

**AGENDA ITEM 3.**

**EXECUTIVE DIRECTOR'S REPORT**

**ILLINOIS STUDENT ASSISTANCE COMMISSION  
EXECUTIVE DIRECTOR'S REPORT**

**Media Update**

High school students who take tougher classes get a running start on college admission and scholarships. This month, ISAC joined the Lumina Foundation, Ad Council and others to promote a KnowHow2GO initiative encouraging 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> graders to take tougher classes. I urged Illinois TV station managers to air the edgy Public Service Announcements in which students go into the arena with fierce warriors called "Biology", Foreign Languages" and "Algebra II", and we also touted the campaign through free media. A radio version of the PSA has been distributed in English and Spanish, and a print component of the KH2G effort will be launched in the fall. To view these engaging TV spots, visit <http://www.youtube.com/user/KnowHow2Go>.

**State Legislative Update**

The General Assembly approved a budget for fiscal year 2009 on May 31st, and most legislators returned to their own districts the next day. Although it passed both chambers on a partisan roll call, however, the General Assembly's package of four budget bills is not likely to be the last word on FY09 spending authority: The governor has publicly criticized the G.A. for failing to pass a "capital bill" to fund construction and maintenance of roads and schools, as well as for approving deficit spending that may exceed \$2 billion.

In response to these shortcomings in the budget, the governor called upon legislative leaders to meet with him regarding how to cut FY09 spending and address the state's infrastructure needs. To date, these meetings have not produced any reported progress. The governor may call a special legislative session in late June, probably to consider a capital bill and one or more "revenue enhancements." These could include items such as a lease of the state lottery, reallocating dollars from dedicated funds into the General Revenue Fund, or an expansion of gaming.

As it stands now, the four bills that make up the FY09 budget are Senate Bills 1102, 1115, and 1129 and House Bill 5701, which contains most of the higher education budget. All four bills received party-line votes, with support only from the majority party Democrats who crafted them. Overall, the budget raises state spending by about \$2.1 billion (in a budget of about \$59 billion). If the budget were to become law as-is, public universities would receive an increase of about 2.8%, and community colleges would see an increase of about 5.3%. **Among programs administered by the Illinois Student Assistance Commission with General Revenue Funds, only the Monetary Award Program would receive an increase in funding.** HB 5701 provides for an **additional \$18 million in General Revenue Funds for MAP to incorporate FY2005 tuition and fees into the formula or adjust the award size.** (Currently, MAP eligibility is based a formula that incorporates FY2004 tuition and fees.)

As was the case last year, ISAC received no increase in funding for the **Illinois Veteran Grant**, which is used to reimburse colleges and universities for waiving tuition and fees for Illinois veterans. However, an additional lump sum of approximately \$7.2 million was again appropriated to the Illinois Community College Board to cover some of the institutions' remaining costs.

The budget also authorizes \$524 million in additional spending for public elementary and secondary schools and adds funds to keep Medicaid reimbursements in line with rising health care costs.

In addition to the budget, the legislature passed a handful of bills related to affordability this spring, including the following:

- **Senate Bill 1908** (Maloney/Miller) - SB 1908 would increase the statutory maximum MAP award from its current level of \$4968 to \$5468 in FY09, \$5968 in FY10, and \$6468 in FY11. Any increase in the size of the maximum award would be granted only if it is matched by an increase of the same percentage for MAP recipients not eligible for the maximum award. Fully funding this change would require approximately \$40 million in additional funding for MAP each year for the next three years. As the bill's sponsors noted during committee and floor debate, the bill would not prevent new funds for MAP from being used to extend processing or update the tuition and fees used in the MAP formula. The bill passed both houses without a dissenting vote.
- **House Bill 4567** (Brady/Holmes) – This bill requires ISAC to conduct a study on the college application and admissions patterns of students who are designated by the agency as Illinois State Scholars for their academic achievement in high school. The sponsors of the bill hope to learn more about why many high-achieving students leave the state to attend college. State Scholars represent approximately the top 10% of the state's graduating high school class in any given year, based on standardized test scores, grades, and class rank (where applicable). About 17,000 State Scholars were named last year.
- **House Bill 1334** (Flowers/Martinez) - The Illinois Future Teacher Corps (IFTC) and the private, not-for-profit Golden Apple Scholars of Illinois program have similar goals - primary among them increasing the Illinois supply of qualified teachers. Both programs provide financial assistance to students working towards teacher certification, contingent on the student's pledge to teach after graduation. Broadly speaking, Golden Apple provides less financial support to its participants than IFTC does, but the private program accompanies the monetary award with opportunities for mentoring, training, and support that are not available through IFTC.

