

EXECUTIVE DIRECTOR'S REPORT

Legislative Update

The General Assembly is scheduled to convene for the Fall Veto Session beginning October 25, 2005. The legislators are expected for six days, adjourning November 3, 2005. During this time, legislators will consider bills that the Governor vetoed over the summer but will likely address issues outside of vetoed legislation, as well. It is not known whether House Bill 806, as amended, which allows the Governor's Office of Management and Budget to conduct a competitive bidding process for the sale of ISAC's student loan secondary market, will be brought to a vote.

ISAC's two initiatives were signed by Governor Blagojevich this summer. House Bill 815 (Public Act 94-583) rewrote and updated the Illinois Veteran Grant program and extended Illinois National Guard Grant benefits to officers. House Bill (Public Act 94-133) expanded the eligibility criteria for the Special Education Teacher Tuition Waiver program.

Two press releases issued by ISAC since the last Commission are attached at the end of this report, "MAP Grants to Increase This Year" and "ISAC and State Colleges Help Veterans Pursue Education."

Federal Relations Update

Congress was called back a few days early from its August recess for emergency special sessions needed to approve funding for the victims of Hurricane Katrina. Work has begun on the higher education reauthorization bills with the Senate committee introducing its bi-partisan reauthorization bill, S. 1614. This bill was unanimously passed on September 8th with no amendments and little debate and will now go to the full Senate for consideration.

Prior to recess, House Education and the Workforce Committee Chairman John Boehner introduced a substitute to the House reauthorization bill, H.R. 609. This substitute bill passed the full Committee, with amendments, and is currently awaiting final approval from the full House. It is estimated that the bill's provisions save (or reduce expenditures) around \$8.5 billion. The savings from H.R. 609, combined with the rumored savings coming out of the pension bill that was passed earlier this summer, is approximately \$10 - \$10.5 billion, which is approximately \$2 billion short of the \$12.6 billion in targeted savings the Committee was instructed to reach per budget reconciliation instructions.

There is a good chance that some of the student loan provisions contained in the reauthorization bills, such as reinstating the one-percent guarantee fee, will be folded into the final budget reconciliation package in order to count this savings against the reconciliation instructions. Reports from Washington also indicate that some of the savings from the budget reconciliation package could be put towards helping fund the hurricane relief and reconstruction efforts. It appears that Congress will delay the September 16th budget reconciliation deadline in light of the ongoing hurricane relief efforts; however, details about the delayed deadline are still unknown. House Republican leaders indicate they will only push back the deadline a few weeks, but Democrats advocate delaying the deadline indefinitely so lawmakers can concentrate their efforts on the aftermath of Hurricane Katrina. Furthermore, some senators have expressed their opposition to the current reconciliation instructions, which could create the lack of majority in passing this legislation. Some speculate that this could mean an end to the

reconciliation instructions, but Republican leaders are standing firm that it is only a delay and that they still plan to execute the package in a timely manner.

University of Illinois Request for Information

The University of Illinois recently distributed a Request for Information (RFI) from interested parties as part of their consideration in becoming a School as Lender. ISAC's Illinois Designated Account Purchase Program submitted a response to this RFI, describing IDAPP's ability to partner with the University of Illinois in this new role. It is our understanding that the University would like to move forward with the process of becoming a School as Lender and begin providing loans as early as next fall. At this time, ISAC has not received feedback from the university on the RFI response.

Congratulations to Chairman J. Robert Barr

On July 1, Chairman Barr celebrated his 20th anniversary as Chairman of the Illinois Student Assistance Commission. Under his tenure, the Monetary Award Program has grown from a program awarding \$110 million to as much as \$375 million, helping to make a college education possible for financially-needy students. Programs created under the Chairman's direction include the Silas Purnell Illinois Incentive for Access program, the Robert C. Byrd Scholarship, the Merit Recognition Scholarship, the Minority Teachers of Illinois Scholarship, the Illinois Future Teachers Corp Scholarship, the Arthur F. Quern Information Technology Grant, the Bonus Incentive Grant, and the Teacher Loan Forgiveness Program. Additionally, ISAC's loan guarantee program has continued to succeed in making college affordable for students, reaching today's mark of guaranteeing \$1.1 billion last year alone. The agency's secondary market, the Illinois Designated Account Purchase Program, has grown as well, now originating, disbursing, and service educational loans for thousands of students. Chairman Barr also led the Commission in its initiatives to encourage families to save early for college while children are young, ultimately creating the *College Illinois! 529* Prepaid Tuition program. In just seven years, the program has enabled families to prepay 307,000 semesters of college. Finally, the Commission has expanded its outreach services extensively over the last 20 years, all of which focus on the primary mission of the agency to help individuals develop to their fullest potential through access to a quality education.

