

**AGENDA ITEM 3.**

**EXECUTIVE DIRECTOR'S REPORT**

ILLINOIS STUDENT ASSISTANCE COMMISSION

EXECUTIVE DIRECTOR'S REPORT

**Marketing and Communications Update**

*College Illinois!*<sup>sm</sup> contract sales have remained steady, maintaining an unchanged-as-of-last-commission-meeting rate of 24% less sales than at this time last year. The cash value of these contracts, however, stand at \$30,841,251.00 as of 2/28/09 – only 8.5% below last year at that same time – better than could be expected in this harsh economic environment.

Interestingly, approximately 48% of all contracts were paid for in a lump sum, and we are averaging over 1.5 million web site visits per month.

As *College Illinois!* entered its last four weeks of enrollment – historically the time when the bulk of all contract sales occur – renewed energy was put into strongly worded messages that emphasize the urgency of the current economic climate, then call the customer to action on the basis of security and tax benefits of rolling over.

For example:

“Don’t watch your child’s college dreams get crushed in the stock market: protect their college now. Purchase or rollover into a *College Illinois!* plan today.”

Audience-specific calls to action were incorporated into print ads going into hyper-targeted print publications. Our \$10,000.00 research budget was poured into geographically diverse cable TV and radio buys to further push the end-of-enrollment urgency message.

Also during these last weeks there has been a flurry of activity ranging from back-to-back live presentations all across the State, as well as scheduling of Open Houses and workshops in geographically diverse locations.

Finally, a direct mail piece will be delivered to 12,000 people who have previously inquired about *College Illinois!* but not yet purchased a contract. This large red tag mailer emphasizes the affordability of the plan with its announcement “College Tuition as low as \$57 a month” which is the monthly payment of one semester of tuition at a public university with no money down.

Looking toward future enrollment periods, the staff has been working to investigate the pricing and logistics involved in making the move toward year-round enrollment. Two options that are being reviewed are either lengthening the current enrollment period by opening early and closing later, or a potential plan to create two separate enrollment periods per year thereby creating two calendar points where demand is driven by a pricing change. More will be known after *College Illinois!* leadership meets with the actuarial team to discuss pricing strategies in each scenario.

## Media Update

Since the last ISAC Commission Meeting January 30, media affairs efforts have focused largely on the topics of the day (education and stimulus, student loan defaults, a new IDAPP website and the Illinois Student Assistance Corps) while handling sensitive topics that included the ISAC workforce reduction/restructuring in mid-February and College Illinois-related questions arising from Alabama's prepaid tuition crisis in March.

February began with press pops relative to the Illinois National Guard grant application going "online" in addition to coverage of Executive Director Davis' comments to the VA relative to implementation of the GI Bill. Both resulted in story placements in the mainstream press as well as military and education forums.

The partnership with Chicago Public Schools to provide data analysis for the purpose of identifying potential college-bound students in need of financial aid also gained exposure in the state's higher education community in mid-February. The Rockford Register Star also printed a letter to the editor from Davis inviting other schools to participate in similar innovative programs.

As part of a restructuring effort, ISAC announced a workforce reduction February 17. This news was released statewide, and the story was carried in limited print publications, online and on radio and television. As a result of the thorough nature of the press release, ISAC only received two media inquiries for further comment or explanation, which were handled in a forthright manner.

In response to the President's stimulus package announcement, ISAC issued a press release about what the ARRA meant to Illinois students. The release generated several radio interview opportunities, including an opportunity on Polish radio.

Much of February was spent generating media awareness of the student loan rehabilitation process (and student loan defaults in general). A key media placement was an article by Chicago Sun-Times reporter Dave Newbart relative to the story of Akil Lewis, who was eligible for loan rehabilitation after making nine consecutive on-time payments, but could not get his loan rehabbed. This article appeared before a key House Education Committee hearing about the topic, and also caught the attention of Rev. Jesse Jackson and Operation PUSH. As a result, ISAC made several television appearances with Rev. Jackson on the Saturday Morning Forum and also the syndicated Up Close television program, allowing ISAC to again bring to light issues relative to college loans and the services the agency provides.

March Madness in the office came in the form of an Alabama 529 Prepaid Tuition Plan crisis that generated media inquiries from news agencies throughout the state. Our ability to get out in front of the story with our talking points mitigated negative press and promote *College Illinois!*

Additionally, March brought press coverage for the new Illinois Student Assistance Corps and also the new IDAPP web site. Initial press coverage for the extension of the relationship between ISAC and the Illinois credit unions began with the ILASFAA Conference at the end of the month and continues to generate media interest.

Finally, a proactive media approach has resulted in additional press coverage coming in April. These stories will appear on the NEA website as well as Bankrate.com. Also, April's Money Smart Week brings special multi-channel media opportunities for the commission.

## Legislative Update

The 96<sup>th</sup> General Assembly will go on hiatus starting April 3 for a two-week break from bill drafting, committee hearings, and preparation for the FY10 budget debates to come.

Earlier in the month, I appeared along with CFO John Sinsheimer before the Senate appropriations committee to offer testimony and answer questions about the agency's budget. In particular, legislators and staff have shown interest in the financial health of *College Illinois!*, are weighing the value of funding institutions versus funding student aid in difficult budget times, and have encouraged us to continue working to expand awareness about our programs and services.

The Governor delivered his recommendations for the fiscal year 2010 budget on March 18<sup>th</sup>. Despite a significant budget deficit—estimated by the Governor's Office of Management and Budget to total \$11.6 billion for FY10 and the remainder of FY09—the proposal includes a boost for post-secondary education funding. Along with an increase of about \$9.6 million for community colleges and a \$16 million increase for public universities, Governor Quinn has proposed a nearly \$21 million increase for the Monetary Award Program and an important increase of nearly \$300,000 for the grant program for dependents of police, fire, and correctional officers who are killed or permanently disabled in the line of duty.

