AGENDA ITEM 3.

EXECUTIVE DIRECTOR'S REPORT

ILLINOIS STUDENT ASSISTANCE COMMISSION

EXECUTIVE DIRECTOR'S REPORT

Staff Changes

After review of the Commission's needs, seven Principal Administrative Appointments ("PAA" i.e.: non-civil service executives) were terminated and their positions eliminated. In addition, four vacant PAA positions were eliminated from the Commission's organization chart and two vacant PAA positions will remain unfilled unless and until the Commission's needs change. These reductions reduce payroll expenses by approximately $750,000 annually. As a result, further staff reductions are not expected at this time.

Chief Investment Officer Search

The search for a new Chief Investment Officer is well underway. Close to 100 resumes were received from blind ads placed in several trade journals. Four candidates were interviewed. Of these, two are viewed as having the skills and experience required by this position. Further interviews have been scheduled.

Investment Consultant Request For Proposal (RFP)

This RFP is currently under review. It had been submitted and responded to with disappointing results. As a result, it is being retooled and resubmitted. Specific invitations have been sent to respective sector participants requesting their response to the RFP. Responses are now due in early Octcober.

Actuary RFP

This has been completed and an actuary has been selected and engaged.

Monetary Award Program (MAP) Notifications

Commissioners requested that notice be given to MAP recipients that the second/third term 2011-2012 awards may be reduced should the General Assembly not approve additional appropriations for MAP. To date, we have done the following:

- E-mail notifications have gone to the Financial Aid Directors, Financial Aid Administrators, MAPnet Users and Business Officers at MAP-approved schools.

- ISAC's website has been updated to provide information regarding the potential reduction to second and third term awards.
- E-mail notifications to the MAP recipients are underway. Please note that we do not have valid e-mail addresses for all recipients. We will attempt to address "bouncebacks" as they occur.

U.S. Department of Education Request for Proposals

The passage of the Student Aid and Fiscal Responsibility Act in March, 2010 ended the Federal Family Education Loan Program (FFELP) and mandated that all new Federal student loans are through the Federal Direct Student Loan Program. This has had a significant impact on the revenue generation from guarantee services for ISAC.

On August 1, 2011 ISAC submitted two Voluntary Flexible Agreement (VFA) proposals in response to a request for bids from the U.S. Department of Education (ED). The objective of the proposals was for guaranty agencies to restructure the services they offering under the Federal Family Education Loan Program (FFELP). The VFA provides the agency with an opportunity to find alternative sources of revenue.
Financially, ED requires that the VFAs must be "cost neutral," i.e. cannot cost the federal government any more than they are currently paying for FFELP services. Currently ISAC earns over $29 million from its guarantor function and hopes to stay at least revenue neutral with the VFA proposal.

The Department of Education has clearly indicated that these VFA proposals are not legally binding on the agency. They are the first stage of potential agreements that could be negotiated with ED by the guaranty agencies.

State-Designated College Access and Student Success Agencies (SCASSA)

- ISAC has submitted a joint proposal with a consortium of eleven other state guaranty agencies.
- Services include default prevention and defaulted loan collections on both FFELP and Direct Loans in addition to community outreach.
- Each state would have the option to provide default collection services or default prevention services. The other states in the group would provide the complementary services for borrowers within the consortium region. Each state would provide its own community outreach services.
- ISAC has opted to provide collection services on defaulted loans in addition to community outreach.
- Financially, the consortium proposal includes new fees for outreach services. The additional cost to ED will be offset by reductions in fees earned for FFELP collection services to ensure that the proposal remains cost neutral for ED.
- The consortium members represent 29.4% of the United States population and give ISAC the leverage to negotiate with ED as part of a big group.

ISAC Stand-Alone VFA

- ISAC has also submitted a VFA on its own without entering into partnerships with other guarantors.
- The stand-alone VFA would cover services under collections of defaulted portfolio, default prevention on the Direct Loan portfolio in Illinois and community outreach in Illinois.
- The highlight of the proposal is the **College Illinois! Corp**, a near-peer mentoring outreach program targeting communities throughout the state.
- Similar to the Consortium model, the financing structure includes additional fees for outreach services which will be offset by reductions in fees earned for FFELP collection services in order for the proposal to remain cost neutral for ED.
- It provides ISAC the opportunity to sell our unique brand of outreach to ED. ISAC's independence is ensured in the running of all the outreach and state programs independent of any restrictions or conflicts from external parties.

- The stand-alone VFA provides the opportunity to contract and negotiate directly and independently with ED.

MAP Audit Process

A recent news article about Chicago State University implied that 449 students enrolled at the college did not meet MAP requirements, yet still received MAP grants. This information was provided by ISAC to Senator Maloney at his request. It should be noted that the data was for school year 2008-2009. Under Chicago State policies, the students involved have up to three terms to improve their performance to maintain their MAP eligibility. Chicago State University did not file data past 2009 so we were unable to track the performance of these students beyond the original year noted above. ISAC Administrative Rules state that ISAC shall audit postsecondary institutions that participate in the State gift assistance programs once every three years. Audits include statistical sampling of all MAP recipients for the most recently completed academic year to verify the institution's administrative ability to follow ISAC rules. If the audit identifies assistance funds which were claimed on behalf of ineligible students, those funds shall be repaid to ISAC by the institution. If the sampling indicates a large number of ineligible recipients, the scope of the audit may be expanded. Given that over 150,000 grants are awarded each year, a full audit of all schools for every year is not cost feasible. Chicago State University's audit was, by chance, scheduled to begin in late August and, given the recent news articles, is being expanded to conduct a 100% review and not just a statistical sampling.