It is impossible to quantify the number of Illinois students and families impacted by the Illinois Student Assistance Commission under the guidance of Chairman J. Robert Barr, but on behalf of them, past and present Commission members, and all of ISAC staff, we thank Chairman Barr for his untiring dedication to the Commission and its goals and congratulate him on this 20th anniversary.

NEWS RELEASE

Illinois Student Assistance Commission

500 West Monroe, 3rd Floor

Springfield, Illinois 62704

www.collegezone.com

FOR IMMEDIATE RELEASE

June 24, 2005

CONTACT: Lori Reimers

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MAP Grants to Increase This Year

SPRINGFIELD – Most of the college students eligible to receive grants from the state-funded Monetary Award Program will see an increase in their financial aid awards for the 2005-2006 academic year. The 2006 state budget, approved by the Illinois General Assembly and signed by Governor Rod R. Blagojevich, gives \$8 million in new state money for the financial need-based grants. That increase will help Illinois qualify for a matching grant from the federal government of \$3.7 million. Combined, almost \$12 million in additional funding will be available to help eligible undergraduate students cover the cost of tuition and fees at qualified Illinois colleges and universities.

At a funding level of \$339 million last year, the Monetary Award Program grants, administered by the Illinois Student Assistance Commission, helped about 149,000 Illinois students pursue a postsecondary education. This year, with at least \$347 million for the financial aid program, the grants awarded will be larger, covering more of the tuition and fee charges that have continued to rise dramatically over the last few years.

“Even though state leaders have protected the Monetary Award Program from funding cuts in recent years, despite the state’s poor economic condition, we have reached the critical stage of ensuring that MAP grants are at sufficient level to truly help low-income students afford a college education,” stated Larry E. Matejka, ISAC’s Executive Director.

Since 2003, each MAP grant has gotten smaller, due to stagnant funding, while college costs have climbed significantly. In 2002, the maximum MAP grant covered all the average tuition and at Illinois public universities, but this year’s maximum MAP grant covered only 65 percent of those costs tuition and fees, and in some cases the coverage dropped to 45 percent. MAP students, due to their limited family resources, have generally paid the remaining charges by borrowing more student loans, working more hours while attending school, or dropping the number of classes in which they are enrolled, even leaving school altogether because they could not afford the costs.

“For the first time in ten years, ISAC is actually seeing fewer applications for MAP grants,” Matejka explained. “Family incomes haven’t significantly improved, and we know there are as many high school graduates this year as in past years, so the drop in financial aid applications may mean that college is just not affordable for a lot of families. We must reverse this trend, and raising MAP grant awards is key to making college affordable.”

The added funding for MAP grants will raise the amount awarded to each eligible student by an average of \$161, from \$2,863 to \$3,024. Students at public universities will see the largest increase in MAP grants, with the average award moving from \$3,533 to \$3,964. These students will still need to cover the remaining tuition and fees, now averaging

\$7,100 at public universities, but this year marks the first increase in MAP grants after three years of continuous cuts.

MAP grants are awarded by the Illinois Student Assistance Commission, the State of Illinois' centralized agency for administering and promoting student financial aid programs. In addition to MAP grants, the agency provides fifteen other scholarship and grant programs, as well as educational loans for students and parents. All program administration and outreach activities focused on helping Illinois students and families are supported by ISAC's student loan programs. For more information, individuals should contact ISAC toll-free at 800-899-ISAC (4722) or visit the comprehensive college planning Web site, CollegeZone.com. College Zone counselors and materials are available in Spanish.