The Senate has also unanimously approved Senate Bill 325, critical legislation that would provide State general obligation backing for an ISAC bond issue of \$50 million in this calendar year. The bond proceeds would be used by IDAPP to purchase loans from the U.S. Department of Education that ISAC has worked to rehabilitate. The transaction will allow ISAC to restore the credit of approximately three thousand Illinois borrowers and preserve an essential revenue stream for ISAC worth \$11 million to \$15 million over the next 12-14 months. As of this writing, prospects for passage in the House look good, and the Governor's Office has officially expressed its support for the measure.

In addition, legislators have introduced a variety of other measures affecting higher education affordability and ISAC programs this spring. The topics of these bills range widely, from experiments in reducing the need for remedial coursework in college to a number of programs targeted at specific workforce needs. A few significant measures include the following:

- **The college savings employer participation initiative.** SB 77 (Clayborne), currently awaiting a vote on the Senate floor, would create a new tax incentive for employers to contribute to the State of Illinois' college savings and prepaid tuition programs on behalf of their employees. The bill would allow Illinois employers to claim a tax credit, up to a maximum of \$500, for one-fourth of the amount they contribute each year toward their employees' *College Illinois!*<sup>SM</sup> prepaid tuition contracts or the Treasurer's college savings plans. The credit would be effective immediately and would be available until 2019. The bill also directs ISAC to encourage employers to participate in matching programs for *College Illinois!*
- **Efforts at establishing a 21<sup>st</sup> Century Scholars program for Illinois.** Two bills introduced this spring (SB 37 and HB 150, both Miller/Maloney) would direct ISAC to administer a new program through which, in exchange for the promise of college tuition assistance, low-income 8th grade students could pledge to complete a specified high school college preparatory curriculum, graduate with at least a 2.0 GPA, avoid felony convictions, and apply for financial aid. As introduced, the tuition and fee scholarships would be subject to appropriation of funds by the General Assembly. The bill also requires participating high schools to provide certain support services for the students, including programs for parents, help in applying for college and for financial aid, and academic assistance.

- **Replacing state support for the Illinois Future Teacher Corps with support for the Golden Apple Scholars program.** HB 3999 (Flowers) and SB 1926 (Martinez) would phase out the IFTC program, instead transferring state funding to the private Golden Apple Scholars of Illinois program. The public and private programs both seek to ensure that each Illinois classroom is filled by a qualified teacher. Whereas IFTC recipients are awarded student financial assistance only, Golden Apple Scholars receive financial assistance in addition to mentoring, tutoring, and other training programs.
- **Career incentive/work commitment programs.** A number of bills have been filed this spring that would create loan repayment or forgivable loan programs for people who work in or commit to work in specific professions. Members have proposed using such assistance to increase the number of large animal veterinarians (HB 364 – Reis/Frerichs); nurse educators (HB 382 - Brosnahan); high school teachers in science, technology, engineering, and mathematics (HB 738 - Smith); public interest attorneys (HB 574 – Turner & SB 266 - Schoenberg); and nurses specializing in women’s health care (HB 4149 - Tracy).
- **Last-dollar scholarship funds.** As introduced, the Higher Education Scholarship Act (HB 79 – Lang), directed ISAC to award non-need-based scholarships to undergraduate students at Illinois public and private colleges and universities, subject to appropriation of funds. To qualify, students would be required to maintain a 3.0 (B) average. The scholarships would cover tuition and mandatory fees for students at public institutions and would not exceed the maximum amount allowed to be awarded under the Monetary Award Program (MAP) for students at private institutions. Since introducing the bill, the sponsor has clarified that his intent is to provide last-dollar scholarships and has expressed support for a system that would allow ISAC to distribute available funds based on student financial need using a formula similar to that used for MAP. As amended, the bill is currently a “shell,” i.e., it contains only the title of the Act and will presumably be amended again to provide details of the program.
- **Expanding eligibility for military grant programs.** HB 4209 (Bost) would allow an individual who qualifies for the Illinois Veteran Grant, Illinois National Guard grant, or Illinois Naval Militia Grant to relinquish his or her eligibility and instead transfer the award to a dependent (i.e., spouse, child, step-child, adopted child).

We will keep you apprised of major developments in legislation and the budget. The adjournment date is currently scheduled for May 31, 2009.

### Miscellaneous

ISAC helped the Illinois Association of Student Financial Aid Administrators (ILASFAA) celebrate its 40th birthday at the 2009 ILASFAA Annual Conference held March 22nd - 24th in Schaumburg, Illinois. ISAC staff presented numerous sessions at the conference in recognition of this year's theme, "Uniting Our Profession." In addition to providing a State and ISAC Update to the more than 400 attendees, staff served as presenters for topics that included the following: A Focus on the 2009-10 FAFSA Dependency Questions, Introducing the Illinois Student Assistance Corps, an FFELP Panel, An Overview of the Higher Education and Opportunity Act (HEOA), an ISAC Guide to Community Outreach, and Trends in College Affordability.

**ILLINOIS STUDENT ASSISTANCE COMMISSION**  
**FISCAL YEAR 2009 APPROPRIATION SUMMARY REPORT**  
**(July 1, 2008 - February 28, 2009)**