Golden Apple does already receive state funding today, but the organization filed an amendment to gradually allow Golden Apple to subsume the entire appropriation of the Illinois Future Teacher Corps. Instead of eliminating IFTC, however, the version of HB 1334 that passed both chambers would require ISAC to reserve 200 IFTC awards for participants in the Golden Apple Scholars program. The Golden Apple Scholars would thereby receive larger awards (\$5,000-\$15,000 per person per year rather than their current \$2500 per person per year awards), and the Golden Apple Foundation will be able to redirect funds currently used for stipends to providing participants with additional services.

Among bills related to ISAC that did not pass, Senate Bill 1981 would have encouraged the Illinois Student Assistance Commission to enlist employers in providing matching donations to their employees' prepaid tuition plans, and it would have created a new tax incentive for employers to do so. Also failed were two bills to allow a beneficiary of a College Savings Bond to apply indefinitely for a Bonus Incentive Grant.

**ILLINOIS STUDENT ASSISTANCE COMMISSION**  
**FISCAL YEAR 2008 APPROPRIATION SUMMARY REPORT**  
**(July 1, 2007 - May 31, 2008)**

	FY2008 Appropriation	Year-to-date Expended	Number of Recipients	Percentage Expended
<b><u>STATE GENERAL FUNDS</u></b>				
<b>SCHOLARSHIPS AND GRANTS</b>				
Monetary Award Program	\$381,099,800	\$380,282,485	145,358	99.8%
Illinois Incentive for Access Grants	8,200,000	8,199,000	21,261	100.0%
Teacher Loan Forgiveness Program	500,000	473,926	111	94.8%
Minority Teacher Scholarships	3,100,000	2,726,213	582	87.9%
Illinois Future Teachers Corps Scholarships	4,100,000	3,825,823	549	93.3%
Student to Student Grants	950,000	653,077	N/A	68.7%
Dependents Grants	470,000	469,426	70	99.9%
National Guard Grants	4,480,000	4,476,995	2,337	99.9%
Illinois Veteran Grants	19,250,000	19,229,222	11,364	99.9%
Bonus Incentive Grants	325,000	322,220	427	99.1%
Nurse Educator Scholarships	1,350,000	1,098,001	66	81.3%
Nurse Educator Loan Repayment Program	1,000,000	199,686	45	20.0%
Veterans' Home Nurse Loan Repayment Program	1,220,000	34,054	13	2.8%
Illinois Scholars Program	3,160,000	3,160,000	N/A	100.0%
<b>TOTAL</b>	<b>\$429,204,800</b>	<b>\$425,150,127</b>	<b>182,183</b>	<b>99.1%</b>
 <b><u>SPECIAL REVENUE FUNDS</u></b>				
<b>STUDENT LOAN OPERATING FUND</b>				
Administration Expense (see detail on next page)	63,269,500	28,331,962	N/A	44.8%
Federal Loan System Development & Maintenance	5,000,000	1,259,407	N/A	25.2%
Higher Education Shared Service Center Expense	2,128,100	1,611,168	N/A	75.7%
Default Fees	15,000,000	11,543,253	N/A	77.0%
<b>TOTAL</b>	<b>\$85,397,600</b>	<b>\$42,745,790</b>	<b>0</b>	<b>50.1%</b>
<b>FEDERAL STUDENT LOAN FUND</b>				
Loan Guarantee Program	260,000,000	184,340,795	N/A	70.9%
<b>TOTAL</b>	<b>\$260,000,000</b>	<b>\$184,340,795</b>	<b>N/A</b>	<b>70.9%</b>
<b>SCHOLARSHIPS AND GRANTS</b>				
Federal LEAP/SLEAP - Monetary Award Program	3,700,000	3,700,000	N/A	100.0%
Transfer to ED -Paul Douglas Funds Collected	400,000	0	N/A	0.0%
Federal Robert C. Byrd Fellowships	1,800,000	1,577,343	1,059	87.6%
<b>TOTAL</b>	<b>\$5,900,000</b>	<b>\$5,277,343</b>	<b>1,049</b>	<b>89.4%</b>
<b>OTHER</b>				
ISAC Accounts Receivables	300,000	46,753	N/A	15.6%
Higher Education License Plate Program	70,000	51,675	N/A	73.8%
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	11,696	N/A	16.7%
<b>TOTAL, SPECIAL REVENUE FUNDS</b>	<b>\$351,867,600</b>	<b>\$232,524,051</b>	<b>10</b>	<b>66.1%</b>
<b>GRAND TOTAL</b>	<b>\$781,072,400</b>	<b>\$657,674,179</b>	<b>183,242</b>	<b>84.2%</b>

