

AGENDA ITEM 3.

EXECUTIVE DIRECTOR'S REPORT

ILLINOIS STUDENT ASSISTANCE COMMISSION
FISCAL YEAR 2006 APPROPRIATION SUMMARY REPORT
(July 1, 2005 - December 31, 2005)

	FY2006 Appropriation	Year-to-date Expended	Number of Recipients	Percentage Expended
<u>STATE GENERAL FUNDS</u>				
SCHOLARSHIPS AND GRANTS				
Monetary Award Program	\$346,699,800	\$174,570,940	131,629	50.4%
Illinois Incentive for Access Grants	7,200,000	3,901,750	15,191	54.2%
Teacher Loan Forgiveness Program	500,000	327,112	67	65.4%
Minority Teacher Scholarships	3,100,000	1,299,764	498	41.9%
Illinois Future Teachers Corps Scholarships	4,100,000	1,743,544	495	42.5%
Student to Student Grants	950,000	149,874	N/A	15.8%
Dependents Grants	350,000	213,472	62	61.0%
National Guard Grants	4,480,000	2,029,657	5,426	45.3%
Illinois Veteran Grants	19,250,000	7,683,099	948	39.9%
Bonus Incentive Grants	650,000	519,720	899	80.0%
Illinois Scholars Program	3,020,000	3,020,000	N/A	100.0%
TOTAL	\$390,299,800	\$195,458,932	155,215	50.1%
 <u>SPECIAL REVENUE FUNDS</u>				
STUDENT LOAN OPERATING FUND				
Administration Expense (see detail on next page)	62,972,700	16,467,834	N/A	26.2%
Federal Loan System Development & Maintenance	5,000,000	707,574	N/A	14.2%
TOTAL	\$67,972,700	\$17,175,408	N/A	25.3%
FEDERAL STUDENT LOAN FUND				
Loan Guarantee Program	190,000,000	68,992,403	N/A	36.3%
TOTAL	\$190,000,000	\$68,992,403	N/A	36.3%
SCHOLARSHIPS AND GRANTS				
Federal LEAP/SLEAP - Monetary Award Program	3,700,000	0	N/A	0.0%
Transfer to ED -Paul Douglas Funds Collected	400,000	0	N/A	0.0%
Federal Robert C. Byrd Fellowships	1,800,000	1,318,063	1,002	73.2%
TOTAL	\$5,900,000	\$1,318,063	1,002	22.3%
OTHER				
ISAC Accounts Receivables	300,000	30,197	N/A	10.1%
Higher Education License Plate Program	70,000	51,750	N/A	73.9%
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	70,000	1,944	N/A	2.8%
TOTAL, SPECIAL REVENUE FUNDS	\$264,442,700	\$87,619,765	0	33.1%
GRAND TOTAL	\$654,742,500	\$283,078,697	156,227	43.2%

ILLINOIS STUDENT ASSISTANCE COMMISSION
FISCAL YEAR 2006 APPROPRIATION REPORT
ADMINISTRATION
(July 1, 2005 - December 31, 2005)

STUDENT LOAN OPERATING FUND

Line Item	FY2006 Appropriation	Year-to-date Expended	% Expended
Personal Services	\$17,617,700	\$8,192,167	46.5%
Retirement	1,372,600	638,629	46.5%
Social Security	1,348,000	591,763	43.9%
Group Insurance	4,933,000	2,262,517	45.9%
Contractual Services	12,666,900	3,271,476	25.8%
Contractual - Collection Agency Fees	21,334,400	1,284,354	6.0%
Travel	216,400	37,449	17.3%
Commodities	272,800	44,626	16.4%
Printing	727,000	16,545	2.3%
Equipment	539,000	9,947	1.8%
Telecommunications	1,907,000	104,449	5.5%
Operation of Auto Equipment	37,900	13,911	36.7%
TOTAL	\$62,972,700	\$16,467,834	26.2%

ILLINOIS STUDENT ASSISTANCE COMMISSION
Federal Student Loan Reserve Fund (FSLRF)
Comparative Sources and Uses Report
Federal Fiscal Year to Date
(October 2005 - November 2005)

