



**Illinois
Student
Assistance
Commission**



December 18, 2015

Honorable Governor Bruce Rauner
207 State Capitol
Springfield, IL 62706

Dear Governor Rauner:

Please be advised that the College Illinois!® 529 Prepaid Tuition Program, administered by this agency, currently has sufficient monies within the Prepaid Tuition Trust Fund to fully discharge all expected College Illinois! 529 Prepaid Tuition Program contract obligations payable during Fiscal Year 2017 and the remaining months of Fiscal Year 2016.

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 2017. During Fiscal Year 2017, we currently estimate that approximately \$151 million will be paid out for prepaid tuition contract benefits, refunds, and expenses, netted for expected contributions. During January through June 2016, we anticipate net payouts of approximately \$76 million. While the Fiscal Year 2017 College Illinois! 529 Prepaid Tuition Program administrative budget for the program will not be approved by the Commission until June 2016, we expect to request approximately \$10 million of program funds for Fiscal Year 2017 operational expenses.

Our actuarial soundness valuation as of June 30, 2015 indicates an unfunded liability of approximately \$292 million. The actuarial soundness report also indicates that the Illinois Prepaid Tuition Fund has resources to make payments through 2024, assuming no new contract sales after June 30, 2015. The Program is ongoing, however, and while we are heedful of the unfunded liability, we are encouraged by the \$244 million reduction in the unfunded liability since Fiscal Year 2011, an improvement driven by investment gains, lower tuition inflation and an increase in contract sales. Scenario analysis indicates that contract sales can improve the strength of the program and decrease the unfunded liability over time. The Illinois Student Assistance Commission will continue to work to strengthen the program in what will be a multi-year process.

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

Sincerely,

Eric Zarnikow
Executive Director

cc: Tim Nuding, Director
Office of Management and Budget

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