**ILLINOIS STUDENT ASSISTANCE COMMISSION**  
**FISCAL YEAR 2008 APPROPRIATION REPORT**  
**ADMINISTRATION**  
**(July 1, 2007 - May 31, 2008)**

Line Item	STUDENT LOAN OPERATING FUND			COLLEGE ILLINOIS!		
	FY 2008 Appropriation	Year-to-date Expended	% Expended	FY 2008 Budget.	Year-to-date Expended	% Expended
Personal Services	\$16,935,700	\$13,129,157	77.5%	\$664,200	\$523,824	78.9%
Retirement	2,811,300	2,176,006	77.4%	89,500	86,846	97.0%
Social Security	1,295,700	956,293	73.8%	49,600	38,079	76.8%
Group Insurance	4,755,100	3,434,865	72.2%	204,000	108,550	53.2%
Contractual Services	12,471,800	5,465,922	43.8%	3,803,500	3,510,616	92.3%
Collection Agency Fees	21,334,400	2,461,035	11.5%			
Investment Expense	0	0	0.0%	3,600,000	2,974,110	82.6%
Travel	208,300	107,030	51.4%	17,500	14,722	84.1%
Commodities	265,200	88,685	33.4%	1,300	1,375	105.8%
Printing	724,200	36,639	5.1%	1,000	28	2.8%
Equipment	535,000	189,869	35.5%	3,000	5,135	171.2%
Telecommunications	1,894,900	262,825	13.9%	16,000	5,237	32.7%
Operation of Auto Equipment	37,900	23,636	62.4%			
Refund due to cancellation					6,463,838	
Tuition benefits paid				31,002,195	37,849,482	
<b>TOTAL</b>	<b>\$63,269,500</b>	<b>\$28,331,962</b>	<b>44.8%</b>	<b>\$39,451,795</b>	<b>\$51,581,843</b>	

STATE OF ILLINOIS  
ILLINOIS STUDENT ASSISTANCE COMMISSION

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FEDERAL STUDENT LOAN FUND (FSLF)

FISCAL YEAR 2008

	FY ENDING 30-Jun-07 FY 2007	FY TO DATE MAY 31. 2007 FY 2007	FY TO DATE 31-May-08 FY 2008
<b>REVENUES</b>			
FEDERAL REINSURANCE	144,382,262	117,944,090	153,625,104
INTEREST AND OTHER INVESTMENT INCOME	1,895,721	1,752,408	1,676,212
DEFAULT FEE	9,692,657	9,405,171	12,385,022
COLLECTIONS NET OF PAYMENTS DUE TO ED	27,641,972	25,838,506	24,531,071
<b>TOTAL REVENUES</b>	<b>\$ 183,612,612</b>	<b>154,940,174</b>	<b>192,217,410</b>
<b>EXPENDITURES</b>			
LENDER REIMBURSEMENTS	150,395,890	123,380,369	160,564,143
DEFAULT AVERSION FEE	2,175,069	1,996,193	1,697,421
DEFAULT AVERSION FEE ACCRUAL ADJUSTMENT	3,726,368	-	-
RETENTION	24,257,223	22,224,929	21,062,107
<b>TOTAL EXPENDITURES</b>	<b>\$ 180,554,549</b>	<b>147,601,491</b>	<b>183,323,671</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<b>\$ 3,058,063</b>	<b>7,338,683</b>	<b>8,893,739</b>
FUND BALANCES AT BEGINNING OF PERIOD	44,903,228	44,903,228	47,961,291
NET INCOME	3,058,063	7,338,683	8,893,739
<b>FUND BALANCES AT END OF PERIOD</b>	<b>\$ 47,961,291</b>	<b>52,241,911</b>	<b>56,855,030</b>

A \$3.7 million Default Aversion Fee accrual was moved from September 2007 to June 2007 per an auditor request.