	FY2009 Appropriation	Year-to-date Expended	Number of Recipients	Percentage Expended
<b><u>STATE GENERAL FUNDS</u></b>				
<b>SCHOLARSHIPS AND GRANTS</b>				
Monetary Award Program	\$381,099,800	\$314,244,635	138,453	82.5%
Illinois Incentive for Access Grants	8,200,000	\$6,772,000	19,307	82.6%
Teacher Loan Forgiveness Program	500,000	\$498,727	113	99.7%
Minority Teacher Scholarships	3,100,000	\$2,118,361	516	68.3%
Illinois Future Teachers Corps Scholarships	4,100,000	\$2,643,608	507	64.5%
Student to Student Grants	950,000	\$36,251	0	3.8%
Dependents Grants	470,000	\$257,132	63	54.7%
National Guard Grants	4,480,000	\$2,016,747	942	45.0%
Illinois Veteran Grants	19,250,000	\$5,010,654	9,336	26.0%
Bonus Incentive Grants	325,000	\$324,060	367	99.7%
Nurse Educator Scholarships	1,350,000	\$1,320,824	75	97.8%
Nurse Educator Loan Repayment Program	1,000,000	\$221,108	44	22.1%
Veterans' Home Nurse Loan Repayment Program	1,220,000	\$7,500	3	0.6%
Illinois Scholars Program	3,160,000	\$3,160,000	N/A	100.0%
<b>TOTAL</b>	<b>\$429,204,800</b>	<b>\$338,631,607</b>	<b>169,726</b>	<b>78.9%</b>
<b><u>SPECIAL REVENUE FUNDS</u></b>				
<b>STUDENT LOAN OPERATING FUND</b>				
Administration Expense (see detail on next page)	61,275,800	21,867,350	N/A	35.7%
Federal Loan System Development & Maintenance	3,500,000	1,568,840	N/A	44.8%
Higher Education Shared Service Center Expense	2,128,100	1,287,454	N/A	60.5%
Default Fees	10,000,000	1,051,038	N/A	10.5%
<b>TOTAL</b>	<b>\$76,903,900</b>	<b>\$25,774,682</b>	<b>0</b>	<b>33.5%</b>
<b>FEDERAL STUDENT LOAN FUND</b>				
Loan Guarantee Program	260,000,000	124,470,929	N/A	47.9%
<b>TOTAL</b>	<b>\$260,000,000</b>	<b>\$124,470,929</b>	<b>N/A</b>	<b>47.9%</b>
<b>SCHOLARSHIPS AND GRANTS</b>				
Federal College Access Challenge Grant Program	5,000,000	0	N/A	0.0%
Federal LEAP/SLEAP - Monetary Award Program	4,200,000	1,932,221	N/A	46.0%
Transfer to ED -Paul Douglas Funds Collected	400,000	0	N/A	0.0%
Federal Robert C. Byrd Fellowships	3,000,000	1,809,500	1,216	60.3%
<b>TOTAL</b>	<b>\$12,600,000</b>	<b>\$3,741,721</b>	<b>\$1,216</b>	<b>29.7%</b>
<b>OTHER</b>				
ISAC Accounts Receivables	300,000	46,646	N/A	15.5%
Higher Education License Plate Program	70,000	53,075	N/A	75.8%
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	0	0	0.0%
Contracts and Grants Fund	1,500,000	37,770	N/A	2.5%
<b>TOTAL, SPECIAL REVENUE FUNDS</b>	<b>\$351,503,900</b>	<b>\$154,174,823</b>	<b>10</b>	<b>43.9%</b>
<b>GRAND TOTAL</b>	<b>\$780,708,700</b>	<b>\$492,806,430</b>	<b>170,952</b>	<b>63.1%</b>

**ILLINOIS STUDENT ASSISTANCE COMMISSION**  
**FISCAL YEAR 2009 APPROPRIATION REPORT**

**ADMINISTRATION**

(July 1, 2008 - February 28, 2009)

**STUDENT LOAN OPERATING FUND**

Line Item	FY2009 Appropriation	Year-to-date Expended	% Expended
Personal Services	\$15,512,900	\$10,149,620	65.4%
Retirement	2,760,700	2,137,282	77.4%
Social Security	1,186,800	735,737	62.0%
Group Insurance	4,343,700	2,606,247	60.0%
Contractual Services	12,471,800	4,436,361	35.6%
Contractual - Collection Agency Fees	21,334,400	1,272,327	6.0%
Travel	208,300	54,413	26.1%
Commodities	265,200	63,327	23.9%
Printing	724,200	48,708	6.7%
Equipment	535,000	68,286	12.8%
Telecommunications	1,894,900	269,549	14.2%
Operation of Auto Equipment	37,900	25,494	67.3%
<b>TOTAL</b>	<b>\$61,275,800</b>	<b>\$21,867,350</b>	<b>35.7%</b>

STATE OF ILLINOIS  
ILLINOIS STUDENT ASSISTANCE COMMISSION

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FEDERAL STUDENT LOAN FUND (FSLF)

FISCAL YEAR 2009

	FY TO DATE 30-Jun-08 FY 2008	YTD 29-Feb-08 FY 2008	YTD 29-Feb-08 FY 2009
<b>REVENUES</b>			
FEDERAL REINSURANCE	185,002,301	103,399,031	108,220,806
INTEREST AND OTHER INVESTMENT INCOME	1,726,677	1,404,908	927,090
DEFAULT FEE	12,537,534	10,999,014	3,966,333
COLLECTIONS NET OF PAYMENTS DUE TO ED	26,945,610	17,164,894	12,896,387
<b>TOTAL REVENUES</b>	<b>\$ 226,212,122</b>	<b>132,967,847</b>	<b>126,010,615</b>
<b>EXPENDITURES</b>			
LENDER REIMBURSEMENTS	192,772,135	107,873,583	113,053,296
DEFAULT AVERSION FEE	1,851,453	1,237,421	1,429,707
RETENTION	22,982,953	15,052,520	10,996,105
<b>TOTAL EXPENDITURES</b>	<b>\$ 217,606,541</b>	<b>124,163,523</b>	<b>125,479,109</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<b>\$ 8,605,581</b>	<b>8,804,324</b>	<b>531,507</b>
FUND BALANCES AT BEGINNING OF PERIOD	47,961,291	47,961,291	56,566,872
NET INCOME	8,605,581	8,804,324	531,507
<b>FUND BALANCES AT END OF PERIOD</b>	<b>\$ 56,566,872</b>	<b>56,765,615</b>	<b>57,098,378</b>



STATE OF ILLINOIS  
ILLINOIS STUDENT ASSISTANCE COMMISSION

COMPARATIVE BALANCE SHEET

FEDERAL STUDENT LOAN FUND (FSLF)

