

AGENDA ITEM 3.

EXECUTIVE DIRECTOR'S REPORT

ILLINOIS STUDENT ASSISTANCE COMMISSION

EXECUTIVE DIRECTOR'S REPORT

In the January Executive Director's report I noted my intention to engage staff throughout the agency in an initiative to evaluate and adapt our current financial assistance programs into an even better, more comprehensive array of options for Illinois families so that cost is not the only consideration when evaluating post-secondary options. To begin that process, and in keeping with one of the original charges of the agency, I organized an internal task force to develop the framework for a new alternative loan program that would not rely on traditional methods of assessing creditworthiness based on scores and collateral, but rather would rely on more academic predictive statistics. Students that have made it to their senior year in college are most likely to graduate. Students that graduate are less likely to default on their student loans. Students with a college education can expect to earn more than those without a degree. For the college senior struggling to finance the final year of college, degree completion, not an artificially low credit score due to lack of credit history, is more predictive of future financial stability. If we truly believe that post-secondary education is a valuable investment for families, then we must also demonstrate our belief that education is a valuable investment for the state of Illinois. To that end, the task force has returned a proposal that would offer loans to Illinois students attending Illinois colleges and who are in their final year of study. Eligibility for the program is based on academic future not credit history and includes incentives for our college-educated students to remain in Illinois and give back to the state that invested in their education. Borrowers would receive interest rate reductions for working in Illinois and be eligible for income contingent repayment options to ensure that talented students are not discouraged from pursuing much needed but traditionally lower-paying careers. This new "public" alternative to the for-profit private alternative loan industry is just one example of ISAC's renewed focus on providing comprehensive financial options to Illinois families.

Staff Appointments

I am very pleased to announce the addition of three key new individuals to ISAC's senior management team. As we celebrate our first 50 years of providing access to higher education and embark on our second 50 years of service to the citizens of Illinois, the agency is conducting a comprehensive self-evaluation and strategic review. This analysis is designed to help sharpen our focus on the efficient delivery of programs, products and services providing unique benefits to the people of Illinois. Each of the individuals joining us brings unique knowledge, experience and talents, as well as a great enthusiasm for the tasks at hand, that will help us successfully shape this ISAC of the future.

Kim Barker Lee has recently joined us as our General Counsel. Ms. Lee comes to ISAC from the law firm of Pugh, Jones, Johnson, and Quandt, where she was a Partner practicing in the areas of public finance, government relations and contracts. Her past legal experience includes serving as bond counsel and counsel to underwriters, borrowers, and issuers on a wide array of tax-exempt and taxable public finance transactions. Her previous legal practice has included transactions for the City of Chicago, Chicago Park District, Illinois Finance Authority, and other issuers in Illinois and in the Midwest. Ms. Lee received her BA from Yale College and Juris Doctorate from the New York University School of Law.

John Sinsheimer has joined us to assume the newly created role of Chief Financial Officer / Managing Director of Financial Products and Services. Initially, four key divisions will report to John – Business and Financial Services, Budget and Finance, IDAPP, and Program Services & Compliance. He comes to ISAC with a wealth of knowledge and experience in finance and higher education, having most recently served as the Associate Vice President of Finance for the Illinois Institute of Technology. Over his accomplished career, John has held several top finance executive positions with major corporations such as First Chicago, Dresdner Bank, Encyclopedia Britannica, the Federal Reserve Bank and Children's Memorial Hospital. Mr. Sinsheimer received his MBA from Northwestern University and his BA from Rice University in Houston, Texas.

And finally, we are pleased to welcome Katharine Gricevich as Special Assistant to the Executive Director. As the newest member of our government relations team, Katharine brings a keen grasp of the legislative process and Illinois higher education acquired over the past four years during which she served as a member of the Senate Democratic staff, specializing in education issues. She previously worked for the UN's International Criminal Tribunal for the former Yugoslavia. Ms. Gricevich received her BA from Beloit College in Beloit Wisconsin.

We are tremendously excited about the addition of these key members to our staff at this critical time, and look forward to their valuable contributions in helping to shape ISAC's future.

