



January 24, 2022

Honorable Governor JB Pritzker  
207 State Capitol  
Springfield, IL 62706

Dear Governor Pritzker:

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 FY2023 to fulfill FY2023 obligations to students and families. During FY2023, we estimate that approximately \$123 million will be paid out for prepaid tuition contract benefits, refunds, and expenses, netted for expected contributions. During January through June 2022, we anticipate net payouts of approximately \$60 million. The Commission is expected to approve the FY2023 administrative budget for the College Illinois! 529 Prepaid Tuition Program in June 2022; staff expects the request to include approximately \$5.3 million of program funds for operational expenses.

Although state financial support will not be required in FY2023 in order to fulfill the Program's FY2023 obligations, actuarial projections indicate that **state support will be required in the near future to fulfill the state's moral obligation to the Program. Indeed, the Program is expected to need state support beginning FY2027 in order to honor all tuition and fee payments to Program beneficiaries.** The actuarial soundness valuation as of June 30, 2021, performed by independent actuaries, indicates that there is an unfunded liability with a present value of approximately \$238 million. Actuarial projections for a runoff scenario with no future contract sales indicate that the Program would require cumulative state funding of approximately \$305 million beginning in FY2027, with single-year funding requirements peaking above \$67 million in FY2028. If the state continues to amortize the unfunded liability assuming no new contract sales, annual payments of approximately \$30 million would be required for the next ten to thirteen years (FY2023 to FY2035). Actuarial reports are available at:

<http://www.collegeillinois.org/AboutCollegeIllinois/529Financials.html>.

Program enrollment has been closed since the 2017-18 enrollment year and remains closed.

ISAC has continued to advocate annual state payments to the Illinois Prepaid Tuition Trust Fund to address the unfunded liability now, before it becomes immediately necessary to call upon the moral obligation of the State of Illinois. Continuing to make annual payments for the next ten to thirteen years would honor the state's commitments to plan holders and save it money in the long run, allowing the state to budget intelligently, with predictable, manageable payments.

Thanks to your support and that of the General Assembly, ISAC has received the first two of a proposed series of payments: the state transferred \$30 million to the Illinois Prepaid Tuition Trust Fund for FY2021, as well as another \$20 million for FY2022. The initial payments not only had a positive impact on the Program's funded status; they are a critical step to protecting the Program's contract holders and beneficiaries. We appreciate your support of efforts to address the College Illinois! unfunded liability.

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, circumstances such as investment performance and tuition and fee inflation 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.

Please contact me at 847-831-8379 if you have any questions or concerns regarding this certification letter.

Best regards,



Eric Zarnikow  
Executive Director

cc: Martin V. Torres, Deputy Governor, Office of the Governor  
Alexis Sturm, Director, Office of Management and Budget