ILLINOIS STUDENT ASSISTANCE COMMISSION
BALANCE SHEET (UNAUDITED)
FY 2011
AS OF JUNE 30, 2011

		STUDENT LOAN OPERATING FUND	COLLEGE ILLINOIS! PREPAID TUITION FUND	ILLINOIS DESIGNATED ACCOUNT PURCHASE PROGRAM
ASSETS				
CASH AND CASH EQUIVALENTS UNRESTRICTED		6,130,045	7,833,005	14,732,185
CASH AND CASH EQUIVALENTS RESTRICTED		-	-	56,637,898
INVESTMENTS		2,682,048	1,123,874,249	19,732,617
STUDENT LOAN RECEIVABLE (NET)		-	-	944,000,311
UNAMORTIZED FEES & COSTS		-	-	19,941,506
DUE FROM OTHER FUNDS		40,575,315	-	6,567
FIXED ASSETS NET OF DEPRECIATION		688,933	-	11,159
TOTAL ASSETS	**$**	**50,076,341**	**1,131,707,253**	**1,055,062,243**
LIABILITIES				
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		5,756,252	1,963,171	760,117
BONDS / LINE OF CREDIT PAYABLE (NET)		-	-	951,734,072
UNREALIZED GAIN ON RETIREMENT OF DEBT		-	-	67,006,562
ACCRUED INTEREST PAYABLE		-	-	1,518,109
DUE TO DEPARTMENT OF EDUCATION		-	-	2,540,686
DUE TO OTHER FUNDS		3,699,659	114,628	4,551,154
TUITION PAYABLE		-	906,650,876	-
ACCRETION PAYABLE		-	473,423,996	-
TOTAL LIABILITIES	**$**	**9,455,911**	**1,382,152,671**	**1,028,110,700**
FUND BALANCES				
RESTRICTED		33,500,000	-	6,425,683
UNRESTRICTED		7,120,430	(250,445,417)	20,525,860
TOTAL FUND BALANCES	**$**	**40,620,430**	**(250,445,417)**	**26,951,543**
TOTAL LIABILITIES AND FUND BALANCES	**$**	**50,076,341**	**1,131,707,253**	**1,055,062,243**

**** NOTE: Numbers are tentative and subject to year-end audit adjustments.**

ILLINOIS STUDENT ASSISTANCE COMMISSION

FISCAL YEAR 2011 APPROPRIATION SUMMARY REPORT

(July 1, 2010 - July 31, 2011)- FY2011 FINAL

	FY2011 Appropriation	Year-to-date Expended	Number of Recipients	Percentage Expended
STATE GENERAL FUNDS				
SCHOLARSHIPS AND GRANTS				
Monetary Award Program	$400,439,210	$400,437,865	147,210	100.0%
Illinois Incentive for Access Grants	0	$0	0	0.0%
Teacher Loan Forgiveness Program	495,221	$495,221	106	100.0%
Minority Teacher Scholarships	1,160,922	$1,160,922	435	100.0%
Illinois Future Teachers Corps Scholarships	1,783,169	$1,783,169	163	100.0%
Student to Student Grants	1,147,260	$1,147,260	3,103	100.0%
Dependents Grants	803,741	$803,741	83	100.0%
National Guard Grants	2,691,922	$2,691,922	1,960	100.0%
Illinois Veteran Grants	0	$0	0	0.0%
Nurse Educator Scholarships	0	$0	0	0.0%
Nurse Educator Loan Repayment Program	297,236	$297,236	63	100.0%
Veterans' Home Nurse Loan Repayment Program	14,319	$14,319	5	100.0%
Bonus Incentive Grants	331,100	$331,100	373	100.0%
Illinois Scholars Program	3,160,000	$3,160,000	N/A	100.0%
Transfer from GRF to SLOF	3,500,000	$3,500,000		
TOTAL	**$415,824,100**	**$415,822,755**	**153,501**	**100.0%**
SPECIAL REVENUE FUNDS				
STUDENT LOAN OPERATING FUND				
Administration Expense	59,477,500	30,873,977	N/A	51.9%
Federal Loan System Development & Maintenance	3,500,000	2,881	N/A	0.1%
Default Fees	10,000,000	340,064	N/A	3.4%
TOTAL	**$72,977,500**	**$31,216,921**	**0**	**42.8%**
FEDERAL STUDENT LOAN FUND				
Loan Guarantee Program	290,000,000	232,521,353	N/A	80.2%
TOTAL	**$290,000,000**	**$232,521,353**	N/A	**80.2%**
SCHOLARSHIPS AND GRANTS				
Federal College Access Challenge Grant Program	9,634,691	4,853,815	N/A	50.4%
John R.Justice Grant Program	365,309	363,860	130	99.6%
Federal LEAP/SLEAP - Monetary Award Program	4,000,000	4,000,000	N/A	100.0%
Transfer to ED -Paul Douglas Funds Collected	400,000	0	N/A	0.0%
Federal Robert C. Byrd Fellowships	3,000,000	1,944,750	1,325	64.8%
TOTAL	**$17,400,000**	**$11,162,425**	**$1,455**	**64.2%**
OTHER				
ISAC Accounts Receivables	300,000	12,556	N/A	4.2%
Higher Education License Plate Program	70,000	70,000	N/A	100.0%
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	25,000,000	0	N/A	0.0%
Governors Discretionary Appropriation	30,000,000	30,000,000	N/A	100.0%
TOTAL, SPECIAL REVENUE FUNDS	**$435,877,500**	**$305,033,255**	**10**	**70.0%**
GRAND TOTAL	**$851,701,600**	**$720,856,010**	**154,966**	**84.6%**