ISAC - Celebrating 50 Years

In this year of our 50th anniversary, it is only fitting to take a trip back in time and revisit ISAC, circa 1957. The retrospective begins with the focus on our flagship program, the Monetary Award Program or as it's commonly known, MAP. Perhaps few are aware that what is today known as MAP is actually the vehicle which launched the Illinois State Scholarship Commission.

On June 21, 1957, House Bill 380, establishing the Illinois State Scholarship Commission was signed. The purpose of the Commission was to administer a program that would "conserve the resource of talent vital to the welfare of the state and nation by assisting and encouraging youth in obtaining a college education." At the time, the Commission was to be comprised of seven members; 3 professionally associated with education and 4 lay citizens noted for their interest in education, all appointed by the governor.

As required by what was then the Illinois State Scholarship Program, an examination was administered as a means to determine the "applicant's superior capacity to profit by a higher education." In the first year of testing, 13,522 applicants took the Illinois State Scholarship Examination, which was administered on the campuses of 70 Illinois colleges and universities on February 1, 1958. Separate tests of English usage, mathematics, social studies, reading, natural sciences reading and word usage made up the test, specifically designed for this purpose.

A secondary consideration for eligibility was financial need on the part of the applicant. Because "it is assumed first that parents have a primary obligation to maintain a dependent child and this obligation does not lessen at the time the child enrolls in college," the College Scholarship Service was called upon to provide a method for determining the amount the family would contribute toward a college education. If all this sounds familiar, it's because today, some 50 years later, the process remains remarkably similar.

In the first year of awards - 1958 - 2,160 scholarships were awarded; 1,502 were monetary awards and 658 were honorary. (If an applicant met all eligibility criteria except

financial need, the award would be classified as honorary.) The distinction of the two different categories paved the way for today's MAP and Illinois State Scholar Programs. With comparatively humble funding of \$600,000, the average "stipend" amount was \$400 that first year.

Putting a human face on the data, the Illinois State Scholarship Commission's *Report* of that year tells us that sixty percent of recipients were male and 40 percent female. Three-fifths of the monetary awards were for attendance at private universities, while less than half of the honorary recipients planned to attend private institutions. According to the *Report*, "Choosing to attend a state institution (whose costs are low) made it more difficult for an applicant to demonstrate need and therefore increased the likelihood of his award being honorary."

First-year awardees indicated majors in science, mathematics and engineering, fields in which nearly 50 percent of recipients were studying. The occupational background from which the winners came was widely varied and suggested to researchers that "a great percentage of talented youth may be entering college from some cultural areas than had previously been the case."

And now, 50 years later, with an annual budget of nearly \$385 million and expected to provide awards for more than 145,000 college students this year, the evolution of what was then the Illinois State Scholarship Program into the Monetary Award Program has created one of the largest need-based grant programs in the nation. As expressed by high school guidance personnel in that first report, and as remains true a half-century later, the Illinois Student Assistance Commission and its efforts provide the opportunity of college to "students who previously could not entertain this prospect for financial reasons."

ISAC Participates in 2007 ILASFAA Conference

ISAC staff joined financial aid administrators from around the state at the recently-held Illinois Association of Student Financial Aid Administrators, Inc. (ILASFAA) 2007 annual conference. The theme of this year's conference was "Exploring Our Professional Future." Embracing this theme in the State Update address, I gave attendees an overview of ISAC's future and thanked them for their critical support and partnership toward all that has been accomplished in the past and expressed how important our partnership is for all that is hoped to be accomplished for Illinois students in the future.

Each year the conference is one of education and professional development. To that end, ISAC staff contributed as presenters for sessions about the Basics of EFC Calculation, Electronic Tools - Search Engines and Project Management Essentials - What Is a Project and How to Successfully Manage One. In addition, staff presented a repeated session with important information on the administration and operations of ISAC-administered programs.

Finally, since ISAC is commemorating three milestone anniversaries in 2007 – 50 years for ISAC, 30 years for the IDAPP and 10 years for *College Illinois!* prepaid tuition program – an anniversary reception was held at the conference. This event provided an opportunity to celebrate accomplishments that would not have been possible without our partnership with the Illinois financial aid community.