FISCAL YEAR 2009

	FY TO DATE 30-Jun-08 FY 2008	AS OF 29-Feb-08 FY 2008	AS OF 28-Feb-09 FY 2009
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	50,033,691	45,711,242	41,145,590
DUE FROM US DEPARTMENT OF EDUCATION - REINSURANCE	31,911,462	16,138,860	16,784,829
ACCRUED INTEREST ON INVESTMENTS	83,944	186,646	128,519
DUE FROM SLOF - OTHER PROGRAM EXPENDITURES	107,555	200,563	219,240
DEFAULT FEE RECEIVABLE	177,360	622,214	269,187
DEFERRED CHARGES - DEFAULT AVERSION CLAIM FEES	3,771,429	3,905,287	3,731,721
<b>TOTAL ASSETS</b>	<b>\$ 86,085,440</b>	<b>66,764,813</b>	<b>62,279,086</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	21,437,869	2,788,447	19,131
DUE TO US DEPARTMENT OF EDUCATION - COLLECTIONS	6,725,670	6,011,906	4,373,726
DUE TO SLOF - RETENTION INCOME AND DEFAULT AVERSION FEE	1,355,029	1,198,844	787,851
<b>TOTAL LIABILITIES</b>	<b>\$ 29,518,568</b>	<b>9,999,198</b>	<b>5,180,708</b>
<b>FUND BALANCES</b>			
BEGINNING FUND BALANCE	47,961,291	47,961,291	56,566,872
NET INCOME	8,605,581	8,804,324	531,506
<b>TOTAL FUND BALANCES</b>	<b>\$ 56,566,872</b>	<b>56,765,615</b>	<b>57,098,378</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 86,085,440</b>	<b>66,764,813</b>	<b>62,279,086</b>

STATE OF ILLINOIS  
ILLINOIS STUDENT ASSISTANCE COMMISSION

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS

STUDENT LOAN OPERATING FUND (SLOF)

FISCAL YEAR 2009

	FY TO DATE 30-Jun-08 FY 2008	YTD 29-Feb-08 FY 2008	YTD 28-Feb-09 FY 2009
<b>REVENUES</b>			
COLLECTIONS RETENTION	6,504,782	4,389,771	3,932,954
REPURCHASE / REHABILITATIONS/CONSOLIDATIONS RETENTION	16,478,171	10,662,748	7,063,152
DIRECT CONSOLIDATION FEE	2,513,997	1,653,610	2,325,363
LOAN PROCESSING & ISSUANCE FEES	4,862,382	4,200,420	1,322,381
ACCOUNT MAINTENANCE FEE	5,771,430	4,209,822	3,140,625
DEFAULT AVERSION FEE (DAF)	1,851,453	1,237,421	1,429,707
INTEREST AND OTHER INVESTMENT INCOME	867,767	764,777	294,243
OTHER REVENUE	366,309	296,306	4,214
<b>TOTAL REVENUES</b>	<b>\$ 39,216,291</b>	<b>27,414,877</b>	<b>19,512,637</b>
<b>EXPENDITURES</b>			
ADMINISTRATIVE	33,718,881	22,544,516	21,525,259
DEFAULT FEE	11,733,144	10,598,184	1,102,020
OTHER PROGRAM EXPENDITURES	61,425	51,141	32,279
<b>TOTAL EXPENDITURES</b>	<b>\$ 45,513,449</b>	<b>33,193,841</b>	<b>22,659,558</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (6,297,158)</b>	<b>(5,778,965)</b>	<b>(3,146,921)</b>
OPERATING TRANSFERS IN	2,500,000	2,500,000	-
OPERATING TRANSFERS (OUT)	(2,623,742)	(1,292)	(2,657)
<b>CHANGE IN NET ASSETS</b>	<b>\$ (6,420,899)</b>	<b>(3,280,257)</b>	<b>(3,149,578)</b>
NET ASSETS AT BEGINNING OF PERIOD	15,209,840	15,209,840	8,788,941
NET INCOME	(6,420,899)	(3,280,257)	(3,149,578)
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 8,788,941</b>	<b>11,929,583</b>	<b>5,639,362</b>

STATE OF ILLINOIS  
ILLINOIS STUDENT ASSISTANCE COMMISSION

COMPARATIVE BALANCE SHEET

STUDENT LOAN OPERATING FUND (SLOF)

FISCAL YEAR 2009

	FY TO DATE 30-Jun-08 FY 2008	AS OF 28-Feb-08 FY 2008	AS OF 28-Feb-09 FY 2009
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	13,326,544	17,068,618	9,826,222
LOAN PROCESSING AND ISSUANCE FEE RECEIVABLE	520,811	1,908,189	598,953
ACCOUNT MAINTENANCE FEE RECEIVABLE	1,190,347	811,286	795,783
ACCRUED INTEREST ON INVESTMENTS	30,393	94,264	40,749
DUE FROM FSLF - RETENTION INCOME AND DEFAULT AVERSION FEE	1,355,029	1,198,844	787,851
DUE FROM IDAPP - SHARED EXPENSES	-	-	801,719
DUE FROM IDAPP REHAB	-	-	1,415,745
FIXED ASSETS NET OF DEPRECIATION	135,715	221,437	135,715
<b>TOTAL ASSETS</b>	<b>\$ 16,558,839</b>	<b>21,302,638</b>	<b>14,402,737</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	730,759	988,303	1,120,157
ACCRUED LIABILITIES	2,577,366	3,813,856	3,638,617
DEFAULT FEE PAYABLE	74,022	463,753	50,983
DUE TO FSLF - OTHER PROGRAM EXPENDITURES	107,555	200,563	219,240
DUE TO GENERAL REVENUE FUND	508,767	1,292	2,657
DAF DEFERRED REVENUE	3,771,429	3,905,287	3,731,721
<b>TOTAL LIABILITIES</b>	<b>\$ 7,769,898</b>	<b>9,373,055</b>	<b>8,763,375</b>
<b>NET ASSETS</b>			
BEGINNING NET ASSETS	15,209,840	15,209,840	8,788,941
YTD NET INCOME	(6,420,899)	(3,280,257)	(3,149,578)
<b>ENDING NET ASSETS</b>	<b>\$ 8,788,941</b>	<b>11,929,583</b>	<b>5,639,362</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 16,558,839</b>	<b>21,302,638</b>	<b>14,402,737</b>

STATE OF ILLINOIS  
ILLINOIS STUDENT ASSISTANCE COMMISSION

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS

COLLEGE ILLINOIS!