ILLINOIS STUDENT ASSISTANCE COMMISSION
INCOME STATEMENT (UNAUDITED)
STUDENT LOAN OPERATING FUND
FY 2011
YEAR ENDED JUNE 30, 2011

DESCRIPTION	YEAR TO DATE CURRENT YEAR TOTAL	PRIOR YEAR TOTAL	CY vs PY VARIANCE	CY vs PY VARIANCE
REVENUES				
COLLECTIONS	6,076,411.36	5,919,304.12	157,107.24	2.7%
REPURCHASE / REHAB / CONSOL	18,270,911.13	17,507,880.17	763,030.96	4.4%
INTEREST & OTHER INVEST INCOME	34,964.00	42,592.00	(7,628.00)	-17.9%
LOAN PROCESSING / ISSUANCE FEE	(319,200.00)	1,526,692.32	(1,845,892.32)	-120.9%
ACCOUNT MAINTENANCE FEE	3,804,506.00	4,193,426.64	(388,920.64)	-9.3%
DEFAULT AVERSION FEE	1,705,060.23	2,021,575.26	(316,515.03)	-15.7%
LEGAL RECOVERIES	25,645.39	405,732.04	(380,086.65)	-93.7%
MISCELLANEOUS INCOME	10,843.75	25,278.52	(14,434.77)	-57.1%
TOTAL REVENUES	**29,609,141.86**	**31,642,481.07**	**(2,033,339.21)**	**-6.4%**
EXPENDITURES				
ADMINISTRATIVE EXPENSES				
PERSONAL SERVICES & FRINGE BEN	18,711,968.21	18,256,145.38	455,822.83	2.5%
CONTRACTUAL SERVICES	6,619,085.61	7,402,877.29	(783,791.68)	-10.6%
RENTAL & MGMT OF REAL PROP	2,829,201.38	2,990,073.05	(160,871.67)	-5.4%
CAPITALIZED INTERNALLY GENERATED SOFTWARE	(568,830.00)	-	(568,830.00)	0.0%
EQUIPMENT & TELECOM	425,279.45	550,243.67	(124,964.22)	-22.7%
TRAVEL	48,372.68	70,825.64	(22,452.96)	-31.7%
OTHER ADMIN EXPENSES	242,582.18	315,174.69	(72,592.51)	-23.0%
TOTAL ADMINISTRATIVE EXPENSES	**28,307,659.51**	**29,585,339.72**	**(1,277,680.21)**	**-4.3%**
PROGRAM EXPENSES				
DEFAULT FEE	(20.29)	550,230.10	(550,250.39)	-100.0%
OTHER PROGRAM EXPENSES	42,049.33	52,802.83	(10,753.50)	-20.4%
TOTAL PROGRAM EXPENSES	**42,029.04**	**603,032.93**	**(561,003.89)**	**-93.0%**
TOTAL EXPENDITURES	**28,349,688.55**	**30,188,372.65**	**(1,838,684.10)**	**-6.1%**
STATE AND FEDERAL GRANTS				
MAP	33,497,390.48	(12,300.68)	33,509,691.16	-272421.5%
SAFRA	826,131.00	-	826,131.00	0.0%
TOTAL STATE AND FEDERAL GRANTS	**34,323,521.48**	**(12,300.68)**	**34,335,822.16**	**-279137.6%**
EXCESS REVENUE OVER (UNDER) EXPENDITURES, AFTER TRANSFERS	**35,582,974.79**	**1,441,807.74**	**34,141,167.05**	**2367.9%**
BEGINNING FUND BALANCE	**5,037,455.21**	**3,595,647.47**		
RESTRICTED FOR PAYMENT OF MAP GRANT	**33,500,000.00**	-		
ENDING FUND BALANCE	**7,120,430.00**	**5,037,455.21**		