Legislative Update

The 95th General Assembly is in full swing and at least 15 bills have been introduced affecting ISAC. We have testified before several Senate and House committees on a range of topics, including our budget and the partial sale of the student loan portfolio.

On March 7, 2007, Governor Rod Blagojevich delivered his FY2008 budget address, which included a 1.9 percent increase for our Monetary Award Program, as well as funding for the Nurse Educator Loan Repayment Program.

The legislation impacting ISAC can be viewed on CollegeZone. A few bills we are actively supporting are highlighted below:

SB 519 – The “College Savings Employer Participation Initiative of 2007”. This bill encourages employers to match employee contributions to college savings programs, such as *College Illinois!*. It creates an income tax credit for employers, which would be 25% of the matching donation, not to exceed \$500 per employee per year.

State Treasurer Alexi Giannoulis – whose office administers the *Bright Start* college savings plan – has joined ISAC in promoting SB 519. This bill is an exciting new partnership with employers and will enable *College Illinois!* participants to see their savings grow more quickly.

SB 1455 – This bill requires ISAC to implement and administer a revolving loan program to provide nominal interest loans to cover the costs of attending a public or private institution of higher education. It provides that the loans must be made to students who maintain a “B” average and may not exceed \$5,000 per person per academic year. To be eligible, students need not be U.S. citizens, but they must meet residency criteria including attending an Illinois high school for at least three years, living in Illinois with a parent or guardian during high school, and signing an affidavit stating that the individual will apply for permanent resident status at the earliest opportunity.

HB 703 - The maximum MAP award a student may receive has been set by statute at \$4,968 for six years. During that time, however, the average tuition has increased 45 percent, leaving a growing gap. Further, under the current formula, a simple increase in the maximum award does not help community college students.

HB 703 is the result of a compromise amendment forged by Rep. David Miller, who Chairs the House Higher Education Appropriations Committee, between advocates for students attending Illinois’ private schools and those attending community colleges. The bill not only increases the statutory maximum by 10 percent to \$5,466, but also improves the formula by linking the percentage increase in the maximum MAP award to an identical percentage increase in the award to students whose awards are capped by tuition, primarily community college students, many of whom are women with small children.

The bill has the support of the Illinois Board of Higher Education, Illinois Community College Board, Women Employed, and the Federation of Independent Illinois Colleges and Universities (FIICU). If fully funded, the change would cost \$49 million.

HB 376 provides that distributions (i.e., benefit payments) to Illinois residents who invest in out-of-state Section 529 college savings programs are *exempt* from Illinois state income tax, just as is

already the case for Illinois Section 529 college savings programs, such as the *College Illinois!* prepaid tuition program, administered by ISAC, and the Bright Start and Bright Directions 529 savings programs administered by the Illinois Office of the Treasurer. *College Illinois!*, Bright Start and Bright Directions retain the Illinois tax *deduction* for contributions toward purchase of those in-state prepaid tuition contracts or college savings accounts.

Under current law, benefit payments from the Illinois 529 prepaid and savings programs *are not* added as income subject to Illinois state income tax, but distributions from out-of-state Section 529 programs *are* treated as income and are subject to Illinois Income Tax.

The bill provides that these out-of-state programs only receive this state tax exemption if they comply with national ethical marketing and disclosure requirements that have been established. The bill is a compromise that has been developed over several years and is intended to resolve the Illinois tax treatment of these out-of-state programs in perpetuity.

HJR 32 – A recent report by the National Council of State Legislatures found that state higher education policymakers often lack reliable information about current and future students. In states with large urban areas or growing immigrant populations, the need for fresh data is even more urgent. And since more “independent students” - those who are at least 24 years old, perhaps married, working or veterans - return to school, the NCSL also urges legislators “not to neglect adult learners”.

With these goals in mind, HJR 32 authorizes ISAC to enlist IBHE, Federation of Independent Illinois Colleges and Universities (FIICU), Women Employed, other advocates, demographers and others to take a comprehensive look at the “changing profile of Illinois college students” and the “degree to which they are served by MAP”, and report back to the General Assembly by December 31, 2007.

Finally, there have been several bills introduced this session to promote awardees of the Illinois State Scholars program and other “high performance” students. We are working with these sponsors to craft an innovative grant program to help keep Illinois’ “best and brightest” here in Illinois. Details will be forthcoming.