FISCAL YEAR 2009

	FISCAL YEAR ENDING JUNE 30, 2008 FY 2008	FISCAL YEAR TO DATE FEBRUARY 29, 2008 FY 2008	FISCAL YEAR TO DATE FEBRUARY 28, 2009 FY 2009
<b>REVENUES</b>			
INTEREST INCOME FROM TREASURY AND BANKS	354,487	231,746	60,919
GAIN (LOSS) FROM INVESTMENT SECURITIES	(78,490,552)	(58,174,328)	(263,001,917)
FEES	2,396,057	893,466	799,764
<b>TOTAL REVENUES</b>	<b>\$ (75,740,008)</b>	<b>(57,049,116)</b>	<b>(262,141,233)</b>
<b>EXPENDITURES</b>			
ADMINISTRATIVE	4,713,691	2,838,759	2,805,613
ACCRETION EXPENSE	65,872,407	43,251,264	44,890,818
INVESTMENT EXPENSE	2,972,342	2,047,222	1,410,756
<b>TOTAL EXPENDITURES</b>	<b>\$ 73,558,441</b>	<b>48,137,246</b>	<b>49,107,188</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (149,298,448)</b>	<b>(105,186,362)</b>	<b>(311,248,421)</b>
NET ASSETS AT BEGINNING OF PERIOD	36,321,452	36,321,452	(112,976,996)
NET INCOME	(149,298,448)	(105,186,362)	(311,248,421)
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ (112,976,996)</b>	<b>(68,864,910)</b>	<b>(424,225,417)</b>

STATE OF ILLINOIS  
ILLINOIS STUDENT ASSISTANCE COMMISSION

COMPARATIVE BALANCE SHEET

*COLLEGE ILLINOIS!*

FISCAL YEAR 2009

	AS OF JUNE 30, 2008 FY 2008	AS OF FEBRUARY 29, 2008 FY 2008	AS OF FEBRUARY 28, 2009 FY 2009
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	5,997,576	11,225,979	7,034,731
INVESTMENTS	1,155,119,397	934,659,131	786,168,085
ACCRUED INTEREST - STATE TREASURER	31,281	18,189	2,139
<b>TOTAL ASSETS</b>	<b>\$ 1,161,148,253</b>	<b>945,903,299</b>	<b>793,204,956</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	943,326	1,785,538	648,306
TUITION PAYABLE	828,099,799	760,181,386	833,878,475
ACCRETION PAYABLE	274,305,635	252,801,285	316,347,643
SECURITIES LENDING COLLATERAL PAYABLE	170,776,490		66,555,948
<b>TOTAL LIABILITIES</b>	<b>\$ 1,274,125,250</b>	<b>1,014,768,209</b>	<b>1,217,430,373</b>
<b>NET ASSETS</b>			
BEGINNING NET ASSETS	36,321,452	36,321,452	(112,976,996)
YTD NET INCOME	(149,298,448)	(105,186,362)	(311,248,421)
<b>ENDING NET ASSETS</b>	<b>\$ (112,976,996)</b>	<b>(68,864,910)</b>	<b>(424,225,417)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,161,148,253</b>	<b>945,903,299</b>	<b>793,204,956</b>

**ILLINOIS STUDENT ASSISTANCE COMMISSION**  
**COLLEGE ILLINOIS!**  
**TOTAL PROGRAM PERFORMANCE**  
**February 2009 - FY 2009**

