



January 31, 2023

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 Fiscal Year (FY) 2024 to fulfill FY 2024 obligations to students and families. During FY 2024, we estimate that approximately \$113 million will be paid out for prepaid tuition contract benefits, refunds, and expenses, netted for expected contributions. During January through June 2023, we anticipate net payouts of approximately \$60 million. The Commission is expected to approve the FY 2024 administrative budget for the College Illinois! 529 Prepaid Tuition Program in June 2023; staff expects the request to include approximately \$5 million of program funds for operational expenses.

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

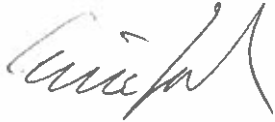
Thanks to your support and the support of the General Assembly, last spring the bill providing a FY 2022 supplemental appropriation included a \$230 million lump sum payment to the Illinois Prepaid Tuition Trust Fund. To protect these funds from market volatility and ensure their availability to pay tuition and fee benefits in the near term, the \$230 million payment was invested in a laddered portfolio of U.S. Treasury securities.

Based on actuarial reports and projections as of June 30, 2021, the \$230 million in funding would have substantially eliminated the College Illinois! Program's unfunded liability. Making a single payment of \$230 million, rather than continuing to seek smaller annual appropriations that reduce the unfunded liability over time, is expected to save the state \$75 million over the remaining life of the plan, making it a win not just for contract holders but for all Illinois taxpayers.

The Program retains a substantial investment portfolio in a separate trust fund to pay obligations. According to the June 30, 2022 Actuarial Soundness Report, Program assets totaled about \$647 million, corresponding to a 96% funded ratio. As always, actuarial reports necessarily represent a point in time and will change in the future up or down based on a variety of factors, including market volatility and tuition and fee growth. College Illinois! continues to prudently invest funds in a diversified portfolio.

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

Best regards,

A handwritten signature in black ink, appearing to read "Eric Zarnikow". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Eric Zarnikow
Executive Director

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