STATE OF ILLINOIS  
ILLINOIS STUDENT ASSISTANCE COMMISSION

COMPARATIVE BALANCE SHEET

FEDERAL STUDENT LOAN FUND (FSLF)

FISCAL YEAR 2008

	AS OF June 30, 2007 FY 2007	AS OF MAY 31, 2007 FY 2007	AS OF MAY 31, 2008 FY 2008
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	39,232,086	41,265,547	42,711,373
DUE FROM US DEPARTMENT OF EDUCATION - REINSURANCE	26,811,294	13,219,822	18,428,653
ACCRUED INTEREST ON INVESTMENTS	156,867	158,275	113,817
DUE FROM SLOF - OTHER PROGRAM EXPENDITURES	410,415	258,075	243,934
DEFAULT FEE RECEIVABLE	287,486	394,383	265,588
DEFERRED CHARGES - DEFAULT AVERSION CLAIM FEES	3,927,862	7,656,785	3,809,360
<b>TOTAL ASSETS</b>	<b>\$ 70,826,010</b>	<b>62,952,887</b>	<b>65,572,726</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	12,901,101	44,328	30,296
DUE TO US DEPARTMENT OF EDUCATION - COLLECTIONS	5,620,966	6,136,312	7,295,929
DUE TO SLOF - RETENTION INCOME AND DEFAULT AVERSION FEE	1,151,597	1,339,280	1,391,472
DUE TO US DEPARTMENT OF EDUCATION - RESERVE RECALL	3,191,056	3,191,056	-
<b>TOTAL LIABILITIES</b>	<b>\$ 22,864,719</b>	<b>10,710,975</b>	<b>8,717,696</b>
<b>FUND BALANCES</b>			
BEGINNING FUND BALANCE	44,903,228	44,903,228	47,961,291
NET INCOME	3,058,063	7,338,683	8,893,739
<b>TOTAL FUND BALANCES</b>	<b>\$ 47,961,291</b>	<b>52,241,911</b>	<b>56,855,030</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 70,826,010</b>	<b>62,952,887</b>	<b>65,572,726</b>

A \$3.7 million Default Aversion Fee accrual was moved from September 2007 to June 2007 per an auditor request.

STATE OF ILLINOIS  
ILLINOIS STUDENT ASSISTANCE COMMISSION

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS

STUDENT LOAN OPERATING FUND (SLOF)

FISCAL YEAR 2008

	FY ENDING JUNE 30, 2007 FY 2007	FY TO DATE MAY 31, 2007 FY 2007	FY TO DATE 31-May-08 FY 2008
<b>REVENUES</b>			
COLLECTIONS RETENTION	7,872,594	7,234,832	5,984,239
REPURCHASE / REHABILITATIONS/CONSOLIDATIONS RETENTION	16,384,630	14,990,097	15,077,868
DIRECT CONSOLIDATION FEE	2,764,950	2,717,605	2,472,333
LOAN PROCESSING & ISSUANCE FEES	4,576,143	4,437,298	4,609,490
ACCOUNT MAINTENANCE FEE	7,046,057	6,415,567	5,402,739
DEFAULT AVERSION FEE (DAF)	2,175,069	1,996,193	1,697,421
DEFAULT AVERSION FEE ACCRUAL ADJUSTMENT	3,726,368	-	-
INTEREST AND OTHER INVESTMENT INCOME	1,055,846	977,312	854,737
OTHER REVENUE	356,610	304,104	370,614
<b>TOTAL REVENUES</b>	<b>\$ 45,958,266</b>	<b>39,073,006</b>	<b>36,469,442</b>
<b>EXPENDITURES</b>			
ADMINISTRATIVE	34,801,883	32,591,113	32,335,369
MAP SCHOLARSHIPS	53,305,653	26,634,250	-
DEFAULT FEE	9,692,657	9,405,171	11,659,122
OTHER PROGRAM EXPENDITURES	794,979	55,019	56,495
<b>TOTAL EXPENDITURES</b>	<b>\$ 98,595,172</b>	<b>68,685,552</b>	<b>44,050,985</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (52,636,906)</b>	<b>(29,612,546)</b>	<b>(7,581,544)</b>
OPERATING TRANSFERS IN	55,529,500	28,634,250	2,500,000
OPERATING TRANSFERS (OUT)	(1,150,866)	(5,208)	(1,821)
<b>CHANGE IN NET ASSETS</b>	<b>\$ 1,741,728</b>	<b>(983,504)</b>	<b>(5,083,364)</b>
NET ASSETS AT BEGINNING OF PERIOD	13,468,112	13,468,112	15,209,840
NET INCOME	1,741,728	(983,504)	(5,083,364)
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 15,209,840</b>	<b>12,484,607</b>	<b>10,126,476</b>