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About ISAC

The Illinois Student Assistance Commission is the State's centralized provider of financial assistance aimed at helping students and families access postsecondary education and/or training. Each year, the Commission awards an estimated \$400 million in scholarship and grant aid to nearly 185,000 qualified students, and also provides an additional \$1 billion to borrowers through its student loan programs. The agency offers credit-based alternative loans through the non-profit student loan secondary market (IDAPP), a 529 prepaid tuition program known as *College Illinois!*, and a broad array of outreach and informational services to ensure that families have access to the information they need to pay for a college education. More information is available by calling toll-free 800-899-ISAC (4722) or visiting the agency's Web site at collegezone.com.

NEWS RELEASE

Illinois Student Assistance Commission
500 West Monroe, 3rd Floor
Springfield, Illinois 62704
www.collegezone.com

FOR IMMEDIATE RELEASE

August 22, 2005

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ISAC and State Colleges Help Veterans Pursue Education

SPRINGFIELD – The Illinois Student Assistance Commission, in partnership with the state’s public universities and community colleges, will award more than \$26 million to eligible Illinois veterans during the 2005-2006 academic year to help pay for their college educations. The Illinois Veteran Grant program, administered by the Commission, pays tuition and mandatory fees for eligible students enrolling in an Illinois community college or public university.

Governor Rod R. Blagojevich recently signed legislation proposed by ISAC that rewrites the long-standing Illinois Veteran Grant program.

“The law governing the program hadn’t been significantly updated since its creation in the 1970s,” explained Larry Matejka, ISAC’s Executive Director. “It was past time to reexamine the program’s requirements and policies, especially in light of our current military environment. Illinois is fortunate to have one of the most generous veteran education benefit programs in the nation, and we wanted to ensure that the program met the needs of today’s veterans.”

Individuals are eligible for the Illinois Veteran Grant if they enter federal active duty service as an Illinois resident, serve at least one year of federal active duty service or less than a year if the service is in a foreign country during a time of hostilities in that country, and have an honorable service record. Those who have left service must return to Illinois within six months to maintain eligibility. Beneficiaries of the Illinois Veteran Grant are not required to pay tuition or mandatory fees while attending a state university or community college for the equivalent of four years of full-time enrollment, including summer terms.

Over the past year, the Illinois Student Assistance Commission, the State’s centralized agency administering and promoting college financial aid programs, awarded approximately 12,000 grants to eligible veterans. These grants were subsidized by a state appropriation of \$19,250,000, but because the funding level did not fully cover the entitled grants for all eligible veterans, the state’s public universities and community colleges waived a portion of the grants. Given the same amount of funding for the 2005-2006 academic year, universities and community colleges will likely continue to waive a portion of tuition and fees for eligible veterans, if the number of applicants remains level.

Members of the Illinois National Guard are eligible for the Illinois Veteran Grant, if they meet the eligibility criteria. National Guard members can also receive the Illinois National Guard Grant which covers tuition and some fees. The bill recently signed by

Governor Blagojevich expands the grant to be available for officers in the National Guard and allows recipients to accept the grant for the equivalent of four years of full-time enrollment, including summer terms.

For more information about the Illinois Veteran Grant and the Illinois National Guard Grant, individuals should contact the Illinois Student Assistance Commission. In addition to these military service grants, the agency provides fourteen other scholarship and grant programs, as well as educational loans for students and parents. All program administration and outreach activities focused on helping Illinois students and families are supported by ISAC's student loan programs. ISAC staff can be reached toll-free at 800-899-ISAC (4722). Applications for the programs are online at the comprehensive college planning Web site, CollegeZone.com. College Zone counselors and materials are available in Spanish.