	2006	2005
BEGINNING CASH BALANCE, 10/01/05	\$48,789,493	\$55,953,942
Sources of Funds		
Collections	5,189,229	6,171,854
Repurchases, Rehabs & Consolidations	5,290,299	4,871,822
Reinsurance	21,421,645	18,708,660
Non- Reinsurable Claims	8,006	52,203
IRS Offsets	43,528	112,414
Interest on Investment	272,078	160,227
Miscellaneous Income	1,508	991
Total Sources	32,226,293	30,078,170
Uses of Funds		
Reimbursements to Lenders	22,586,983	21,619,265
Funds Remitted to Dept. of Education-Default Collections	4,168,140	4,494,910
Funds Remitted to Dept. of Education-Repurch/Rehabs/Consolidation:	4,068,721	4,011,907
SLOF Retention-Default Collections	1,179,057	1,299,108
SLOF Retention-Repurch/Rehabs/Consolidations	1,596,643	1,382,763
Default Aversion Fees	429,929	325,603
Collections on Non-Reinsurable Claims	12,399	75,516
Borrower Refund	58,905	93,008
IRS Offsets Refunded	75,402	378,204
Total Uses	34,176,179	33,680,284
ENDING CASH BALANCE, 11/30/05	\$46,839,607	\$52,351,828
ACCRUAL ADJUSTMENTS		
Due From Dept. of Education		
Reinsurance Claims Filed	11,443,877	10,667,238
Total Due from Dept. of Education	11,443,877	10,667,238
Due To Dept. of Education		
Collections Share	(1,984,014)	(2,064,721)
Reinsurance Repayments	(2,310,038)	(2,576,613)
Total Due to Dept. of Education	(4,294,052)	(4,641,334)
Due to SLOF		
SLOF Retention Payables	(1,318,580)	(1,210,308)
Default Aversion Fee Payable	(239,615)	(95,283)
Collections on Non-Reinsurable Claims	(8,962)	(11,202)
Total Due to SLOF	(1,567,158)	(1,316,793)
Due from SLOF		
Collection Agency Commission	44,440	75,025
Default Aversion Fee Deferred Charges	7,201,044	6,657,825
Non-Reinsurable Claims	0	312
Total Due from SLOF	7,245,484	6,733,162
Other Adjustments		
Other Receivable	145,811	67,683
Vouchers Payable-Lender Reimbursements	(17,659)	(20,906)
Due to Dept of Education Reserve Recall	(6,382,113)	(6,382,113)
Total Other Adjustments	(6,253,959)	(6,335,334)
ADJUSTED FUND BALANCE, 11/30/05	\$53,413,797	\$57,458,765

* SLOF - Student Loan Operating Fund

ILLINOIS STUDENT ASSISTANCE COMMISSION
Student Loan Operating Fund (SLOF)
Comparative Sources and Uses Report
Federal Fiscal Year to Date
(October 2005 - November 2005)

	2006	2005
BEGINNING CASH BALANCE, 10/01/05	\$17,302,060	\$27,139,914
Sources of Funds		
SLOF Retention-Default Collections	1,179,057	1,299,108
SLOF Retention-Repurch/Rehabs/Consolidations	1,596,643	1,382,763
Direct Consolidation Fees	1,033,297	875,370
Loan Processing & Issuance Fees	1,623,472	1,368,577
Account Maintenance Fees	0	151,051
Default Aversion Fees	429,929	325,603
Interest on Investment	136,807	75,047
Collections on Non- Reinsurable Claims	12,399	75,516
Miscellaneous Income	290	731
Total Sources	6,011,895	5,553,766
Uses of Funds		
Administrative Expenses	4,822,391	7,004,896
Non- Reinsurable Claims	8,006	52,203
Total Uses	4,830,397	7,057,099
ENDING CASH BALANCE, 11/30/05	\$18,483,558	\$25,636,581
ACCRUAL ADJUSTMENTS		
Due From Dept. of Education		
Loan Processing & Issuance Fees	606,673	519,237
Account Maintenance Fees	2,827,430	3,169,558
Total Due from Dept. of Education	3,434,103	3,688,795
Due to FSLRF		
Non-Reinsurable Claims	0	(312)
Collection Agency Commission	(44,440)	(75,025)
Default Aversion Fee Deferred Revenue	(7,201,044)	(6,657,825)
Total Due to FSLRF	(7,245,484)	(6,733,162)
Due from FSLRF		
SLOF Retention Receivable	1,318,580	1,210,308
Default Aversion Fee Receivable	239,615	95,283
Collection on Non-Reinsurable Claims	8,962	11,202
Total Due from FSLRF	1,567,157	1,316,793
Other Adjustments		
Interest on Investment	72,425	32,434
Fixed Assets	281,365	292,800
Vouchers Payable-Administrative Expenses	(3,498,371)	(2,390,340)
Due to Illinois GRF	(1,422)	(1,452)
Total Other Adjustments	(3,146,003)	(2,066,558)
ADJUSTED FUND BALANCE, 11/30/05	\$13,093,332	\$21,842,449