A \$3.7 million Default Aversion Fee accrual was moved from September 2007 to June 2007 per an auditor request.

STATE OF ILLINOIS  
ILLINOIS STUDENT ASSISTANCE COMMISSION

COMPARATIVE BALANCE SHEET

STUDENT LOAN OPERATING FUND (SLOF)

FISCAL YEAR 2008

	AS OF June 30, 2007 FY 2007	AS OF MAY 31, 2007 FY 2007	AS OF MAY 31, 2008 FY 2008
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	19,235,956	21,440,798	16,009,042
LOAN PROCESSING AND ISSUANCE FEE RECEIVABLE	578,563	439,717	267,918
ACCOUNT MAINTENANCE FEE RECEIVABLE	1,910,220	1,258,730	821,656
ACCRUED INTEREST ON INVESTMENTS	82,718	89,535	46,056
DUE FROM FSLF - RETENTION INCOME AND DEFAULT AVERSION FEE	1,151,597	1,339,280	1,391,472
DUE FROM IDAPP LOAN SALE PROCEEDS - MONETARY AWARD PROGRAM	27,000,000	-	-
FIXED ASSETS NET OF DEPRECIATION	221,437	315,041	221,437
<b>TOTAL ASSETS</b>	<b>\$ 50,180,491</b>	<b>24,883,101</b>	<b>18,757,582</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	27,525,615	71,535	46,267
ACCRUED LIABILITIES	2,813,856	4,012,507	4,413,856
DEFAULT FEE PAYABLE	287,486	394,383	115,868
DUE TO FSLF - OTHER PROGRAM EXPENDITURES	410,415	258,075	243,934
DUE TO GENERAL REVENUE FUND	5,416	5,208	1,821
DAF DEFERRED REVENUE	3,927,862	7,656,785	3,809,361
<b>TOTAL LIABILITIES</b>	<b>\$ 34,970,650</b>	<b>12,398,493</b>	<b>8,631,107</b>
<b>NET ASSETS</b>			
BEGINNING NET ASSETS	13,468,112	13,468,112	15,209,840
YTD NET INCOME	1,741,728	(983,504)	(5,083,365)
<b>ENDING NET ASSETS</b>	<b>\$ 15,209,840</b>	<b>12,484,607</b>	<b>10,126,476</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 50,180,491</b>	<b>24,883,101</b>	<b>18,757,582</b>

A \$3.7 million Default Aversion Fee accrual was moved from September 2007 to June 2007 per an auditor request.

STATE OF ILLINOIS  
ILLINOIS STUDENT ASSISTANCE COMMISSION

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS

*COLLEGE ILLINOIS!*

FISCAL YEAR 2008

	FY ENDING June 30, 2007 FY 2007	FY TO DATE MAY 31, 2007 FY 2007	FY TO DATE MAY 31, 2008 FY 2008
<b>REVENUES</b>			
INTEREST INCOME FROM TREASURY AND BANKS	532,768	443,904	315,072
GAIN (LOSS) FROM INVESTMENT SECURITIES	124,331,458	134,418,547	(20,202,624)
APPLICATION AND OTHER FEES	2,258,664	2,195,343	2,314,956
<b>TOTAL REVENUES</b>	<b>\$ 127,122,890</b>	<b>137,057,793</b>	<b>(17,572,596)</b>
<b>EXPENDITURES</b>			
ADMINISTRATIVE	3,939,819	3,555,223	4,128,598
ACCRETION EXPENSE	54,684,343	49,722,471	59,946,408
INVESTMENT EXPENSE	3,041,954	2,657,135	2,764,861
<b>TOTAL EXPENDITURES</b>	<b>\$ 61,666,116</b>	<b>55,934,828</b>	<b>66,839,868</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 65,456,774</b>	<b>81,122,965</b>	<b>(84,412,464)</b>
NET ASSETS AT BEGINNING OF PERIOD	(29,135,322)	(29,135,322)	36,321,452
NET INCOME	65,456,774	81,122,965	(84,412,464)
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 36,321,452</b>	<b>51,987,643</b>	<b>(48,091,012)</b>