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ILLINOIS STUDENT ASSISTANCE COMMISSION
FISCAL YEAR 2005 APPROPRIATION SUMMARY REPORT
(July 1, 2004 - August 31, 2005)

	FY2005 Appropriation	Year-to-date Expended	Number of Recipients	Percentage Expended
<u>STATE GENERAL FUNDS</u>				
SCHOLARSHIPS AND GRANTS				
Monetary Award Program	\$338,699,800	\$330,750,915	150,311	97.7%
MAP Reserve Fund	875,000	0	0	0.0%
Illinois Incentive for Access Grants	7,200,000	6,880,750	18,720	95.6%
Teacher Loan Forgiveness Program	500,000	230,791	48	46.2%
Minority Teacher Scholarships	3,100,000	2,797,510	606	90.2%
Illinois Future Teachers Corps Scholarships	4,100,000	3,770,517	554	92.0%
Student to Student Grants	950,000	949,576	3,343	100.0%
Dependents Grants	350,000	349,996	58	100.0%
National Guard Grants	4,500,000	4,216,712	2,319	93.7%
Illinois Veteran Grants	19,230,000	19,217,037	11,650	99.9%
Merit Recognition Scholarships	5,400,000	5,372,000	5,579	99.5%
Bonus Incentive Grants	650,000	219,000	398	33.7%
Illinois Scholars Program	3,020,000	3,020,000	N/A	100.0%
TOTAL	\$388,574,800	\$377,774,803	193,586	97.2%
Administration Expense (see detail on next page)	4,551,000	4,437,181	N/A	97.5%
<u>TOTAL, STATE GENERAL FUNDS</u>	<u>\$393,125,800</u>	<u>\$382,211,984</u>		<u>97.2%</u>
<u>SPECIAL REVENUE FUNDS</u>				
STUDENT LOAN OPERATING FUND				
Administration Expense (see detail on next page)	60,146,600	33,148,483	N/A	55.1%
Federal Loan System Development & Maintenance	5,000,000	1,126,252	N/A	22.5%
TOTAL	\$65,146,600	\$34,274,736	N/A	52.6%
FEDERAL STUDENT LOAN FUND				
Loan Guarantee Program	190,000,000	142,429,184	N/A	75.0%
TOTAL	\$190,000,000	\$142,429,184	N/A	75.0%
SCHOLARSHIPS AND GRANTS				
Transfer to ED -Paul Douglas Funds Collected	400,000	0	N/A	0.0%
Federal Robert C. Byrd Fellowships	1,800,000	1,589,985	1,075	88.3%
TOTAL	\$2,200,000	\$1,589,985	1,075	72.3%
OTHER				
ISAC Accounts Receivables	300,000	96,829	N/A	32.3%
Higher Education License Plate Program	70,000	51,650	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	13,225	N/A	18.9%
<u>TOTAL, SPECIAL REVENUE FUNDS</u>	<u>\$257,916,600</u>	<u>\$178,505,608</u>		<u>69.2%</u>
GRAND TOTAL	\$651,042,400	\$560,717,593	194,671	86.1%

ILLINOIS STUDENT ASSISTANCE COMMISSION
FISCAL YEAR 2005 APPROPRIATION REPORT
ADMINISTRATION
(July 1, 2004 - August 31, 2005)

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Line Item	STATE GENERAL FUNDS			STUDENT LOAN OPERATING FUND			TOTAL		
	FY2005 Appropriation	Year-to-date Expended	% Expended	FY2005 Appropriation	Year-to-date Expended	% Expended	FY2005 Appropriation	Year-to-date Expended	% Expended
Personal Services	\$1,988,000	\$1,934,720	97.3%	\$15,200,200	\$14,144,712	93.1%	\$17,188,200	\$16,079,432	93.5%
Employee Retirement Paid by State	0	0	N/A	456,000	443	0.1%	456,000	443	0.1%
Retirement	320,200	311,753	97.4%	2,448,100	2,278,954	93.1%	2,768,300	2,590,707	93.6%
Social Security	152,000	142,767	93.9%	1,163,000	1,032,789	88.8%	1,315,000	1,175,556	89.4%
Group Insurance	N/A	N/A	N/A	3,703,100	3,620,286	97.8%	3,703,100	3,620,286	97.8%
Contractual Services	1,802,600	1,802,600	100.0%	9,864,300	7,429,875	75.3%	11,666,900	9,232,475	79.1%
Contractual - Collection Agency Fees	N/A	N/A	N/A	24,000,000	3,503,577	14.6%	24,000,000	3,503,577	14.6%
Travel	26,400	5,442	20.6%	190,000	112,000	58.9%	216,400	117,441	54.3%
Commodities	32,800	32,710	99.7%	240,000	104,895	43.7%	272,800	137,605	50.4%
Printing	100,000	82,351	82.4%	577,000	104,580	18.1%	677,000	186,932	27.6%
Equipment	10,000	8,893	88.9%	529,000	222,160	42.0%	539,000	231,053	42.9%
Telecommunications	113,500	111,604	98.3%	1,743,500	576,419	33.1%	1,857,000	688,023	37.1%
Operation of Auto Equipment	5,500	4,341	78.9%	32,400	17,794	54.9%	37,900	22,136	58.4%
TOTAL	\$4,551,000	\$4,437,181	97.5%	\$60,146,600	\$33,148,483	55.1%	\$64,697,600	\$37,585,665	58.1%

