



HR1372

LRB096 22144 NHT 42570 r

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HOUSE RESOLUTION

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WHEREAS, The College Illinois! prepaid tuition program has served Illinois families successfully for more than a decade, encouraging parents and grandparents to pay college tuition in advance through the purchase of State-sponsored prepaid tuition contracts; and

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WHEREAS, The most recent (June 2009) financial soundness report for the College Illinois! program documents a record funding deficit of more than \$515 million, corresponding to a funded ratio of only 67.6%; and

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WHEREAS, The College Illinois! program's financial deficit has nearly doubled, increasing by more than \$242 million from June 2008 to June 2009; and

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WHEREAS, During the past year the Illinois Student Assistance Commission, administrator for the program, has authorized placement of nearly 20% of program participants' financial contributions into inherently risky alternative investments, including \$135 million in three separate hedge funds; and

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WHEREAS, Hedge funds and private equity investments often do not provide the level of transparency appropriate for public

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1 institutional investments of this kind; and

2 WHEREAS, This level of exposure to alternative investments
3 is at best questionable, given the relatively small size of the
4 College Illinois! portfolio and could expose the program to
5 unnecessary financial risk; therefore, be it

6 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
7 NINETY-SIXTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that,
8 in response to reports that the Illinois Student Assistance
9 Commission lost \$10.7 million of its \$12.7 million investment
10 in ShoreBank, a privately held company that has been declared
11 to be in financial trouble by federal regulators, we direct the
12 Illinois State Board of Investment to conduct an independent
13 asset allocation study of College Illinois! investments to
14 determine the overall level of risk associated with the
15 program's investment mix and provide the results of that study
16 to the General Assembly and the Governor no later than January
17 15, 2011; and be it further

18 RESOLVED, That we direct the Auditor General to conduct a
19 special audit of College Illinois! operations to document
20 growth in program administrative costs and determine the
21 efficacy of program administration on behalf of participants
22 and provide the results of this special audit to the General
23 Assembly and the Governor no later than January 15, 2011; and

1 be it further

2 RESOLVED, That suitable copies of this resolution be
3 delivered to the Illinois State Board of Investment and the
4 Auditor General.