



**Illinois  
Student  
Assistance  
Commission**



January 19, 2017

Honorable Governor Bruce Rauner  
207 State Capitol  
Springfield, IL 62706

Dear Governor Rauner:

In accordance with the reporting requirement of the Illinois Prepaid Tuition Act (110 ILCS 979/1 et seq.), I am sending you this letter as a certification that the College Illinois!® 529 Prepaid Tuition Program will not require any state financial support during Fiscal Year 2018. During Fiscal Year 2018, we currently estimate that approximately \$148 million will be paid out for prepaid tuition contract benefits, refunds, and expenses, netted for expected contributions. During January through June 2017, we anticipate net payouts of approximately \$71 million. While the Fiscal Year 2018 College Illinois! 529 Prepaid Tuition Program administrative budget for the program will not be approved by the Commission until June 2017, we expect to request approximately \$10 million of program funds for Fiscal Year 2018 operational expenses.

The actuarial soundness valuation as of June 30, 2016 performed by independent actuaries indicates an unfunded liability with a present value of approximately \$264 million, assuming the program is ongoing. This reflects an improving trend from \$292 million last year, and \$536 million five years ago, driven by moderating tuition inflation, new contract sales, and investment returns. The funded ratio improved modestly from 78.8% to 79.4% as of June 30, 2016 compared to the prior year. We are encouraged by the \$272 million reduction in the unfunded liability since Fiscal Year 2011.

The actuaries also prepared supplementary projections for scenarios with varying levels of contract sales. The projection assuming no future contract sales indicates that the Program would require State funding totaling \$623 million beginning in Fiscal Year 2025. Higher levels of contract sales would reduce or eliminate potential funding requirements. Complete details are provided in the actuarial reports available at <http://www.isac.org/about-isac/financial-information.html>.

Information in the actuarial reports necessarily represents a point in time and predicts the future as of June 30, 2016. Going forward, many circumstances, such as investment performance, tuition and fee inflation and contract purchases, can significantly change future actuarial results, either in a positive or negative way. It is to be expected that for any given fiscal year, actual plan performance will vary from assumptions and that the funded status of the plan will fluctuate.

Please contact me at 217-782-2020 if you have any questions or concerns regarding this certification letter.

Sincerely,

Eric Zarnikow  
Executive Director

cc: Scott Harry, Director  
Office of Management and Budget

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