ILLINOIS STUDENT ASSISTANCE COMMISSION
FISCAL YEAR 2006 APPROPRIATION SUMMARY REPORT
(July 1, 2005 - August 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	\$13,235,246	9,599	3.8%
Illinois Incentive for Access Grants	7,200,000	61,250	367	0.9%
Teacher Loan Forgiveness Program	500,000	140,000	28	28.0%
Minority Teacher Scholarships	3,100,000	0	0	0.0%
Illinois Future Teachers Corps Scholarships	4,100,000	0	0	0.0%
Student to Student Grants	950,000	0	0	0.0%
Dependents Grants	350,000	0	0	0.0%
National Guard Grants	4,480,000	0	0	0.0%
Illinois Veteran Grants	19,250,000	0	0	0.0%
Bonus Incentive Grants	650,000	0	0	0.0%
Illinois Scholars Program	3,020,000	3,020,000	N/A	100.0%
TOTAL	\$390,299,800	\$16,456,496	9,994	4.2%
<u>SPECIAL REVENUE FUNDS</u>				
STUDENT LOAN OPERATING FUND				
Administration Expense (see detail on next page)	62,972,700	5,363,415	N/A	8.5%
Federal Loan System Development & Maintenance	5,000,000	37,607	N/A	0.8%
TOTAL	\$67,972,700	\$5,401,022	N/A	7.9%
FEDERAL STUDENT LOAN FUND				
Loan Guarantee Program	190,000,000	11,214,611	N/A	5.9%
TOTAL	\$190,000,000	\$11,214,611	N/A	5.9%
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	0	1,079	0.0%
TOTAL	\$5,900,000	\$0	1,079	0.0%
OTHER				
ISAC Accounts Receivables	300,000	9,961	N/A	3.3%
Higher Education License Plate Program	70,000	0	N/A	0.0%
Optometric Education Scholarship Program	50,000	0	10	0.0%
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	0	N/A	0.0%
TOTAL, SPECIAL REVENUE FUNDS	\$264,442,700	\$16,625,594	0	6.3%
GRAND TOTAL	\$654,742,500	\$33,082,090	11,083	5.1%

ILLINOIS STUDENT ASSISTANCE COMMISSION

FISCAL YEAR 2006 APPROPRIATION REPORT

ADMINISTRATION

(July 1, 2005 - August 31, 2005)

STUDENT LOAN OPERATING FUND

Line Item	FY2006 Appropriation	Year-to-date Expended	% Expended
Personal Services	\$17,617,700	\$2,751,576	15.6%
Retirement	1,372,600	214,514	15.6%
Social Security	1,348,000	201,438	14.9%
Group Insurance	4,933,000	760,694	15.4%
Contractual Services	12,666,900	1,185,981	9.4%
Contractual - Collection Agency Fees	21,334,400	220,446	1.0%
Travel	216,400	10,357	4.8%
Commodities	272,800	6,875	2.5%
Printing	727,000	62	0.0%
Equipment	539,000	1,205	0.2%
Telecommunications	1,907,000	6,474	0.3%
Operation of Auto Equipment	37,900	3,794	10.0%
TOTAL	\$62,972,700	\$5,363,415	8.5%