FY2007 MAP / Silas Purnell IIA / MAP Plus Status

As of March 16, 2007 143,535 students had been paid \$347.8 million in Monetary Award Program (MAP) awards. The Commission suspended award announcements for applications received on or after August 26, 2006. Currently 30,384 eligible applicants are in suspension status. No release of suspended applications is planned.

The Silas Purnell Illinois Incentive for Access (IIA) Program, funded for FY2007 at \$8.2 million, provides \$500 awards to zero-EFC students who applied prior to August 19, 2006. As of March 16 20,159 students had received awards totaling nearly \$7.7 million, and it appears the appropriation will be fully used. Awards for another 13,318 eligible students have been suspended.

MAP Plus is a new program that provides \$500 awards to sophomores, juniors, and seniors who do not receive MAP but have family incomes less than \$200,000. As of March 16, 54,097 students had been paid \$23.8 million through MAP Plus. 72,990 students who completed a FAFSA prior to the September 19, 2006 suspension date are eligible for MAP Plus; another 9,776 students have applications in suspended status.

ILLINOIS STUDENT ASSISTANCE COMMISSION
FISCAL YEAR 2007 APPROPRIATION SUMMARY REPORT
(July 1, 2006 - February 28, 2007)

	FY2007 Appropriation	Year-to-date Expended	Number of Recipients	Percentage Expended
<u>STATE GENERAL FUNDS</u>				
SCHOLARSHIPS AND GRANTS				
Monetary Award Program	\$354,259,800	\$309,292,850	141,230	87.3%
Illinois Incentive for Access Grants	8,200,000	7,006,500	19,844	85.4%
Teacher Loan Forgiveness Program	500,000	297,318	67	59.5%
Minority Teacher Scholarships	3,100,000	1,775,711	529	57.3%
Illinois Future Teachers Corps Scholarships	4,100,000	2,426,824	526	59.2%
Student to Student Grants	950,000	664,894	N/A	70.0%
Dependents Grants	470,000	215,041	47	45.8%
National Guard Grants	4,480,000	2,402,825	1,351	53.6%
Illinois Veteran Grants	19,250,000	19,215,026	8,875	99.8%
Bonus Incentive Grants	650,000	648,920	942	99.8%
Forensic Science Scholarships	500,000	0	0	0.0%
Nursing Education Scholarships	1,350,000	390,333	22	28.9%
Illinois Scholars Program	3,160,000	3,160,000	N/A	100.0%
TOTAL	\$400,969,800	\$347,496,243	173,433	86.7%
<u>SPECIAL REVENUE FUNDS</u>				
STUDENT LOAN OPERATING FUND				
Administration Expense (see detail on next page)	62,410,100	20,000,599	N/A	32.0%
Federal Loan System Development & Maintenance	5,000,000	681,822	N/A	13.6%
Higher Education Shared Service Center Expense	2,128,100	1,163,197	N/A	54.7%
Default Fees	15,000,000	7,376,475	N/A	49.2%
MAP Plus Grant Awards	34,400,000	15,057,000	40,237	43.8%
MAP Grant Awards	26,840,000	0	0	0.0%
TOTAL	\$145,778,200	\$44,279,092	40,237	30.4%
FEDERAL STUDENT LOAN FUND				
Loan Guarantee Program	190,000,000	100,292,009	N/A	52.8%
TOTAL	\$190,000,000	\$100,292,009	N/A	52.8%
SCHOLARSHIPS AND GRANTS				
Federal LEAP/SLEAP - Monetary Award Program	3,700,000	3,626,127	N/A	98.0%
Transfer to ED -Paul Douglas Funds Collected	400,000	0	N/A	0.0%
Federal Robert C. Byrd Fellowships	1,800,000	1,542,438	1,035	85.7%
TOTAL	\$5,900,000	\$5,168,565	1,035	87.6%
OTHER				
ISAC Accounts Receivables	300,000	38,267	N/A	12.8%
Higher Education License Plate Program	70,000	52,800	N/A	75.4%
Optometric Education Scholarship Program	50,000	50,000	10	100.0%
IVG- National Guard Grant Fund	20,000	0	0	0.0%
Illinois Future Teachers Corps Scholarship Fund	60,000	52,632	0	87.7%
Contracts and Grants Fund	70,000	6,025	N/A	8.6%
<u>TOTAL, SPECIAL REVENUE FUNDS</u>	\$342,248,200	\$149,939,390	10	43.8%
GRAND TOTAL	\$743,218,000	\$497,435,633	214,715	66.9%