**** NOTE: Numbers are tentative and subject to year-end audit adjustments.**

ILLINOIS STUDENT ASSISTANCE COMMISSION
INCOME STATEMENT (UNAUDITED)
COLLEGE ILLINOIS!
FY 2011
YEAR ENDED JUNE 30, 2011

DESCRIPTION	YEAR TO DATE CURRENT YEAR TOTAL	PRIOR YEAR TOTAL	CY vs PY VARIANCE	CY vs PY VARIANCE
REVENUES				
INTEREST INCOME	621,002.74	179,032.30	441,970.44	246.9%
INCOME FROM INVESTMENT SEC	167,704,681.06	88,599,291.18	79,105,389.88	89.3%
FEES	1,356,011.38	1,470,094.43	(114,083.05)	-7.8%
TOTAL REVENUES	**169,681,695.18**	**90,248,417.91**	**79,433,277.27**	**88.0%**
EXPENDITURES				
ADMINISTRATIVE EXPENDITURES				
PERSONAL SERVICES & FRINGE BEN	3,276,558.02	3,384,070.81	(107,512.79)	-3.2%
CONTRACTUAL SERVICES	3,661,268.89	2,919,008.05	742,260.84	25.4%
EQUIPMENT & TELECOM	15,174.00	11,549.40	3,624.60	31.4%
TRAVEL	6,822.19	16,909.68	(10,087.49)	-59.7%
INVESTMENT EXPENSE	3,605,372.45	3,535,577.95	69,794.50	2.0%
OTHER ADMIN EXPENSES	12,073.99	12,782.23	(708.24)	-5.5%
TOTAL ADMINISTRATIVE EXPENDITURES	**10,577,269.54**	**9,879,898.12**	**697,371.42**	**7.1%**
ACTUARIAL EXPENDITURES				
ACCRETION EXPENSE ACCRUED	71,661,805.12	76,596,924.39	(4,935,119.27)	-6.4%
TOTAL ACTUARIAL EXPENDITURES	**71,661,805.12**	**76,596,924.39**	**(4,935,119.27)**	**-6.4%**
TOTAL EXPENDITURES	**82,239,074.66**	**86,476,822.51**	**(4,237,747.85)**	**-4.9%**
EXCESS REVENUE OVER (UNDER) EXPENDITURES, AFTER TRANSFERS	**87,442,620.52**	**3,771,595.40**	**83,671,025.12**	**2218.5%**
BEGINNING FUND BALANCE	**(337,888,037.72)**	**(341,659,633.12)**		
ENDING FUND BALANCE	**(250,445,417.20)**	**(337,888,037.72)**		

**** NOTE: Numbers are tentative and subject to year-end audit adjustments.**
**** NOTE: Includes Intra-Agency expenditures of $2,090,333.14 year to date.**

ILLINOIS STUDENT ASSISTANCE COMMISSION
INCOME STATEMENT (UNAUDITED)
ILLINOIS DESIGNATED ACCOUNT PURCHASE PROGRAM
FY 2011 - YEAR ENDED JUNE 30, 2011

	YEAR TO DATE			
DESCRIPTION	**CURRENT YEAR TOTAL**	**PRIOR YEAR TOTAL**	**CY vs PY VARIANCE**	**CY vs PY VARIANCE**
IDAPP ADMINISTRATION				
OPERATING REVENUE				
IDAPP SERVICING FEE RECEIVED FROM TRUST	6,852,566	16,900,448	(10,047,882)	-59.5%
DOE PUT FEE	1,280,830	2,268,314	(987,484)	-43.5%
TOTAL OPERATING REVENUE	**8,133,397**	**19,168,763**	**(11,035,366)**	**-57.6%**
OPERATING EXPENSES				
SALARIES AND EMPLOYEE BENEFITS	2,480,628	5,493,586	(3,012,958)	-54.8%
EXTERNAL LOAN SERVICING	2,402,921	5,493,178	(3,090,258)	-56.3%
OTHER CONTRACTUAL SERVICES	452,842	1,199,357	(746,515)	-62.2%
OTHER	181,539	791,569	(610,031)	-77.1%
TOTAL OPERATING EXPENSES	**5,517,929**	**12,977,690**	**(7,459,762)**	**-57.5%**
SHARED EXPENSE ALLOCATION	2,100,000	4,256,800	(2,156,800)	-50.7%
CONSOLIDATION REBATE FEE	838,195	94,870	743,325	783.5%
FIB/SAP/EXCESS INTEREST	(32,444)	187,565	(220,009)	-117.3%
NET ADMINISTRATION OPERATING PROFIT	**(290,283)**	**1,651,837**	**(1,942,120)**	**-117.6%**
NET TRANSFER OF ASSETS FROM TRUST	**11,211,622**	**(2,910,645)**	**14,122,267**	**-485.2%**
NET ADMIN ASSETS, JULY 1, 2010	9,604,521	10,863,330	(1,258,809)	**-11.6%**
NET ADMIN ASSET JUNE 30, 2011	**20,525,860**	**9,604,522**	**10,921,338**	**113.7%**
TRUST OPERATIONS				
OPERATING REVENUE				
STUDENT LOAN INTEREST INCOME	41,428,009	44,340,132	(2,912,123)	1.2%
INVESTMENT INCOME	2,725,416	8,464,243	(5,738,827)	-67.8%
TOTAL OPERATING REVENUE	**44,153,425**	**52,804,376**	**(8,650,951)**	**-9.8%**
OPERATING EXPENSES				
INTEREST EXPENSE	11,837,104	12,411,470	(574,367)	-4.6%
AMORTIZATION OF LOAN PREMIUMS & FEES	2,775,406	3,474,961	(699,555)	-20.1%
CONSOLIDATION REBATE FEE	1,785,013	2,660,000	(874,987)	-32.9%
IDAPP SERVICING FEE RECEIVED FROM TRUST	6,852,566	16,900,448	(10,047,882)	-59.5%
EXTERNAL LOAN SERVICING	1,619,030	-	1,619,030	0.0%
BOND ISSUANCE AND LEGAL FEES	599,088	191,697	407,391	212.5%
OTHER CONTRACTUAL SERVICES	2,013,058	1,996,998	16,060	0.8%
TOTAL OPERATING EXPENSES	**27,481,265**	**37,635,574**	**(10,154,309)**	**-27.0%**
GROSS OPERATING PROFIT	**16,672,160**	**15,168,801**	**1,503,359**	**32.7%**
PROVISION FOR LOAN LOSS	18,575,748	8,155,878	10,419,870	127.8%
FIB/SAP/EXCESS INTEREST	10,747,213	11,591,723	(844,510)	-7.3%
NET TRUST OPERATING PROFIT	**(12,650,801)**	**(4,578,800)**	**(8,072,001)**	**100.7%**
NON-OPERATING ITEMS				
GAIN ON EXTINGUISHMENT OF DEBT - NET	3,313,511	-		
TOTAL NON-OPERATING ITEMS	**3,313,511**	**-**	**3,313,511**	**0.0%**
NET TRUST INCOME/(LOSS)	**(9,337,289)**	**(4,578,800)**	**(4,758,489)**	**28.4%**
NET TRUST ASSETS, JULY 1, 2010	26,974,594	28,642,748	(1,668,154)	-5.8%
OTHER OPERATING TRANSFERS	(11,211,622)	2,910,645	(14,122,267)	-485.2%
NET TRUST ASSET JUNE 30, 2011	**6,425,683**	**26,974,594**	**(20,548,911)**	**-63.4%**
COMBINED NET INCOME	(9,627,572)	(2,926,963)	(6,700,609)	110.7%
NET ASSETS, JULY 1, 2010	36,579,115	39,506,078	(2,926,963)	-7.4%
NET ASSET JUNE 30, 2011	**26,951,543**	**36,579,115**	**(9,627,572)**	**-16.9%**