STATE OF ILLINOIS  
ILLINOIS STUDENT ASSISTANCE COMMISSION

COMPARATIVE BALANCE SHEET

*COLLEGE ILLINOIS!*

FISCAL YEAR 2008

	AS OF JUNE 30, 2007 FY 2007	AS OF MAY 31, 2007 FY 2007	AS OF May 31, 2008 FY 2008
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	7,267,562	28,696,058	45,207,251
INVESTMENTS	986,333,459	959,920,548	986,630,834
ACCRUED INTEREST - STATE TREASURER	54,373	36,646	20,185
<b>TOTAL ASSETS</b>	<b>\$ 993,655,394</b>	<b>988,653,252</b>	<b>1,031,858,270</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	1,133,218	685,897	757,431
TUITION PAYABLE	745,077,809	729,782,780	810,772,066
ACCRETION PAYABLE	211,122,914	206,196,932	268,419,785
<b>TOTAL LIABILITIES</b>	<b>\$ 957,333,942</b>	<b>936,665,609</b>	<b>1,079,949,282</b>
<b>NET ASSETS</b>			
BEGINNING NET ASSETS	(29,135,322)	(29,135,322)	36,321,452
YTD NET INCOME	65,456,774	81,122,965	(84,412,464)
<b>ENDING NET ASSETS</b>	<b>\$ 36,321,452</b>	<b>51,987,643</b>	<b>(48,091,012)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 993,655,394</b>	<b>988,653,252</b>	<b>1,031,858,270</b>

**ILLINOIS STUDENT ASSISTANCE COMMISSION**  
**COLLEGE ILLINOIS!**  
**TOTAL PROGRAM PERFORMANCE**  
**May 2008 - FY 2008**

**APPROXIMATE INVESTMENT RETURN, 5/31/08**

	<u>Ending</u> Market Value	<u>Fiscal</u> Year-to-Date	<u>Since</u> Inception <sup>3</sup>	<u>Inception</u> Date <sup>4</sup>
<b>Total Program</b>	<b>\$1,031,838,085</b>	<b>-2.1%</b>	<b>4.7%</b>	7/6/1999
Policy Benchmark <sup>1</sup>		-1.4%	5.2%	
Actuarial Assumption <sup>2</sup>		7.3%	7.9%	
<b>Domestic Equity</b>	<b>\$548,461,305</b>	<b>-6.9%</b>	<b>2.5%</b>	7/6/1999
William Blair & Co	44,085,603	2.1%	-1.6%	7/7/2000
<i>Russell 1000 Growth</i>		1.3%	-3.2%	
New Amsterdam Partners	41,235,719	-2.1%	7.2%	7/15/2004
Holland Capital	42,589,658	2.8%	7.1%	7/15/2004
<i>Russell 1000 Growth</i>		1.3%	8.8%	
EARNEST Partners	40,914,751		-0.2%	4/14/2008
Great Lakes	40,603,250		0.9%	4/14/2008
<i>Russell 1000 Value</i>		-10.2%	-0.2%	
LSV Asset Management	40,571,867	-13.1%	10%	2/13/2004
<i>Russell 1000 Value</i>		-10.2%	8.2%	
SSgA S&P 500 Index Fund	147,845,974	-5.1%	1.8%	7/6/1999
<i>S&amp;P 500 Index</i>		-5.1%	1.9%	
Nicholas-Applegate	46,821,125	-10.7%	6%	11/14/2005
Denver Investment Advisors	48,729,165	-18.8%	6%	11/14/2005
<i>Russell 2000</i>		-9.2%	5.3%	
RhumbLine Advisors	55,064,193	-13.1%	-8.2%	2/28/2007
<i>Russell 2000 Value</i>		-13.3%	-8.3%	
<b>International Equity</b>	<b>\$98,958,043</b>	<b>-5.4%</b>	<b>17.9%</b>	10/1/2002
LSV Asset Management International	98,958,043	-5.4%	16.5%	11/4/2005
<i>MSCI EAFE</i>		-2.2%	15.8%	
<b>Domestic Fixed Income</b>	<b>\$338,528,291</b>	<b>7.6%</b>	<b>6%</b>	7/6/1999
SSgA LB Aggregate Index	54,496,994	7.2%	4.2%	6/10/2005
<i>Lehman Aggregate Index</i>		7.2%	4.2%	
CS McKee Investment Managers	76,489,920	----	8.3%	7/27/2007
Pugh Capital Management	26,928,693	----	6.9%	7/25/2007
<i>Lehman Aggregate Index</i>		7.2%	6.3%	
Piedmont Investment Advisors	26,933,181	----	5%	8/1/2007
<i>Lehman Aggregate Index</i>		7.2%	5%	
Galliard Capital Management	76,599,856	6.5%	5.6%	11/1/2006
Income Research & Management	77,079,646	7.2%	6.7%	11/1/2006
<i>Lehman Intermediate Gov't/Credit</i>		7.4%	5.9%	
<b>Cash Account</b>	<b>\$45,207,251</b>	<b>4.6%</b>	<b>3.8%</b>	
T - Bills		3.6%	3.6%	
<b>Securities Lending Income/Transition Account</b>	<b>\$683,195</b>			