ILLINOIS STUDENT ASSISTANCE COMMISSION

FISCAL YEAR 2007 APPROPRIATION REPORT

ADMINISTRATION

(July 1, 2006 - February 28, 2007)

STUDENT LOAN OPERATING FUND

Line Item	FY2007 Appropriation	Year-to-date Expended	% Expended
Personal Services	\$16,935,700	\$10,026,840	59.2%
Retirement	1,951,900	1,155,728	59.2%
Social Security	1,295,700	727,348	56.1%
Group Insurance	4,755,100	2,635,532	55.4%
Contractual Services	12,471,800	3,291,951	26.4%
Contractual - Collection Agency Fees	21,334,400	1,778,475	8.3%
Travel	208,300	49,841	23.9%
Commodities	265,200	47,776	18.0%
Printing	724,200	42,101	5.8%
Equipment	535,000	15,188	2.8%
Telecommunications	1,894,900	215,247	11.4%
Operation of Auto Equipment	37,900	14,573	38.5%
TOTAL	\$62,410,100	\$20,000,599	32.0%

ILLINOIS STUDENT ASSISTANCE COMMISSION
Federal Student Loan Reserve Fund (FSLRF)
Comparative Sources and Uses Report
Federal Fiscal Year to Date
(October 2006 -February 2007)

	2007	2006
BEGINNING CASH BALANCE, 02/01/07	\$38,970,882	\$48,789,493
Sources of Funds		
Collections	15,229,664	13,187,958
Repurchases, Rehabilitations & Consolidations	22,536,261	14,084,421
Reinsurance	60,239,856	46,001,271
Non- Reinsurable Claims	22,913	8,006
Default Fee	5,791,800	0
IRS Offsets	84,008	112,431
Interest on Investment	789,201	688,949
Miscellaneous Income	6,597	3,964
Total Sources	104,700,302	74,087,000
Uses of Funds		
Reimbursements to Lenders	64,562,926	55,095,432
Funds Remitted to Dept. of Education-Default Collections	11,219,722	8,073,214
Funds Remitted to Dept.of Education-Repurchases/Rehabilitations/Consolidation	15,526,368	7,942,387
SLOF Retention-Default Collections	3,265,719	3,553,796
SLOF Retention-Repurchases/Rehabilitations/Consolidations	6,503,593	3,333,898
Transfer to SLOF - Account Maintenance Fees	0	2,925,777
Default Aversion Fees	994,306	1,139,757
Collections on Non-Reinsurable Claims	50,589	120,074
Borrower Refund	172,114	161,757
IRS Offsets Refunded	118,340	180,947
Total Uses	102,413,675	82,527,039
ENDING CASH BALANCE, 02/28/07	\$41,257,506	\$40,349,458
ACCRUAL ADJUSTMENTS		
Due From Dept. of Education		
Reinsurance Claims Filed	11,447,996	18,286,595
Total Due from Dept. of Education	11,447,996	18,286,595
Due To Dept. of Education		
Collections Share	(1,963,127)	(3,915,418)
Reinsurance Repayments	(3,424,720)	(4,552,852)
Direct Consolidation Share	(111,186)	0
Total Due to Dept. of Education	(5,499,033)	(8,468,270)
Due to SLOF		
SLOF Retention Payables	(861,600)	(1,417,822)
Default Aversion Fee Payable	(230,023)	(240,524)
Collections on Non-Reinsurable Claims	(24,462)	(18,424)
Total Due to SLOF	(1,116,085)	(1,676,770)
Due from SLOF		
Collection Agency Commission	22,725	43,747
Default Aversion Fee Deferred Charges	7,642,609	7,327,453
Default Fee	530,419	0
Direct Consolidation Share	111,186	0
Total Due from SLOF	8,306,938	7,371,200
Other Adjustments		
Other Receivable	153,723	138,133
Vouchers Payable-Lender Reimbursements	(24,914)	(15,888)
Due to Dept of Education Reserve Recall	(3,191,056)	(6,382,113)
Total Other Adjustments	(3,062,247)	(6,259,868)
ADJUSTED FUND BALANCE, 02/28/07	\$51,335,075	\$49,602,347