**** NOTE: Numbers are tentative and subject to year-end audit adjustments.**

ILLINOIS STUDENT ASSISTANCE COMMISSION

COLLEGE ILLINOIS!

SOURCES AND USES REPORT

July 2011 - FY 2012

BEGINNING MARKET VALUE TOTAL FUNDS BALANCE, 07/01/11

Cash at Custodians	$7,833,004	
Illiquid Liquidating Trust Earnings	1	
Illiquid Liquidating Trust Asset	3,402,447	
SSgA S&P 500 Index Fund	77,616,201	
LSV Asset Management - International	6,617	
SSgA MSCI EAFE	16,150,009	
SCM Stable Value Account	60,086,463	
Income Research & Management	64,298,464	
Kennedy Wilson III	23,391,895	
Kennedy Wilson IV	19,074,475	
SCM Term Income Account	7	
Security Capital Preferred Growth LLC	47,713,616	
Pugh Capital Management	42,094,968	
C.S. McKee Investment Manager	71,260,146	
Piedmont Advisors	33,302,421	
Alinda Infrastructure Fund II	19,634,489	
ISAC-TIPS	33,713,699	
RhumbLine Advisors Large Cap Growth	193,072,870	
Interest & Dividends	12,804,792	
Portfolio Advisors Secondary Fund L.P.	9,938,403	
JPM AIRRO	17,317,257	
Balestra Capital Spectrum	55,224,272	
Neuberger Berman	27,167,572	
Pinnacle Natural Resource	56,101,825	
Reynoso Asset Management	21,677,813	
Morgan Stanley	10,921,734	
DDJ Distressed	57,392,526	
Ativo	31,935,974	
MaCkay Shields	30,134,319	
Harris Pyrford	32,296,819	
Lyrical-Antheus	18,229,600	
Mesirow Re Value	4,344,420	
Camelot Secondary Fund	14,965,390	
Camelot Co-Investment	18,732,381	
TOTAL BEGINNING BALANCE		**$1,131,836,886**
SOURCES OF FUNDS		
Contributions received	$3,845,960	
Application and other fees	67,293	
Interest from Treasury and Banks	262	
Interest on Investments	1,116,333	
Change in Illiquid Asset & Earnings	72,207	
Interest and Other Income	357	
TOTAL SOURCES		**$5,102,412**
USES OF FUNDS		
Administrative Expenses	$289,977	
Unrealized Loss on Investment	646,879	
Refunds to Purchasers	4,325,041	
Tuition Payments	511,484	
Investment Expense	428,780	
TOTAL USES		**$6,202,161**