Note: Returns are preliminary and subject to revision pending the March 31, 2008 quarterly report.

The total funding level includes initial dollars funded and any monthly contributions as well as withdrawals.

<sup>1</sup>Policy Benchmark is 40% S&P 500, 18% Lehman Aggregate, 16% LB Intermediate Government/Credit, 10% Russell 2000, 5% Russell 2000 Value, 10% MSCI EAFE, and 1% T-bills.

Prior to January, 2008, 45% S&P 500, 18% Lehman Aggregate, 16% LB Intermediate Government/Credit, 10% Russell 2000, 5% Russell 2000 Value, 5% MSCI EAFE, and 1% T-bills. Prior to January 2006, 45% S&P 500, 18% Lehman Aggregate, 15% LB Intermediate Government/Credit, 10% Russell 2000, 5% Russell 2000 Value, 5% MSCI EAFE, and 2% T-bills. Prior to April 2004, 45% S&P 500, 10% Russell 2000, 5% MSCI EAFE, 25% Lehman Aggregate, 13% LB Intermediate Government/Credit, and 2% T-bills. Prior to October 2002, the Policy Benchmark was 50% S&P 500, 10% Russell 2000, 38% Lehman Aggregate, and 2% T-bills. Prior to October 2001, the Policy Benchmark was 50% S&P500, 47% Lehman Aggregate, and 3% T-bills. <sup>2</sup>Effective September 2007, the actuarial assumption was set at 8.5%. In July 2002 the assumption had been lowered to 7.75%. Prior to July 2002 and since July 2006, the actuarial assumption was 8.0%. <sup>3</sup>Annualized if over one year. <sup>4</sup>All returns are as of the beginning of the first full month of performance.

**ILLINOIS STUDENT ASSISTANCE COMMISSION**  
**COLLEGE ILLINOIS!**  
**SOURCES AND USES REPORT**  
**May 2008 - FY 2008**

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

Cash at Custodians	\$7,267,562	
SSgA S&P 500 Index Fund	149,422,437	
JP Morgan Investment Advisors	120,071,677	
William Blair & Co.	43,204,742	
LSV Asset Management - International	56,281,173	
Denver Investment Advisors	48,335,578	
Nicholas-Applegate Small Cap Core	52,385,472	
Income Research & Management	81,770,765	
LSV Asset Management	82,724,990	
State Street Global Advisors	83,351,795	
SSgA Passive LB Aggregate Index Fund	56,585,494	
Kenwood Capital	434	
New Amsterdam Partners	42,120,592	
Holland Capital	41,446,495	
Galliard Capital	81,547,125	
RhumbLine Advisors	24,075,607	
Transition Account 1	23,009,084	
<b>Total Beginning Balance</b>		<b>\$993,601,021</b>