**APPROXIMATE INVESTMENT RETURN, 02/28/2009**

	Ending Market Value	Total Funding Level	Fiscal Year-to-		Since		Asset	
			Date	Inception <sup>3</sup>	Inception Date <sup>4</sup>	Allocation	One Month	
<b>Total Program</b>	<b>\$726,646,868</b>	<b>\$883,204,702</b>	<b>-26.0%</b>	<b>0.5%</b>		7/6/1999	100.0%	-5.3%
Policy Benchmark <sup>1</sup>			-28.2%	0.4%				-6.8%
Actuarial Assumption <sup>2</sup>			5.6%	7.9%				0.7%
<b>Domestic Equity</b>	<b>\$255,296,256</b>	<b>\$413,532,331</b>	<b>-43.3%</b>	<b>-4.5%</b>		7/6/1999	34.7%	-8.8%
RhumbLine Advisors	72,258,207	127,937,035	-40.5%	-40.5%		6/10/2008	9.8%	-7.5%
<i>Russell 1000 Growth</i>			-40.4%	-40.4%				-7.5%
Great Lakes	18,985,643	41,693,768	-48.1%	-52.8%		4/14/2008	2.6%	-14.9%
<i>Russell 1000 Value</i>			-44.0%	-49.4%				-13.4%
LSV Asset Management	19,282,396	15,702,824	-43.8%	-5.6%		2/13/2004	2.6%	-13.8%
<i>Russell 1000 Value</i>			-44.0%	-6.6%				-13.4%
SSgA S&P 500 Index Fund	86,048,260	130,000,000	-41.4%	-4.7%		7/6/1999	12.4%	-10.6%
<i>S&amp;P 500 Index</i>			-41.5%	-4.6%				-10.6%
RhumbLine Advisors	28,862,061	34,524,968	-	-21.8%		12/29/2008	3.9%	-12.1%
<i>Russell 2000</i>			-43.0%	-21.9%				-12.2%
RhumbLine Advisors	29,859,687	63,673,736	-41.8%	-31.2%		2/28/2007	4.1%	-13.9%
<i>Russell 2000 Value</i>			-41.8%	-31.3%				-13.9%
<b>International Equity</b>	<b>64,313,475</b>	<b>108,890,168</b>	<b>-48.2%</b>	<b>2.8%</b>		10/1/2002	8.8%	-10.6%
LSV Asset Management International	33,479,783	70,064,167	-46.3%	-9.9%		11/4/2005	4.6%	-10.9%
<i>MSCI EAFE (Gross Div)</i>			-48.4%	-11.1%				-10.2%
State Street MSCI EAFE Index Fund	30,833,692	38,826,001	-	-19.1%		12/17/2008	4.2%	-10.2%
<i>MSCI EAFE (Gross Div)</i>			-48.4%	-19.0%				-10.2%
<b>Domestic Fixed Income</b>	<b>\$368,859,797</b>	<b>\$343,792,849</b>	<b>1.5%</b>	<b>5.7%</b>		7/6/1999	50.5%	-0.7%
SSgA LB Aggregate Index	56,119,965	48,500,000	3.0%	4.1%		6/10/2005	7.6%	-0.4%
<i>BARCAP Aggregate Index</i>			2.8%	4.1%				-0.4%
C.S. McKee Investment Managers	73,183,697	67,217,462	4.1%	7.8%		7/27/2007	10.0%	-1.5%
PUGH Capital Management	31,807,636	28,590,505	5.1%	7.8%		7/25/2007	4.4%	-0.7%
<i>BARCAP Aggregate Index</i>			2.8%	5.7%				-0.4%
Piedmont Investment Advisors	29,298,897	29,249,852	-0.4%	3.2%		8/2/2007	4.0%	-0.5%
<i>BARCAP Aggregate Index</i>			2.8%	5.2%				-0.4%
Galliard Capital Management	76,889,104	72,470,434	1.3%	4.5%		11/1/2006	10.5%	0.2%
Income Research & Management	77,481,731	73,305,537	-1.0%	4.1%		11/1/2006	10.6%	-0.6%
<i>BARCAP Intermediate Gov't/Credit</i>			2.6%	5.1%				-0.6%
TIPS	24,078,766	24,459,060	-	-10.1%		7/29/2008	3.3%	-2.1%
<i>BARCAP TIPS</i>			-7.2%	-6.7%				-2.0%
<b>Private Equity</b>	<b>12,712,500</b>	<b>12,712,500</b>	<b>-</b>	<b>0.5%</b>		9/30/2008	1.7%	0.0%
Shorebank	12,712,500	12,712,500	-	0.5%		9/30/2008		0.0%
<i>Wilshire 5000</i>			-41.8%	-36.3%				-10.0%
<b>Interest and Dividends Account</b>	<b>4,279,997</b>	<b>4,276,854</b>	<b>-</b>	<b>0.1%</b>		9/17/2008	0.6%	0.0%
<i>T-Bills</i>			0.9%	0.2%				0.0%
<b>Cash Account</b>	<b>\$27,033,885</b>	<b>\$27,033,885</b>	<b>1.7%</b>	<b>3.7%</b>			3.7%	0.0%
<i>T-Bills</i>			0.9%	3.3%				0.0%

**Securities Lending Income** **\$235,498**

**Securities Lending Collateral Loss** **(\$6,084,539)**

**Transition Account I & II** **\$19,999,154**

NOTE: Returns are preliminary and subject to revision pending the March 31, 2009 quarterly report.

The total funding level includes initial dollar funded and any monthly contributions as well as withdrawals.

<sup>1</sup> The Policy Benchmark is 20% S&P 500 Index, 18% BarCap Aggregate, 16% BarCap Intermediate Government/Credit, 5% Russell 2000, 5% Russell 2000 Value, 10% Russell 1000 Value, 10% Russell 1000 Growth, 10% MSCI EAFE, 5% BarCap TIPS, and 1% T-Bills.

Prior to December 31, 2008, the Policy Benchmark was 40% S&P 500 Index, 18% BarCap Aggregate, 16% BarCap Intermediate Government/Credit, 10% Russell 2000, 5% Russell 2000 Value, 10% MSCI EAFE, and 1% T-Bills.

Prior to December 31, 2007, the Policy Benchmark was 45% S&P 500 Index, 18% LB Aggregate, 16% LB Intermediate Government/Credit, 10% Russell 2000, 5% Russell 2000 Value, 5% MSCI EAFE, and 1% T-Bills.

Prior to December 31, 2005, the Policy Benchmark was 45% S&P 500 Index, 18% Lehman Aggregate, 15% LB Intermediate Government/Credit, 10% Russell 2000, 5% Russell 2000 Value, 5% MSCI EAFE, and 2% T-Bills.

Prior to March 31, 2004, the Policy Benchmark was 45% S&P 500, 10% Russell 2000, 5% MSCI EAFE, 25% Lehman Aggregate, 13% Lehman Intermediate Government/Credit, and 2% T-Bills.

Prior to September 30, 2002, the Policy Benchmark was 50% S&P 500, 10% Russell 2000, 38% Lehman Aggregate and 2% T-Bills.

Prior to September 30, 2001, the Policy Benchmark was 50% S&P 500, 47% LB Aggregate, 3% T-Bills.

