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**COMPTROLLER MENDOZA ISSUES FIRST DEBT
TRANSPARENCY REPORT**

Reveals Illinois' Late Payment Costs Exceeded \$1 billion

CHICAGO—Comptroller Susana A. Mendoza today released the state's January Debt Transparency Report. The report, for the first time, provides a detailed monthly snapshot of the state's bill backlog by compelling state agencies to comprehensively disclose liabilities they are holding, including late payment interest penalties, bills at the agency level and unappropriated liabilities and obligations.

Eighty out of the 84 state agencies and universities required to report responded for the reporting period ending Dec. 31, 2017. The four agencies that failed to submit and remain in non-compliance with the state statute are the Department of Children and Family Services, the Council on Developmental Disabilities, the Human Rights Commission, and the Sex Offender Management Board.

The Debt Transparency Report confirms the Comptroller's estimate that as of Dec. 31, 2017, the state had incurred more than \$1 billion in late payment interest penalties.

The agencies with the largest late payment interest liabilities accrued thus far include the Department of Central Management Services with \$434 million and the Department of Healthcare and Family Services with \$236 million. Agency totals (\$741 million) combined with interest payments already made in 2017 (\$143 million) and pending payments at the Comptroller's office (\$116 million), show that the state incurred \$1.03 billion in late payment interest penalties through Dec. 31, 2017, primarily caused by the record two-year budget impasse that ended in July of last year.

"This report will be an effective cash-management tool for my office and provides a much greater level of transparency for taxpayers and policymakers," Comptroller Mendoza said. "Now we can all see a clearer picture of what Illinois owes to small businesses, universities, community colleges, social service providers and others. The Debt Transparency Report takes the politics out of the numbers to provide meaningful data."

The fiscal information submitted by state agencies to the Comptroller's office demonstrates the need for the Debt Transparency Act, which became law in November when Republican and Democratic lawmakers came together to overwhelmingly override Governor Bruce Rauner's veto of Comptroller Mendoza's legislation.

Other key findings from the report, which compiles and aggregates data from state agencies as of Dec. 31, 2017:

The state's general funds bill backlog stood at \$9.246 billion on Dec. 31 with \$2.476 billion of that total at state agencies.

The report also confirms that there are \$2.3 billion in unappropriated liabilities held at state agencies. The agencies with the largest unappropriated liabilities include the Department of Corrections, which has \$420 million in unappropriated liabilities, and the Department of Human Services, which has \$118 million in unappropriated liabilities. The Department of Healthcare and Family Services (HFS) has a \$443 million shortage in General Revenue Funds transfers to be deposited in the Healthcare Provider Relief Fund for medical programs administered by HFS.

Until appropriations for these liabilities are approved by the legislature and become law, these bills cannot be submitted to the Comptroller's office for payment. They will remain at the agencies, and many of them will continue to accrue late payment interest penalties.

"The bipartisan Debt Transparency Act is already providing the people of Illinois with valuable financial information," Republican Rep. David McSweeney, a chief co-sponsor of the act, said. "Governor Rauner needs to immediately tell us what his detailed plan is for addressing the over \$2 billion of unpaid bills that have not been appropriated."

Today, the state's bill backlog stands at an estimated \$8.835 billion. That number is down from a record high of \$16.675 billion. The bulk of that reduction came through a debt restructuring program pushed for by Comptroller Mendoza. With the proceeds of a \$6 billion bond sale, she brought in \$2.2 billion in federal matching funds and saved taxpayers billions of dollars by stopping the clock on more than \$8 billion worth of bills that were accruing late payment interest penalties.

The January Debt Transparency Report accentuates the challenges facing policymakers as they work to pass a budget for the next fiscal year.

"It is incumbent upon the Governor to meet his responsibilities and present a balanced budget plan," Comptroller Mendoza said. "When Governor Rauner took office, he inherited, through no fault of his own, a bill backlog of \$5 billion. Through a debt refinancing plan, our office recently paid down more than \$8 billion worth of bills, covering what he inherited and then some. There is no disputing that the Rauner administration owns the remaining \$8.835 billion backlog, which is a product of deficit spending and failing to budget for the state's true liabilities during his tenure. As part of his budget address, he needs to present taxpayers with a detailed proposal for paying off the operating debt and interest penalties his administration ran up."

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