**SOURCES OF FUNDS**

Contributions received	\$107,357,316	
Application and other fees	2,314,956	
Interest from Treasury and Banks	349,260	
Interest Income on Investments	22,936,664	
Realized Gain on Investments	24,791,540	
Securities Lending Income	683,195	
<b>Total Sources</b>		<b>\$158,432,932</b>

**USES OF FUNDS**

Administrative Expenses	\$4,294,413	
Unrealized Loss on Investment	68,614,024	
Refunds to Purchasers	6,463,838	
Tuition Payments	37,849,482	
Investment Expense	2,974,110	
<b>Total Uses</b>		<b>\$120,195,867</b>

**ENDING MARKET VALUE TOTAL FUNDS BALANCE, 5/31/08**

Cash at Custodians	\$ 45,207,251
Securities Lending Account	683,195
SSgA S&P 500 Index Fund	147,845,974
William Blair & Co.	44,085,603
LSV Asset Management – International	98,958,043
Denver Investment Advisors	48,729,165
Nicholas-Applegate	46,821,125
LSV Asset Management	40,571,867
SSgA Passive LB Aggregate Index Fund	54,496,994
New Amsterdam Partners	41,235,719
Holland Capital	42,589,658
Income Research & Management	77,079,646
Galliard Capital	76,599,856
RhumbLine Advisors	55,064,193
C. S. McKee Investment Managers	75,489,920
Pugh Capital Management	26,928,693
Piedmont Investment Advisors	26,933,181
Great Lakes Advisors	40,603,250
EARNEST Partners	40,914,751
<b>Total Ending Balance</b>	<b>\$1,031,838,085</b>

**NUMBER AND DOLLAR VALUE OF PLANS, 5/31/08**

Number of Plans:

Plans Paid in Full	38,103
Active Plans	14,980
Cancelled Plans	7,073
Suspended Plans	58
Exhausted Plans	2,034

**Total Number of Plans** 62,248

Purchased Value of all Plans \$1,332,958,785

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.

Exhausted Plan: Plan with no benefits remaining to be used.

**ILLINOIS STUDENT ASSISTANCE COMMISSION  
ILLINOIS DESIGNATED ACCOUNT PURCHASE PROGRAM  
December 31, 2007**

	<u>CURRENT MONTH</u>	<u>PREV. MONTH</u>	<u>FY TO DATE</u>	<u>CUMULATIVE</u>
<b><u>Disbursements:</u></b>				
<i>Student Loan Originations &amp; Purchases</i>				
Average Borrower Indebtedness	\$9,275	\$6,642	\$9,100	\$848,334
Number of Borrowers	2,869	959	10,345	10,345
Total Originations & Purchases	\$26,608,778	\$6,369,649	\$94,136,714	\$8,776,011,908
<i>Operating Expenses</i>	\$1,426,846	\$1,223,500	\$22,564,986	\$482,667,660
<b><u>Collections:</u></b>				
Principal - Student	\$8,224,504	\$7,055,394	\$103,429,855	\$4,438,257,795
Interest - Student	\$2,488,555	\$2,101,833	\$21,074,227	\$729,900,951
Principal - Guarantor	\$1,758,127	\$755,261	\$13,959,208	\$932,798,284
Interest - Guarantor	\$983,443	\$1,081,919	\$3,576,084	\$59,833,952
Federal Interest Benefits	\$1,274,557	\$1,274,557	\$7,744,604	\$279,031,889
Special Allowance	\$1,042,945	\$1,042,945	\$6,267,149	\$240,776,617
<b><u>Summary:</u></b>				
Total Principal	\$9,982,631	\$7,810,654	\$117,389,063	\$5,371,056,079
Total Interest	\$4,746,556	\$4,458,310	\$32,394,916	\$1,068,766,792
Total Special Allowance	\$1,042,945	\$1,042,945	\$6,267,149	\$240,776,617
<b>TOTAL COLLECTIONS</b>	<u>\$15,772,131</u>	<u>\$13,311,909</u>	<u>\$156,051,128</u>	<u>\$6,680,599,489</u>

\* Estimated amount