ILLINOIS STUDENT ASSISTANCE COMMISSION
Federal Student Loan Reserve Fund (FSLRF)
Comparative Sources and Uses Report
Federal Fiscal Year to Date
(October 2004 - July 2005)

	2005	2004
BEGINNING CASH BALANCE, 10/01/04	\$55,953,942	\$60,692,612
Sources of Funds		
Collections	29,754,732	32,536,277
Repurchases, Rehabs & Consolidations	26,059,307	19,592,786
Reinsurance	90,555,956	79,321,108
Non- Reinsurable Claims	338,471	306,129
IRS Offsets	972,748	2,802,023
Interest on Investment	957,417	545,368
Miscellaneous Income	6,343	2,454
Refund to Dept. of Education from SLOF	257,902	304,704
Total Sources	148,902,876	135,410,850
Uses of Funds		
Reimbursements to Lenders	102,223,843	84,092,111
Funds Remitted to Dept. of Education-Default Collections	19,926,037	23,953,445
Funds Remitted to Dept. of Education-Repurch/Rehabs/Consolidation:	17,129,956	13,604,302
SLOF Retention-Default Collections	6,436,573	6,932,502
SLOF Retention-Repurch/Rehabs/Consolidations	7,224,350	3,686,439
Transfer to SLOF - Account Maintenance Fees	2,040,896	1,181,461
Default Aversion Fees	1,617,843	1,635,447
Collections on Non-Reinsurable Claims	146,027	150,746
Borrower Refund	600,635	661,943
IRS Offsets Refunded	1,048,822	2,705,072
Total Uses	158,394,981	138,603,468
ENDING CASH BALANCE, 07/31/05	\$46,461,837	\$57,499,995
ACCRUAL ADJUSTMENTS		
Due From Dept. of Education		
Reinsurance Claims Filed	18,558,138	8,246,585
Total Due from Dept. of Education	18,558,138	8,246,585
Due To Dept. of Education		
Collections Share	(4,311,723)	(2,463,465)
Reinsurance Repayments	(3,885,908)	(2,326,410)
Other	0	(950,325)
Total Due to Dept. of Education	(8,197,631)	(5,740,200)
Due to SLOF		
SLOF Retention Payables	(970,375)	(1,585,086)
Default Aversion Fee Payable	(168,415)	(135,756)
Collections on Non-Reinsurable Claims	(15,247)	(17,468)
Total Due to SLOF	(1,154,037)	(1,738,310)
Due from SLOF		
Collection Agency Commission	56,200	287,580
Default Aversion Fee Deferred Charges	6,952,684	6,440,434
Non-Reinsurable Claims	13,218	0
Total Due from SLOF	7,022,102	6,728,014
Other Adjustments		
Other Receivable	134,803	131,836
Vouchers Payable-Lender Reimbursements	(1,832,456)	(821,352)
Due to Dept of Education Reserve Recall	(6,382,113)	(6,382,113)
Total Other Adjustments	(8,079,764)	(7,071,627)
ADJUSTED FUND BALANCE, 07/31/05	\$54,610,644	\$57,924,455

* 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 2004 - July 2005)