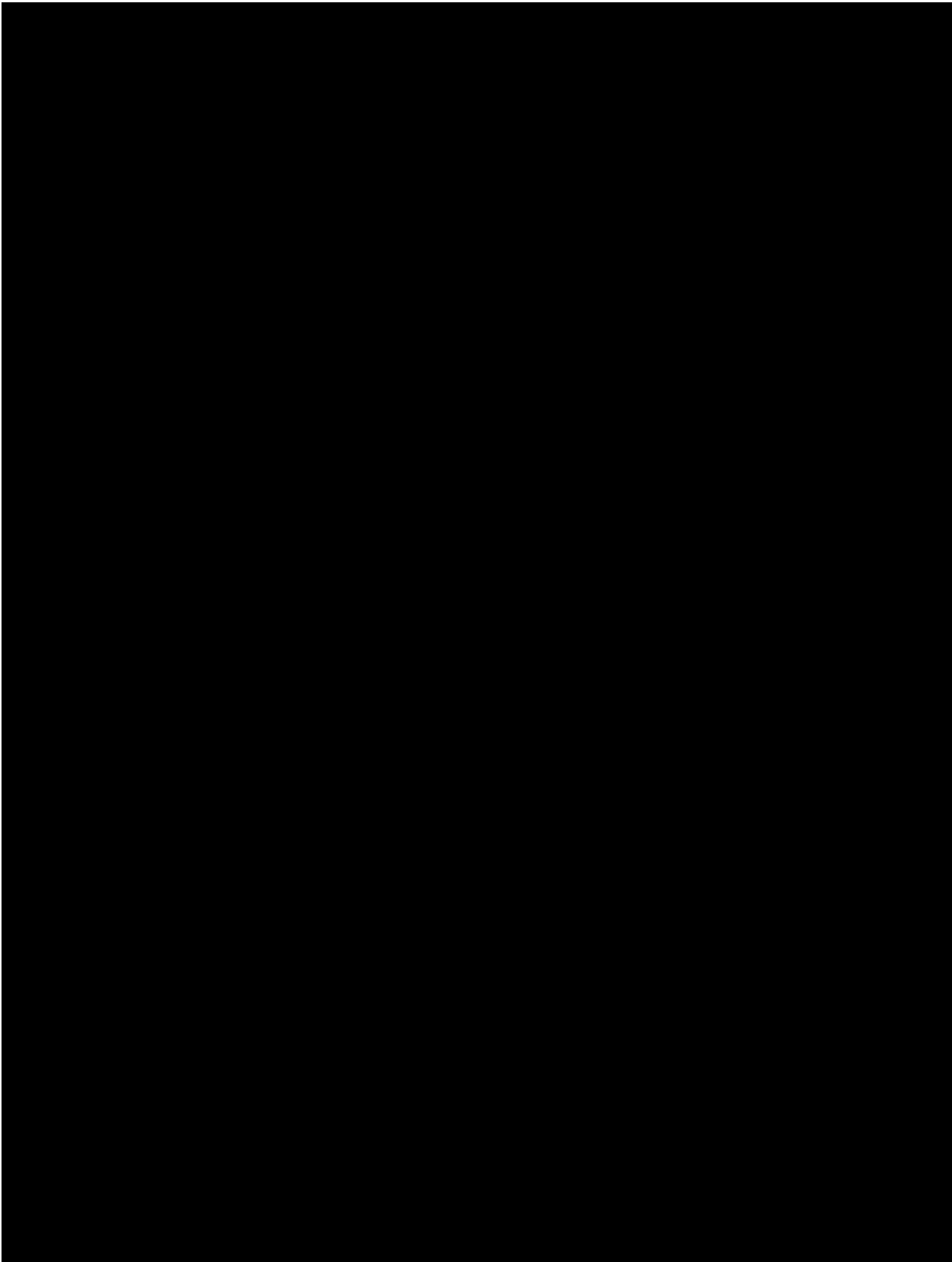
<sup>2</sup> Actuarial assumption was revised to 8.5% effective 7/1/08. Prior to 7/1/08 actuarial assumption was 8.0%. Prior to 6/1/06 actuarial assumption was 7.75%.

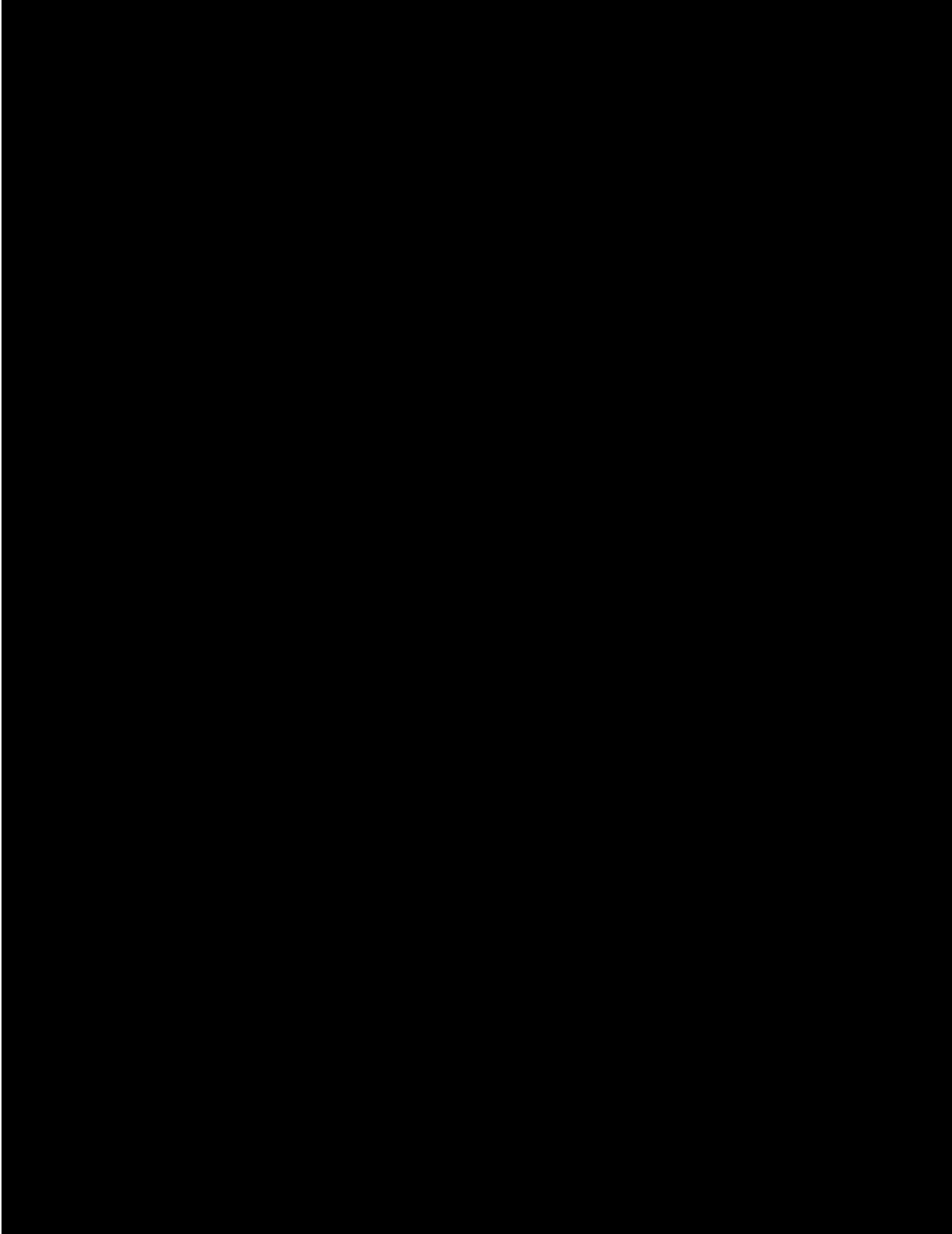
Prior to 7/01/02 actuarial assumption was 8.0%.