* SLOF - Student Loan Operating Fund

ILLINOIS STUDENT ASSISTANCE COMMISSION
Student Loan Operating Fund (SLOF)
Comparative Sources and Uses Report
Federal Fiscal Year to Date
(October 2006 -February 2007)

	2007	2006
BEGINNING CASH BALANCE, 02/01/07	\$20,683,037	\$17,302,060
Sources of Funds		
SLOF Retention-Default Collections	3,265,719	3,553,796
SLOF Retention-Repurchases/Rehabilitations/Consolidations	6,503,593	3,333,898
Direct Consolidation Fees	1,080,311	2,325,410
Loan Processing & Issuance Fees	2,285,692	2,439,508
Account Maintenance Fees	5,112,180	4,342,109
Default Aversion Fees	994,306	1,139,757
Interest on Investment	438,542	389,266
Collections on Non- Reinsurable Claims	50,589	120,074
Miscellaneous Income	144,583	6,557
MAP PLUS (from IDAPP loan sale)	14,710,750	0
Total Sources	34,586,264	17,650,373
Uses of Funds		
Administrative Expenses	13,662,325	14,712,633
Default Fee	5,791,800	0
MAP PLUS	15,057,000	0
Non- Reinsurable Claims	22,913	8,006
Total Uses	34,534,039	14,720,639
ENDING CASH BALANCE, 02/28/07	\$20,735,264	\$20,231,792
ACCRUAL ADJUSTMENTS		
Due From Dept. of Education		
Loan Processing & Issuance Fees	1,478,467	1,425,102
Account Maintenance Fees	1,839,775	2,035,403
Total Due from Dept. of Education	3,318,243	3,460,505
Due to FSLRF		
Direct Consolidation Share	(111,186)	0
Collection Agency Commission	(22,725)	(43,747)
Default Aversion Fee Deferred Revenue	(7,642,609)	(7,327,453)
Default Fee Payable	(530,419)	0
Total Due to FSLRF	(8,306,938)	(7,371,200)
Due from FSLRF		
SLOF Retention Receivable	861,600	1,417,822
Default Aversion Fee Receivable	230,023	240,524
Collection on Non-Reinsurable Claims	24,462	18,424
Total Due from FSLRF	1,116,086	1,676,770
Other Adjustments		
MAP PLUS Receivable	351,250	0
Interest on Investment	87,199	85,319
Fixed Assets	315,041	281,365
Vouchers Payable-Administrative Expenses	(4,774,496)	(2,617,372)
Due to Illinois GRF	(4,407)	(2,420)
Total Other Adjustments	(4,025,414)	(2,253,108)
ADJUSTED FUND BALANCE, 02/28/07	\$12,837,240	\$15,744,758