ENDING MARKET VALUE TOTAL FUNDS BALANCE, 07/31/11

Cash at Custodians	$6,191,236	
Illiquid Liquidating Trust Assets	3,351,949	
SSgA S&P 500 Index Fund	76,037,488	
SSgA MSCI EAFE	15,815,368	
LSV Asset Management - International	6,561	
Income Research & Management	65,226,180	
ISAC-TIPS	36,742,017	
C.S. McKee Investment Managers	72,638,178	
Pugh Capital Management	42,769,730	
Piedmont Investment Advisors	33,910,725	
RhumbLine Advisors Large Cap Growth	189,480,936	
Interest and Dividends Account	13,223,386	
Security Capital (Stable Value Acct)	57,427,814	
Balestra Capital-Spectrum	55,224,272	
Neuberger Berman	27,167,572	
Pinnacle Natural Resources	56,101,825	
Security Capital Preferred Growth Fund LLC	47,713,616	
Alinda Infrastructure II Fund L.P.	19,296,891	
Portfolio Advisors Secondary Fund L.P.	9,938,403	
JPM AIRRO	17,317,257	
Morgan Stanley Secondary Fund	13,487,775	
REYNOSO Asset Management	21,677,813	
DDJ Distressed Fund	57,392,526	
KW Property Fund III L.P.	23,391,890	
KW Property Fund IV L.P.	19,074,475	
Ativo	31,871,317	
MacKay Shields	29,960,157	
Harris Pyrford	32,027,987	
Camelot Acquisitions Secondary	14,965,390	
Camelot Co-Investment	18,732,381	
Lyrical-Antheus Realty III	18,229,600	
Mesirow Re Value	4,344,420	
TOTAL ENDING BALANCE	1,130,737,135	**$1,130,737,135**

NUMBER AND DOLLAR VALUE OF PLANS, 07/31/2011

Number of Plans:	
Plans Paid in Full	49,708
Active Plans	9,859
Cancelled Plans	10,635
Suspended Plans	2
Total Number of Plans	70,204
Purchased Value of all Plans	$1,645,912,544

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.

COLLEGE ILLINOIS! 529 PREPAID TUITION PROGRAM - TOTAL PROGRAM PERFORMANCE

July 2011 - FY 2012

APPROXIMATE INVESTMENT RETURN, 07/31/2011

	Ending Market Value	Total Funding Level	Fiscal Year-to-Date	Since Inception[3,4]	Inception Date[4]	Asset Allocation	One Month
Total Program	**$1,130,737,135**	**$952,108,855**	**0.1%**	**3.6%**	7/6/1999	100.0%	0.1%
Policy Benchmark[1]			-0.4%	3.6%			-0.4%
Actuarial Assumption[2]			0.7%	8.2%			0.7%
Domestic Equity	**265,518,424**	**233,314,442**	**-1.9%**	**1.5%**	7/6/1999	23.9%	-1.9%
RhumbLine Advisors	189,480,936	178,314,442	-1.9%	17.4%	7/24/2009	17.0%	-1.9%
WILSHIRE 5000			-2.2%	17.8%			-2.2%
SSgA S&P 500 Index Fund	76,037,488	55,000,000	-2.0%	1.3%	7/6/1999	6.8%	-2.0%
S&P 500 Index			-2.0%	1.3%			-2.0%
International Equity	**109,681,389**	**104,946,906**	**-0.8%**	**9.2%**	10/1/2002	9.9%	-0.8%
LSV Asset Management International	6,561	0	0.0%	0.0%	11/4/2005	0.0%	0.0%
Ativo	31,871,317	29,530,773	-0.2%	14.0%	11/12/2010	2.9%	-0.2%
MacKay Shields	29,960,157	29,626,626	-0.6%	6.9%	11/12/2010	2.7%	-0.6%
Harris Pyrford	32,027,987	29,639,507	-0.8%	13.6%	11/12/2010	2.9%	-0.8%
State Street MSCI EAFE INDEX FUND	15,815,368	16,150,000	0.0%	0.0%	6/30/2011	1.4%	0.0%
MSCI EAFE (Gross Div)			-1.6%	12.1%			-1.6%
Domestic Fixed Income	**$251,286,830**	**$195,807,856**	**2.7%**	**6.5%**	7/6/1999	22.6%	2.7%
C.S. McKee Investment Managers	72,638,178	51,858,015	1.9%	8.1%	7/27/2007	6.5%	1.9%