<sup>3</sup> Annualized if over one year.

<sup>4</sup> All returns areas of the beginning of the first full month of performance.

<sup>5</sup> Market value includes cash balance in the US Bank securities lending account as well as the balances in the transition accounts.







**Summary Of IDAPP's Investments As Of February 28, 2009**

**Summary**

	<u>Par Value</u>	<u>Market Value</u>	<u>%</u>	<u>Yield</u>	
				<u>LTM</u>	<u>Current</u>
Dreyfus Treasury Prime Cash Management Fund	\$ 18,922,672	\$ 18,922,672	14.83	0.971	1.270
Goldman Sachs Financial Square Treasury	\$ 89,093,270	\$ 89,093,270	69.82	1.080	1.270
Bank of America Columbia Treasury Reserves - Advisor D Class Shares	\$ 4,471,306	\$ 4,471,306	3.50	1.188	0.460
JP Morgan US Treasury Money Market Funs 677	\$ 3,169,453	\$ 3,169,453	2.48	0.758	-
JP Morgan US Treasury Money Market Funs 677	\$ 885,405	\$ 885,405	0.69	0.758	-
Dreyfus Treasury Prime Cash Management Fund 674	\$ 2,480,538	\$ 2,480,538	1.94	0.517	0.470
Federal Nat'l Mortgage Security	\$ 6,517,000	\$ 6,517,000	5.11	0.002	0.002
Federated Gov Obligation Fund # 05	\$ 2,011,048	\$ 2,011,048	1.58	1.496	0.467
GNMA	\$ 53,593	\$ 55,871	0.04	12.000	12.000
U.S. Agencies	\$ -	\$ -	-	-	-
Savings	\$ -	\$ -	-	-	-
	<u>\$ 127,604,285</u>	<u>\$ 127,606,563</u>	<u>100.00</u>		

	<u>Due &lt; one year</u>	<u>Due &gt; one year &amp; &lt; five years</u>	<u>Due &gt;</u>
			<u>five years &amp; &lt; ten years</u>
Dreyfus Treasury Prime Cash Management Fund	\$ 18,922,672	-	-
Goldman Sachs Financial Square Treasury	\$ 89,093,270	-	-
Bank of America Columbia Treasury Reserves - Advisor D Class Shares	\$ 4,471,306	-	-
JP Morgan US Treasury Money Market Funs 677	\$ 3,169,453	-	-
JP Morgan US Treasury Money Market Funs 677	\$ 885,405	-	-
Dreyfus Treasury Prime Cash Management Fund 674	\$ 2,480,538	-	-
Federal Nat'l Mortgage Security		\$ 6,517,000	
Federated Gov Obligation Fund # 05	\$ 2,011,048	-	55,871
GNMA	\$ 53,593	-	-
U.S. Agencies	\$ -	-	-
Savings	\$ -	-	-
	<u>\$ 121,087,285</u>	<u>\$ 6,517,000.00</u>	<u>\$ 55,871</u>
	<u>\$ 127,660,157</u>		

**ILLINOIS STUDENT ASSISTANCE COMMISSION  
ILLINOIS DESIGNATED ACCOUNT PURCHASE PROGRAM  
February 28, 2009**

	<u>CURRENT MONTH</u>	<u>PREV. MONTH</u>	<u>FY TO DATE</u>	<u>CUMULATIVE</u>
<b><u>Disbursements:</u></b>				
<i>Student Loan Originations &amp; Purchases</i>				
Average Borrower Indebtedness	\$ 14,945	\$ 15,436	\$ 14,709	\$ 6,079
Number of Borrowers	542	1,742	6,026	1,516,795
Total Originations & Purchases	\$ 8,100,448	\$ 26,889,730	\$ 88,634,905	\$ 9,220,199,630
<i>Operating Expenses</i>	\$ 1,229,875	\$ 1,260,541	\$ 10,350,308	\$ 505,577,318
<b><u>Collections:</u></b>				
Principal - Student	\$ 7,255,934	\$ 7,057,563	\$ 58,917,309	\$ 4,544,618,034
Interest - Student	\$ 2,262,889	\$ 2,199,542	\$ 17,839,065	\$ 761,994,071
Principal - Guarantor	\$ 3,291,352	\$ 2,728,920	\$ 16,093,032	\$ 954,314,135
Interest - Guarantor	\$ 175,303	\$ 228,520	\$ 967,438	\$ 61,139,775
Federal Interest Benefits	\$ 860,346	\$ 860,346	\$ 5,749,023	\$ 290,499,839
Special Allowance (Excess Interest)	\$ (487,435)	\$ (487,435)	\$ (2,809,347)	\$ 239,897,867
<b><u>Summary:</u></b>				
Total Principal	\$ 10,547,286	\$ 9,786,483	\$ 75,010,341	\$ 5,498,932,169
Total Interest	\$ 3,298,538	\$ 3,288,408	\$ 24,555,526	\$ 1,113,633,685
Total Special Allowance	\$ (487,435)	\$ (487,435)	\$ (2,809,347)	\$ 239,897,867
 <b>TOTAL COLLECTIONS</b>	 <b><u>\$ 13,358,389</u></b>	 <b><u>\$ 12,587,456</u></b>	 <b><u>\$ 96,756,519</u></b>	 <b><u>\$ 6,852,463,722</u></b>