	2005	2004
BEGINNING CASH BALANCE, 10/01/04	\$27,139,914	\$22,875,059
Sources of Funds		
SLOF Retention-Default Collections	6,436,573	6,932,502
SLOF Retention-Repurch/Rehabs/Consolidations	7,224,350	3,686,439
Direct Consolidation Fees	4,124,400	8,806,984
Loan Processing & Issuance Fees	3,980,864	5,418,551
Account Maintenance Fees	6,411,118	6,437,379
Default Aversion Fees	1,617,843	1,635,447
Interest on Investment	513,054	244,437
Collections on Non- Reinsurable Claims	146,027	150,746
Miscellaneous Income	34,891	17,557
Total Sources	30,489,120	33,330,042
Uses of Funds		
Administrative Expenses	31,451,953	27,815,941
Transfer to State GRF fund	6,307,918	0
Non- Reinsurable Claims	338,471	248,368
Refund to Dept. of Education	257,902	304,704
Total Uses	38,356,244	28,369,013
ENDING CASH BALANCE, 07/31/05	\$19,272,790	\$27,836,091
ACCRUAL ADJUSTMENTS		
Due From Dept. of Education		
Loan Processing & Issuance Fees	977,458	739,545
Account Maintenance Fees	565,486	510,688
Total Due from Dept. of Education	1,542,944	1,250,233
Due to FSLRF		
Non-Reinsurable Claims	(13,218)	0
Collection Agency Commission	(56,200)	(287,580)
Default Aversion Fee Deferred Revenue	(6,952,684)	(6,440,434)
Total Due to FSLRF	(7,022,102)	(6,728,014)
Due from FSLRF		
SLOF Retention Receivable	970,375	1,585,086
Default Aversion Fee Receivable	168,415	135,756
Collection on Non-Reinsurable Claims	15,247	17,468
Total Due from FSLRF	1,154,037	1,738,310
Other Adjustments		
Interest on Investment	66,337	42,240
Fixed Assets	281,365	292,800
Vouchers Payable-Administrative Expenses	(2,930,137)	(3,753,941)
Due to Illinois GRF	(161)	(299)
Total Other Adjustments	(2,582,596)	(3,419,200)
ADJUSTED FUND BALANCE, 07/31/05	\$12,365,072	\$20,677,419

*FSLRF - Federal Student Loan Reserve Fund

**ILLINOIS STUDENT ASSISTANCE COMMISSION
ILLINOIS DESIGNATED ACCOUNT PURCHASE PROGRAM
June 30, 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	\$10,335	\$12,326	\$8,206	\$5,886
Number of Borrowers	13,702	7,078	152,982	1,220,961
Total Originations & Purchases	\$141,615,369	\$87,241,941	\$1,255,417,991	\$7,186,736,512
Operating Expenses	\$6,997,206	\$5,498,562	\$66,269,986	\$381,729,385
<u>Collections:</u>				
Principal - Student	\$45,511,232	\$33,565,313	\$561,906,586	\$3,089,352,942
Interest - Student	4,723,350	4,587,011	53,526,238	601,176,630
Principal - Guarantor	4,808,209	5,306,074	60,415,294	798,437,238
Interest - Guarantor	227,539	196,381	2,761,360	49,890,363
Federal Interest Benefits	0	0	17,490,467	214,408,243
Special Allowance	0	0	26,861,083	142,900,072
<u>Summary:</u>				
Total Principal	\$50,319,441	\$38,871,387	\$622,321,880	\$3,887,790,180
Total Interest	4,950,889	4,783,392	73,778,066	865,475,236
Total Special Allowance	0	0	26,861,083	142,900,072
	<u>\$55,270,330</u>	<u>\$43,654,778</u>	<u>\$722,961,028</u>	<u>\$4,896,165,488</u>