*FSLRF - Federal Student Loan Reserve Fund

**ILLINOIS STUDENT ASSISTANCE COMMISSION
ILLINOIS DESIGNATED ACCOUNT PURCHASE PROGRAM
12/31/2006**

	<u>CURRENT MONTH</u>	<u>PREV. MONTH</u>	<u>FY TO DATE</u>	<u>CUMULATIVE</u>
<u>Disbursements:</u>				
<i>Student Loan Originations & Purchases</i>				
Average Borrower Indebtedness	\$ 14,512.00	\$ 7,070.00	\$ 7,540.00	\$ 6,017.00
Number of Borrowers	4,292	6,188	83,963	1,321,515
Total Originations & Purchases	\$ 62,286,859.00	\$ 43,746,949.00	\$ 633,042,621.00	\$ 7,952,199,329.00
<i>Operating Expenses</i>	\$ 5,842,724.00	\$ 5,846,315.00	\$ 39,678,377.00	\$ 425,955,141.00
 <u>Collections:</u>				
Principal - Student	\$ 61,582,558	\$ 90,522,185.00	\$ 626,601,008.00	\$ 4,061,644,799.00
Interest - Student	7,084,838	8,082,464	46,467,010	669,470,743
Principal - Guarantor	5,570,721	19,286,278	66,378,019	870,910,059
Interest - Guarantor	308,539	323,146	1,910,134	52,615,960
Federal Interest Benefits	0	0	20,252,059	248,515,327
Special Allowance	0	0	38,301,740	209,650,659
 <u>Summary:</u>				
Total Principal	\$ 67,153,279	\$ 109,808,463	\$ 692,979,027	\$ 4,932,554,858
Total Interest	7,393,377	8,405,610	48,377,144	970,602,030
Total Special Allowance	0	0	38,301,740	209,650,659
TOTAL COLLECTIONS	<u>\$ 74,546,656</u>	<u>\$ 118,214,073</u>	<u>\$ 779,657,911</u>	<u>\$ 6,112,807,547</u>

ILLINOIS STUDENT ASSISTANCE COMMISSION

**COLLEGE ILLINOIS!
TOTAL PROGRAM PERFORMANCE
FEBRUARY 2007 - FY 2007**

APPROXIMATE INVESTMENT RETURN, 02/28/2007

	<u>Ending</u> <u>Market Value</u>	<u>Fiscal</u> <u>Year-to-Date</u>	<u>Since</u> <u>Inception</u> ³	<u>Inception</u> <u>Date</u> ⁴
Total Program	\$885,864,236	10.2%	5.5%	7/6/1999
Policy Benchmark ¹		10.1%	5.6%	
Actuarial Assumption ²		5.3%	7.9%	
Domestic Equity	\$528,549,632	11.5%	3.7%	7/6/1999
William Blair & Co	39,179,465	9.2%	-3.3%	7/7/2000
Russell 1000 Growth		10.8%	-5.1%	
New Amsterdam Partners	37,571,947	9.0%	9.8%	7/15/2004
Holland Capital	35,154,505	6.7%	6.0%	7/15/2004
Russell 1000 Growth		10.8%	9.6%	
LSV Asset Management	75,087,912	14.2%	17.2%	2/13/2004
Russell 1000 Value		14.4%	13.5%	
State Street Global Advisors	75,525,337	11.7%	15.5%	4/21/2004
Russell 1000 Value		14.4%	15.7%	
Kenwood Capital	22,125,814	7.6%	17.6%	7/15/2004
Nicholas -Applegate Small Cap Value	213,840	0.0%	0.0%	7/15/2004
Russell 2000 Value		12.1%	18.2%	
SSgA S&P 500 Index Fund	131,733,496	12.2%	2.6%	7/6/1999
S&P 500 Index		12.2%	2.4%	
Nicholas- Applegate Small Cap Core	49,515,778	12.6%	18.8%	11/14/2005
Denver Investment Advisors	43,133,048	14.1%	19.2%	11/14/2005
Russell 2000		10.3%	14.8%	
RhumbLine Advisors	19,308,491	0.0%	0.0%	2/28/2007
Russell 2000 Value		12.1%	0.0%	
International Equity	51,190,452	20.8%	21.4%	10/1/2002
LSV Asset Management International	51,190,452	20.8%	29.4%	11/4/2005
MSCI EAFE		16.5%	27.0%	
Domestic Fixed Income	\$298,280,344	6.4%	6.2%	7/6/1999
JP Morgan Investment Advisors	112,535,224	6.4%	3.7%	7/1/2003
Lehman Aggregate Index		6.7%	3.5%	
SSgA LB Aggregate Index	43,331,736	6.6%	3.4%	6/10/2005
Lehman Aggregate Index		6.7%	3.5%	
Galliard Capital Management	71,242,377	0.0%	1.2%	11/1/2006
Income Research & Management	71,171,007	0.0%	1.1%	11/1/2006
Lehman Intermediate Gov't/Credit		5.7%	1.0%	
Cash Account	\$7,843,807	4.9%	3.6%	
T - Bills		3.3%	3.3%	

Note: Returns are preliminary and subject to revision pending the March 31, 2007 quarterly report.

