40
Payment processing **	charge assessed for monthly and annual payment plans	$3 per payment (included in contract prices)
SERVICE FEES		
Late payment - monthly payment plan	payment received after payment grace period	$15
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	$15
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 $75 for first contract purchased and $40 for each contract thereafter purchased by the same individual.
** Payment processing fees are not refunded when a prepaid tuition contract is cancelled.
*** For reasons other than death, disability or scholarship.