ILLINOIS STUDENT ASSISTANCE COMMISSION

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Total Program Performance

July 2005 -- FY 2006

APPROXIMATE INVESTMENT RETURN, 7/31/05

	<u>Ending Market Value</u>	<u>Fiscal Year-to-date</u>	<u>Since Inception***</u>	<u>Inception Date****</u>
Total Program	\$667,858,852	2.4%	4.5%	7/6/99
Policy Benchmark*		2.5%	4.6%	
Actuarial Assumption **		0.6%	7.9%	
Domestic Equity	\$406,386,882	4.2%	1.8%	7/6/99
William Blair	29,080,667	3.5%	-6.6%	7/7/00
<i>Russell 1000 Growth</i>		4.9%	-8.7%	
New Amsterdam	28,843,132	5.0%	17.7%	7/15/04
Holland Capital	29,000,753	3.8%	9.2%	7/15/04
<i>Russell 1000 Growth</i>		4.9%	13.0%	
LSV Asset Management	57,154,628	3.7%	17.8%	2/13/04
<i>Russell 1000 Value</i>		2.9%	12.0%	
SSgA	58,296,098	3.8%	16.8%	4/21/04
<i>Russell 1000 Value</i>		2.9%	16.8%	
Kenwood Capital	18,691,558	6.1%	26.6%	7/15/04
Nicholas-Applegate	19,347,071	6.1%	32.3%	7/15/04
<i>Russell 2000 Value</i>		5.7%	26.7%	
SSgA S&P 500 Index Fund	100,571,895	3.7%	0.5%	7/6/99
<i>S&P 500 Index</i>		3.7%	0.3%	
Wasatch Advisors	59,930,807	5.0%	16.8%	9/7/01
<i>Russell 2000</i>		6.3%	15.9%	
SSgA Russell 2000 Index Fund	5,470,272	6.3%	10.5%	5/31/05
<i>Russell 2000</i>		6.3%	10.4%	
International Equity	\$34,457,182	3.0%	17.4%	
Jarislowsky Fraser	29,236,746	3.0%	17.4%	10/4/02
<i>MSCI EAFE</i>		3.1%	23.7%	
SSgA MSCI EAFE Index Fund	5,220,436	3.1%	4.4%	5/31/05
<i>MSCI EAFE</i>		3.1%	4.5%	
Domestic Fixed Income	\$221,551,527	-0.9%	6.9%	7/6/99
JP Morgan Chase Investment Advisors	86,316,461	-1.1%	3.3%	7/1/03
<i>Lehman Aggregate Index</i>		-0.9%	2.9%	
SSgA LB Aggregate Index	31,745,917	-0.9%	-0.9%	6/10/05
<i>Lehman Aggregate Index</i>		-0.9%	-0.9%	
Richmond Capital Management	103,489,149	-0.8%	3.6%	10/7/02
<i>Lehman Intermediate Government/Credit</i>		-0.8%	3.7%	
Cash Account	\$5,463,261	0.0%	3.2%	
T-Bills		0.3%	2.9%	

Note: Returns are preliminary and subject to revision pending the September 30, 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.

NUMBER AND DOLLAR VALUE OF PLANS, 7/31/05

Number of Plans

Plans Paid in Full	28,582
Active Plans	14,596
Cancelled Plans	5,005
Suspended Plans	73
Total Number of Plans	48,256

Purchased Value of all Plans

\$908,871,270

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.

ILLINOIS STUDENT ASSISTANCE COMMISSION

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Sources and Uses Report
July 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	55,122,671
State Street Global Advisors	56,131,306
Kenwood Capital	17,608,685
New Amsterdam Partners	27,479,466
Holland Capital	27,947,942
Nicholas-Applegate	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	\$5,205,617
Application and other fees	103,003
Interest from Treasury and Banks	37,515
Unrealized Interest on Investments	1,015,603
Unrealized Gain on Investments	14,406,980

Total Sources

\$20,768,718

USES OF FUNDS

Administrative Expenses	477,623
Refunds to Purchasers	270,595
Tuition Payments	38,067
Investment Expense	24,845
Realized Loss on Investments	0
Unrealized Loss on Investments	0

Total Uses

\$811,130

ENDING MARKET VALUE TOTAL FUNDS BALANCE, 7/31/05

Cash at Custodians and ISAC	\$ 5,463,262	
SSgA S&P 500 Index Fund	100,571,895	
JP Morgan Chase Investment Advisors	86,316,461	
William Blair & Co.	29,080,667	
Wasatach Advisors	59,930,807	
JFL International Equity Fund LLC	29,236,746	
Richmond Capital Management	103,489,149	
LSV Asset Management	57,154,628	
State Street Global Advisors	58,296,098	
Kenwood Capital	18,691,558	
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Holland Capital	29,000,753	
Nicholas-Applegate	19,347,071	
Temp. SSgA Russell 2000 Index Fund	5,470,272	
Temp. SSgA MSCI EAFE Index Fund	5,220,436	
Temp. SSgA LB Aggregate Index Fund	31,745,917	
Total Ending Balance		\$667,858,852

NUMBER AND DOLLAR VALUE OF PLANS, 07/31/2005

Number of Plans:

Plans Paid in Full	28,582
Active Plans	14,596
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Suspended Plans	73
Total Number of Plans	48,256
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