¹Policy Benchmark is 45% S&P 500, 18% Lehman Aggregate, 16% LB Intermediate Government/Credit, 10% Russell 2000, 5% Russell 2000, 5% MSCI EAFE, and 1% T-bills.

Prior to January 2006, 45% S&P 500, 18% Lehman Aggregate, 15% LB Intermediate Government/Credit, 10% Russell 2000, 5% Russell 2000, 5% MSCI EAFE, and 2% T-bills.

Prior to April 2004, 45% S&P 500, 10% Russell 2000, 5% MSCI EAFE, 25% Lehman Aggregate, 13% LB Intermediate Government/Credit, and 2% T-bills.

Prior to October, 2002 the Policy Benchmark was 50% S&P500, 10% Russell 2000, 38%Lehman Aggregate, and 2% T-bills.

Prior to October, 2001 the Policy Benchmark was 50% S&P500, 47%Lehman Aggregate, and 3% T-bills.

²Effective July, 2006 the actuarial assumption was set at 8.0%. In July, 2002 the assumption had been lowered to 7.75% . Prior to July, 2002 actuarial assumption was also 8.0%.

³Annualized if over one year.

⁴All returns are as of the beginning of the first full month of performance.

ILLINOIS STUDENT ASSISTANCE COMMISSION

COLLEGE ILLINOIS!

SOURCES AND USES REPORT

FEBRUARY 2007 - FY 2007

BEGINNING MARKET VALUE TOTAL FUNDS BALANCE, 07/01/06

Cash at Custodians	\$10,745,602
SSgA S&P 500 Index Fund	117,402,688
JP Morgan Investment Advisors	99,777,347
William Blair & Co.	33,876,277
LSV Asset Management - International	42,213,254
Denver Investment Advisors	34,984,815
Nicholas-Applegate Small Cap Core	43,972,573
Richmond Capital Management	123,523,673
LSV Asset Management	65,817,901
State Street Global Advisors	67,670,015
SSgA Passive LB Aggregate Index Fund	38,731,089
Kenwood Capital	20,534,704
New Amsterdam Partners	34,495,477
Holland Capital	32,977,189
Nicholas- Applegate Small Cap Value	21,324,997

Total Beginning Balance

\$788,047,603

SOURCES OF FUNDS

Contributions received	\$40,823,263
Application and other fees	975,209
Interest from Treasury and Banks	338,009
Unrealized Gain on Investments	59,020,185
Interest Income on Investments	13,218,006
Realized Gain on Investments	8,780,237

Total Sources

\$123,154,909

USES OF FUNDS

Administrative Expenses	\$2,555,684
Refunds to Purchasers	3,841,017
Tuition Payments	16,902,321
Investment Expense	2,039,254

Total Uses

\$25,338,276

ENDING MARKET VALUE TOTAL FUNDS BALANCE, 02/28/07

Cash at Custodians	\$7,843,807
SSgA S&P 500 Index Fund	131,733,496
JP Morgan Investment Advisors	112,535,224
William Blair & Co.	39,179,465
LSV Asset Management - International	51,190,452
Denver Investment Advisors	43,133,048
Nicholas-Applegate Small Cap Core	49,515,778
LSV Asset Management	75,087,912
State Street Global Advisors	75,525,337
SSgA Passive LB Aggregate Index Fund	43,331,736
Kenwood Capital	22,125,814
New Amsterdam Partners	37,571,947
Holland Capital	35,154,505
Nicholas-Applegate Small Cap Value	213,840
Income Research & Management	71,171,007
Galliard Capital	71,242,377
RhumbLine Advisors	19,308,491

Total Ending Balance	\$885,864,236
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NUMBER AND DOLLAR VALUE OF PLANS, 02/28/2007

Number of Plans:

Plans Paid in Full	33,345
Active Plans	14,954
Cancelled Plans	6,203
Suspended Plans	22
Total Number of Plans	54,524

Purchased Value of all Plans	\$1,096,522,821
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Active Plan : Plan which has been approved and contract payments are being made.

Cancelled Plan : Plan that has been terminated either at the request of the purchaser or involuntarily due to delinquency, fraud, etc.

Suspended Plan: Plan with an incomplete application or other outstanding omissions; a plan with this status is inactive.