PUGH Capital Management	42,769,730	33,590,505	1.6%	8.7%	7/25/2007	3.8%	1.6%
BARCAP Aggregate Index			1.6%	6.8%			1.6%
Piedmont Investment Advisors	33,910,725	28,268,636	1.8%	7.4%	8/2/2007	3.0%	1.8%
BARCAP Aggregate Index			1.6%	6.6%			1.6%
Income Research & Management	65,226,180	48,354,622	1.4%	6.8%	11/1/2006	5.9%	1.4%
BARCAP Intermediate Gov't/Credit			1.4%	5.8%			1.4%
TIPS	36,742,017	33,736,078	9.0%	4.8%	6/30/2011	3.3%	9.0%
BARCAP TIPS			3.9%	6.8%			3.9%
Real Estate	**170,181,815**	**138,695,968**	**0.3%**	**17.6%**	8/14/2009	15.1%	0.3%
KW Property Fund III[8]	23,391,890	20,154,367	0.0%	44.2%	8/17/2010	1.9%	0.0%
KW Property Fund IVI[8]	19,074,475	19,400,372	0.0%	0.0%	5/27/2011	1.7%	0.0%
Lyrical-Antheus Realty III[8]	18,229,600	19,130,832	0.0%	-5.9%	2/28/2011	1.7%	0.0%
Mesirow Value[7]	4,344,420	4,494,730	0.0%	-11.0%	3/29/2011	0.4%	0.0%
NCREIF-ODCE			0.0%	6.0%			0.0%
SCM Stable Value	57,427,814	41,318,942	0.8%	16.4%	8/14/2009	5.2%	0.8%
BARCAP CORPORATE REIT BOND			2.7%	14.8%			2.7%
BARCAP CONVERTIBLE REIT BOND			-0.3%	15.7%			-0.3%
SCM PREFERRED GROWTH[8]	47,713,616	34,196,726	0.0%	22.0%	12/1/2009	4.3%	0.0%
BARCAP CORPORATE REIT BOND			2.7%	12.6%			2.7%
BARCAP CONVERTIBLE REIT BOND			-0.3%	12.8%			-0.3%
Infrastructure	**19,296,891**	**17,301,958**	**0.0%**	**26.8%**	12/23/2009	1.7%	0.0%
Alinda Capital II[8]	19,296,891	17,301,958	0.0%	26.8%	12/23/2009	1.7%	1.7%
LIBOR+4%			0.3%	4.2%			0.3%
Hedge Fund	**160,171,482**	**155,000,000**	**0.2%**	**2.4%**	2/1/2010	14.4%	0.2%
Balestra Spectrum[8]	55,224,272	55,000,000	0.0%	0.3%	2/1/2010	5.0%	0.0%
HFR MACRO			*2.5%*	*6.9%*			*2.5%*
NB Diversified Arbitrage[8]	27,167,572	25,000,000	-0.5%	5.3%	2/1/2010	2.4%	-0.5%
HFR RELATIVE VALUE			-0.1%	1.9%			-0.1%
Pinnacle Natural Resources[8]	56,101,825	55,000,000	0.8%	1.9%	2/1/2010	5.1%	0.8%
HFR MULTI-STRATEGY FOF			-0.1%	1.9%			-0.1%
Reynoso Asset Management[8]	21,677,813	20,000,000	0.0%	9.7%	2/27/2010	1.9%	1.0%
S&P 500 Index			-2.0%	18.0%			-2.0%
Private Equity	**131,833,732**	**107,041,725**	**23%**	**23%**	9/30/2008	10.7%	-0.3%
Camelot Secondary Fund[8]	14,965,390	11,725,802	27.6%	27.6%	3/12/2010	1.0%	0.0%
RUSSELL 3000+5%			-1.9%	16.4%			-1.9%
Camelot Co-Investment[8]	18,732,381	10,000,000	87.3%	87.3%	2/10/2011	0.9%	0.0%
RUSSELL 3000+5%			-1.9%	0.1%			-1.9%
DDJ Distressed Fund[8]	57,392,526	50,000,000	-0.5%	12.1%	6/1/2010	5.1%	-0.5%
RUSSELL 3000+5%			-1.9%	24.4%			-1.9%
J.P. Morgan AIRRO Fund[7]	17,317,257	17,933,636	0.0%	-4.7%	4/16/2010	1.6%	0.0%
RUSSELL 3000+5%			-1.9%	15.2%			-1.9%
Morgan Stanley Secondary Fund[8]	13,487,775	9,256,288	0.0%	68.6%	4/29/2010	1.2%	0.0%
RUSSELL 3000+5%			-1.9%	15.2%			-1.9%
Portfolio Advisors Secondary Fund[7]	9,938,403	8,082,999	0.0%	33.5%	12/23/2009	0.9%	0.0%
RUSSELL 3000+5%			-1.9%	20.0%			-1.9%
Interest and Dividends Account	**13,223,386**	**13,200,115**	**0.0%**	**0.1%**	9/17/2008	1.2%	0.0%
T-Bills			0.0%	0.2%			0.0%
Cash Account[6]	**$6,191,236**		**0.0%**	**3.0%**		0.6%	0.0%
T-Bills			0.0%	2.7%			0.0%

