



**Illinois
Student
Assistance
Commission**



December 20, 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 2019. During Fiscal Year 2019, we estimate that approximately \$145 million will be paid out for prepaid tuition contract benefits, refunds, and expenses, netted for expected contributions. During January through June 2018, we anticipate net payouts of approximately \$72 million. While the Fiscal Year 2019 College Illinois! 529 Prepaid Tuition Program administrative budget for the program will not be approved by the Commission until June 2018, we expect to request approximately \$10 million of program funds for Fiscal Year 2019 operational expenses.

Although state financial support will not be required next year, actuarial projections indicate that state support likely will be required in the future. The actuarial soundness valuation as of June 30, 2017, performed by independent actuaries, indicates that there is an unfunded liability with a present value of approximately \$320 million. Actuarial projections for a runoff scenario with no future contract sales indicate that the Program would require cumulative state funding of over \$500 million beginning in Fiscal Year 2025, with single-year funding requirements peaking above \$100 million in FY26. If the state opted to amortize the unfunded liability beginning in FY19, annual payments of \$25 million to \$30 million would be required for about 15 years. While future contract sales could reduce or eliminate potential funding requirements, contract sales have declined in the past few years. As a result, Program enrollment is currently on hold pending our continuing discussions with policy makers to help define and advance proposals that will address the College Illinois! unfunded liability and strengthen the Program. Actuarial reports are available at <http://www.collegeillinois.org/AboutCollegeIllinois/529Financials.html>.

Actuarial reports necessarily represent a point in time and make projections about the future based on information available as of the date of the report. 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.

isac.org

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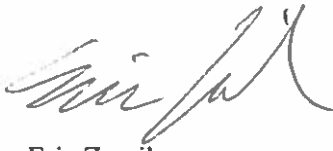
100 West Randolph Suite 3-200
Chicago, IL 60601-3219

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

Best regards,

A handwritten signature in black ink, appearing to read "Eric Zarnikow". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Eric Zarnikow
Executive Director
Illinois Student Assistance Commission

cc: Scott Harry, Director
Office of Management and Budget