*FSLRF - Federal Student Loan Reserve Fund

**ILLINOIS STUDENT ASSISTANCE COMMISSION
ILLINOIS DESIGNATED ACCOUNT PURCHASE PROGRAM
October 31, 2005**

	<u>CURRENT MONTH</u>	<u>PREV. MONTH</u>	<u>FY TO DATE</u>	<u>CUMULATIVE</u>
<u>Disbursements:</u>				
Student Loan Originations & Purchases				
Average Borrower Indebtedness	\$13,359	\$5,113	\$7,879	\$5,679
Number of Borrowers	8,927	30,577	62,262	1,130,242
Total Originations & Purchases	\$119,254,500	\$156,350,553	\$490,574,431	\$6,418,769,289
Operating Expenses	\$6,589,476	\$5,736,555	\$22,606,946	\$338,414,481
<u>Collections:</u>				
Principal - Student	\$110,629,256	\$83,399,959	\$325,526,850	\$2,852,973,208
Interest - Student	6,511,895	5,754,046	23,345,015	570,995,408
Principal - Guarantor	6,043,771	4,230,229	18,073,542	756,095,487
Interest - Guarantor	229,261	158,125	677,025	47,806,029
Federal Interest Benefits	8,473,984	0	15,301,684	212,219,460
Special Allowance	9,480,517	0	22,955,248	138,994,237
<u>Summary:</u>				
Total Principal	\$116,673,027	\$87,630,188	\$343,600,393	\$3,609,068,694
Total Interest	15,215,140	5,912,171	39,323,723	831,020,896
Total Special Allowance	9,480,517	0	22,955,248	138,994,237
 TOTAL COLLECTIONS	 \$141,368,684	 \$93,542,359	 \$405,879,364	 \$4,579,083,827

ILLINOIS STUDENT ASSISTANCE COMMISSION

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Total Program Performance

November 2005 -- FY 2006

APPROXIMATE INVESTMENT RETURN, 11/30/05

	<u>Ending</u> <u>Market Value</u>	<u>Fiscal</u> <u>Year-to-date</u>	<u>Since</u> <u>Inception***</u>	<u>Inception</u> <u>Date****</u>
Total Program	\$680,999,585	3.3%	4.3%	7/6/99
Policy Benchmark*		3.7%	4.6%	
Actuarial Assumption **		3.2%	7.9%	
Domestic Equity	\$412,900,373	5.2%	1.8%	7/6/99
William Blair	30,896,523	6.3%	-5.7%	7/7/00
<i>Russell 1000 Growth</i>		7.5%	-7.8%	
New Amsterdam	28,710,193	4.6%	13.7%	7/15/04
Holland Capital	29,264,939	4.8%	7.6%	7/15/04
<i>Russell 1000 Growth</i>		7.5%	11.6%	
LSV Asset Management	58,611,614	6.5%	15.9%	2/13/04
<i>Russell 1000 Value</i>		4.6%	10.6%	
State Street Global Advisors	60,108,134	7.2%	15.3%	4/21/04
<i>Russell 1000 Value</i>		4.6%	14.2%	
Kenwood Capital	18,659,783	6.0%	20.7%	7/15/04
Nicholas-Applegate	19,263,617	5.7%	24.6%	7/15/04
<i>Russell 2000 Value</i>		4.6%	18.5%	
SSgA S&P 500 Index Fund	102,514,269	5.7%	0.7%	7/6/99
<i>S&P 500 Index</i>		5.7%	0.6%	
Nicholas-Applegate	41,184,511			11/14/05
<i>Russell 2000</i>		6.4%		
Denver Investment Advisors	23,86,790			11/14/05
<i>Russell 2000</i>		6.4%		
International Equity	\$36,542,053	9.2%	17.6%	
LSV Asset Management	36,542,053			10/6/05
<i>MSCI EAFE</i>		9.9%		
Domestic Fixed Income	\$225,056,944	-0.8%	6.3%	7/6/99
JP Morgan Chase Investment Advisors	86,296,945	-1.1%	2.8%	7/1/03
<i>Lehman Aggregate Index</i>		-1.0%	2.5%	
SSgA LB Aggregate Index	33,685,857	-1.0%	-1.0%	6/10/05
<i>Lehman Aggregate Index</i>		-1.0%	-1.0%	
Richmond Capital Management	105,074,142	-0.4%	3.3%	10/7/02
<i>Lehman Intermediate Government/Credit</i>		-0.6%	3.4%	
Cash Account	\$6,500,215	1.4%	3.2%	
T-Bills		1.6%	3.0%	

Note: Returns are preliminary and subject to revision pending the December 31, 2005 report.