Illiquid Liquidating Trust **$3,351,949**

Continue to next page for explanations.

NOTE: Returns are preliminary and subject to revision pending the June 30, 2011 quarterly report. The total funding level includes initial dollars funded and any monthly contributions as well as withdrawals.
1 The Policy Benchmark is 25% Wilshire 5000, 8% MSCI EAFE, 15% BarCap Aggregate, 12% BarCap Int. Govt./Credit, 1% BarCap TIPS, 15% HFRX Global, 7% Russell 3000 + 5%, 1% LIBOR + 4%, 14% NCREIF ODCE, and 2% T-Bills.
Prior to August 31, 2010 The Policy Benchmark is 25% Wilshire 5000, 8% MSCI EAFE, 15% BarCap Aggregate, 12% BarCap Int. Govt./Credit, 5% BarCap TIPS, 15% HFRX Global, 7% Russell 3000 + 5%, 1% LIBOR + 4%, 10% NCREIF ODCE, and 2% T-Bills.
Prior to May 31, 2010, the Policy Benchmark was 25% Wilshire 5000, 8% MSCI EAFE, 15% BarCap Aggregate, 15% BarCap Int. Govt./Credit, 5% BarCap TIPS, 15% HFRX Global, 1% Russell 3000 + 5%, 1% LIBOR + 4%, 10% NCREIF ODCE, and 5% T-Bills.
Prior to January 31, 2010, the Policy Benchmark was 30% Wilshire 5000, 8% MSCI EAFE, 25% BarCap Aggregate, 15% BarCap Int. Govt./Credit, 5% BarCap TIPS, 2% Russell 3000 + 5%, 10% NCREIF ODCE, and 5% T-Bills.
Prior to August 31, 2009, the Policy Benchmark was 30% Wilshire 5000, 8% MSCI EAFE, 25% BarCap Aggregate, 15% BarCap Int. Govt./Credit, 5% BarCap TIPS, 2% Russell 3000 + 5%, and 15% T-Bills.
Prior to July 31, 2009, the Policy Benchmark was 35% Wilshire 5000, 8% MSCI EAFE, 25% BarCap Aggregate, 15% BarCap Int. Govt./Credit, 5% BarCap TIPS, 2% Russell 3000 + 5%, and 10% T-Bills.
Prior to May 31, 2009, the Policy Benchmark was 35% Wilshire 5000, 8% MSCI EAFE, 25% BarCap Aggregate, 20% BarCap Int. Govt./Credit, 5% BarCap TIPS, 2% Russell 3000 + 5%, and 5% T-Bills.
Prior to March 31, 2009, the Policy Benchmark was 20% S&P 500, 10% Russell 1000 Value, 10% Russell 1000 Growth, 5% Russell 2000, 5% Russell 2000 Value, 10% MSCI EAFE, 18% BarCap Aggregate, 16% BarCap Int. Govt./Credit, 5% BarCap TIPS, and 1% T-Bills.
Prior to December 31, 2008, the Policy Benchmark was 40% S&P 500, 10% Russell 2000, 5% Russell 2000 Value, 10% MSCI EAFE, 18% BarCap Aggregate, 16% BarCap Int. Govt./Credit, and 1% T-Bills.
Prior to December 31, 2007, the Policy Benchmark was 45% S&P 500, 10% Russell 2000, 5% Russell 2000 Value, 5% MSCI EAFE, 18% Lehman Aggregate, 16% Lehman Int. Govt./Credit, and 1% T-Bills.
Prior to December 31, 2005, the Policy Benchmark was 45%,S&P 500, 10% Russell 2000, 5% Russell 2000 Value, 5% MSCI EAFE, 18% Lehman Aggregate, 15% Lehman Int. Govt./Credit, 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 Int. Govt./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.

2 Actuarial assumption is 9.25%. Prior to July 2009, the actuarial assumption was 8.5%.
Prior to July 2008, the actuarial assumption was 8.0%.
Prior to July 2006, the actuarial assumption was 7.75%.
Prior to July 2002, the actuarial assumption was 8.0%.

3 Annualized if over one year.

4 Traditional investment manager returns are as of the beginning of the first full month of performance.

5 Market value is as of 6/30/2011 and has been adjusted to reflect subsequent cash flows.

6 Market value includes cash at the Illinois Treasurer, Illinois Funds and JP Morgan Chase Bank.

7 Market value is as of 03/31/2011 and has been adjusted to reflect subsequent cash flows.

ILLINOIS DESIGNATED ACCOUNT PURCHASE PLAN
SUMMARY OF INVESTMENTS
AT JULY 31, 2011

	Par Value	Market Value	Percent	Yield YTM	Yield Current
Federal Prime Cash Obligation #851	$ 1,025,071.61	$ 1,025,071.61	1.49%	0.064	0.010
Federal Prime Cash Obligation #851	8,331,969.44	8,331,969.44	12.09%	0.060	-
Wells Fargo Advantage Treasury -Rehab	12,554,249.34	12,565,544.37	18.22%	0.018	0.010
Wells Fargo Advantage Treasury -L FRN	18,269,929.75	18,269,929.75	26.52%	0.018	0.010
Federal Farm Credit Bank Callable	13,972,250.00	13,920,460.00	20.28%	1.890	1.890
Federal Home Loan Bank Callable	3,519,950.00	3,509,570.00	5.11%	2.014	2.014
Federal Home Loan Mortgage Corp Callable	2,010,850.00	2,007,420.00	2.92%	18.150	1.815
Federal Home Loan Mortgage Corp Callable	350,746.00	351,245.50	0.51%	1.315	1.315
MM Obligation Gov't (BOA)	4,866,987.74	4,866,987.74	7.06%	0.026	0.010
US T-Bills (Northern Trust)	3,997,479.72	3,999,657.00	5.80%	-	-
	$ 68,899,483.60	$ 68,847,855.41	100.00%		

Money Market Funds	$ 45,048,207.88
U.S. Treasuries and Agencies	23,851,275.72
Total	$ 68,899,483.60

	Due < one year	Due > one year & < ten years	Due > ten years
Federal Prime Cash Obligation #851	$ 1,025,071.61	$ -	$ -
Federal Prime Cash Obligation #851	8,331,969.44		
Wells Fargo Advantage Treasury -Rehab	12,554,249.34		
Wells Fargo Advantage Treasury -L FRN	18,269,929.75		
Federal Farm Credit Bank Callable		13,972,250.00	
Federal Home Loan Bank Callable		3,519,950.00	
Federal Home Loan Mortgage Corp Callable		2,010,850.00	
Federal Home Loan Mortgage Corp Callable		350,746.00	
MM Obligation Gov't (BOA)	4,866,987.74		
US T-Bills (Northern Trust)	3,997,479.72		
	$ 49,045,687.60	$ 19,853,796.00	$ -