* Policy Benchmark is 45% S&P500, 10% Russell 2000, 5% MSCI EAFE, 25% Lehman Aggregate, 13% Lehman Intermediate Government/Credit, and 2% T-bills. Previously, the benchmark was 50% S&P500, 10% Russell 2000, 38% Lehman Aggregate and 2% T-bills (from October, 2001 through October, 2002) and 50% S&P500, 47% Lehman Aggregate and 3% T-bills (prior to October, 2001).

** Actuarial assumption was revised to 7.75% effective 7/01/02. Prior to 7/01/02 the assumption was 8%.

***Annualized if over one year

****Benchmark returns are as of the beginning of the month.

ILLINOIS STUDENT ASSISTANCE COMMISSION

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Sources and Uses Report

November 2005 -- FY 2006

BEGINNING MARKET VALUE TOTAL FUNDS BALANCE, 07/01/05

Cash at Custodians and ISAC	\$ 6,928,256	
SSgA S&P 500 Index Fund	96,971,048	
JP Morgan Chase Investment Advisors	87,244,965	
William Blair & Co.	28,034,839	
Wasatch Advisors	57,100,631	
JFL International Equity Fund LLC	28,388,115	
Richmond Capital Management	100,487,902	
LSV Asset Management Large Cap Value	55,122,671	
State Street Global Advisors Large Cap Value	56,131,306	
Kenwood Capital	17,608,685	
New Amsterdam Partners	27,479,466	
Holland Capital	27,947,942	
Nicholas-Applegate Small Cap Value	18,220,843	
Temp SSgA Russell 2000 Index Fund	5,144,247	
Temp SSgA MSCI EAFE Index Fund	5,065,812	
Temp SSgA LB Aggregate Index Fund	30,024,536	
Total Beginning Balance		\$647,901,264

SOURCES OF FUNDS

Contributions received	\$23,121,933	
Application and other fees	453,256	
Interest from Treasury and Banks	119,526	
Unrealized Interest on Investments	5,174,578	
Unrealized Gain on Investments	0	
Realized Gain on Investments	32,240,716	
Total Sources		\$61,110,009

USES OF FUNDS

Administrative Expenses	1,509,284	
Refunds to Purchasers	2,051,195	
Tuition Payments	7,879,515	
Investment Expense	682,762	
Realized Loss on Investments	0	
Unrealized Loss on Investments	15,888,932	
Total Uses		\$28,011,688

ENDING MARKET VALUE TOTAL FUNDS BALANCE, 11/30/05

Cash at Custodians and ISAC	\$ 6,500,215	
SSgA S&P 500 Index Fund	102,514,269	
JP Morgan Chase Investment Advisors	86,296,945	
William Blair & Co.	30,896,523	
Nicholas Applegate Small Cap Core	41,184,511	
LSV Asset Management International Equity	36,542,053	
Richmond Capital Management	105,074,142	
LSV Asset Management Large Cap Value	58,611,614	
State Street Global Advisors Large Cap Value	60,108,134	
Kenwood Capital	18,659,783	
New Amsterdam Partners	28,710,193	
Holland Capital	29,264,939	
Nicholas-Applegate Small Cap Value	19,263,617	
Denver Investment Advisors	23,686,790	
Temp. SSgA Russell 2000 Index Fund	0	
Temp. SSgA MSCI EAFE Index Fund	0	
Temp. SSgA LB Aggregate Index Fund	33,685,857	
Total Ending Balance		\$680,999,585

NUMBER AND DOLLAR VALUE OF PLANS, 11/30/05

Number of Plans:

Plans Paid in Full	28,940
Active Plans	14,431
Cancelled Plans	5,300
Suspended Plans	17
Total Number of Plans	48,688
Purchased Value of all Plans	\$921,999,321

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.