

# DEBT TRANSPARENCY REPORT SUMMARY

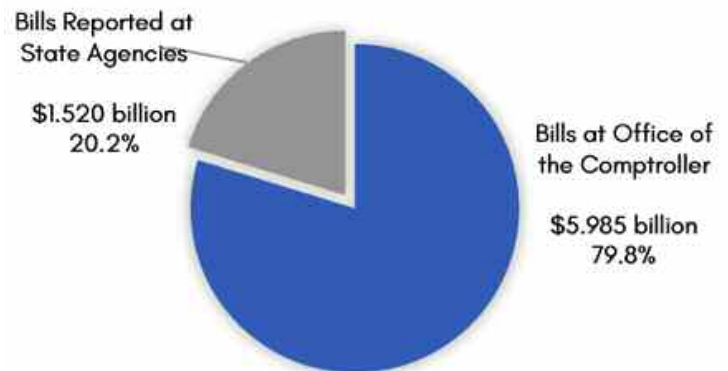
No. 9

Period Ending August 31, 2018

## SUMMARY

- Estimated 8/31/18 backlog of bills totaled \$7.505 billion for General Funds and Health Insurance Reserve Fund (HIRF) (\$600 million increase from prior month)<sup>1</sup>
- Agencies had a net \$1.520 billion in General Funds and HIRF bills on hand (\$260 million decrease from prior month)<sup>1</sup>
- Pending vouchers and transfers at the Office of the Comptroller totaled \$5.985 billion (\$860 million increase from prior month)
- More than \$1.5 billion in estimated unfunded liabilities at agencies for fiscal year 2019
- Identifies \$645 million in reported pending late payment interest penalties

## Estimated General Funds Bill Backlog<sup>1</sup> as of August 31, 2018 Total = \$7.505 billion



The following report, Debt Transparency Report Summary No. 9, continues to focus on liabilities identified from General Funds and the Health Insurance Reserve Fund (HIRF) for the state's bill backlog totals.<sup>1</sup> Liabilities and details of other state funds utilized by state agencies can be found in agencies' individual submissions available in the [Debt Transparency Reports](#) section at [illinoiscomptroller.gov](http://illinoiscomptroller.gov).<sup>2</sup>

All 83 state agencies and universities responded for the August 2018 reporting period by the time of this publication. Twenty-six agencies reported zero liabilities.

<sup>1</sup>The estimated General Funds backlog total is comprised of pending vouchers and transfers from the General Funds and the Health Insurance Reserve Fund (for state employee insurance costs) at the Office of the Comptroller, and vouchers and interest payments reported as held at state agencies for the General Funds and HIRF, adjusted for transfers pending from the General Funds to HIRF to eliminate double-counting. While not included in the bill backlog total, about \$405 million of the more than \$533 million to date in interfund borrowing from other state funds, permitted for cash management purposes under Public Act 100-0023, remains outstanding; almost \$128 million has been repaid through August 31, 2018.

<sup>2</sup>The General Funds pay for the state's primary operations and school funding obligations and have accounted for most of the state's payment delays. The General Revenue Fund (GRF) is the largest of the seven funds that make up this group. The HIRF is highly dependent on GRF transfers to fund insurance-related obligations. Vouchers payable from other non-General Funds are typically processed without delay if the funds have sufficient balances. Additional information on General Funds and other state funds is available at the [Comptroller's website](#).

## AGENCY DTA SUBMISSIONS

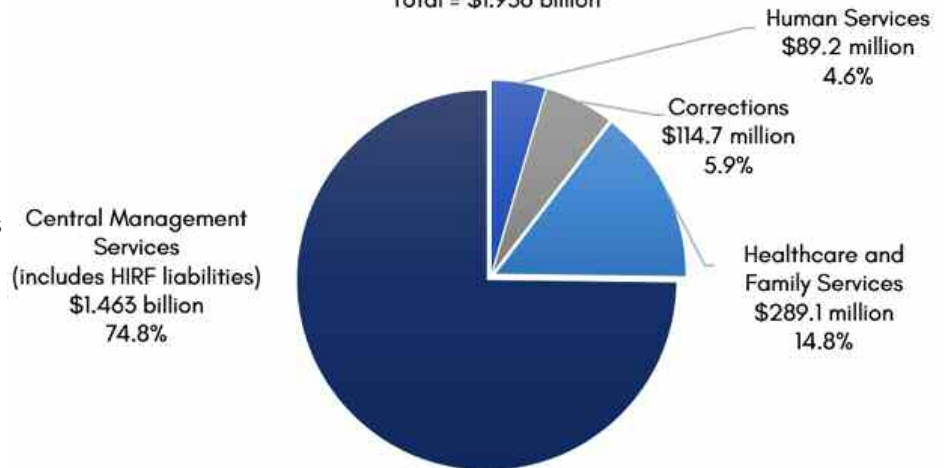
### Bill Backlog at State Agencies: \$1.520 Billion

Agencies reported more than \$519 million in General Funds liabilities and late payment interest penalties as of August 31, 2018. This amount reflects liabilities that have not yet been sent to the Office of the Comptroller but are eligible to be sent because the agency has an approved invoice or pending interest payments.

The state agencies with the largest liabilities reported \$1.956 billion in General Funds liabilities and Health Insurance Reserve Fund (HIRF) liabilities. Central Management Services (CMS) reported more than \$1.451 billion in HIRF liabilities for bills related to the state's Group Health Insurance Program and almost \$12 million in obligations pending at the agency for late payment interest penalties from principal payments on HIRF bills that have already been made. These amounts represent a reduction of \$266 million compared to combined HIRF liabilities and late payment interest penalties from the previous month.

### State Agencies with Largest General Funds/HIRF Liabilities

Includes Late Payment Interest Penalties  
as of August 31, 2018  
Total = \$1.956 billion



Agencies' General Funds and HIRF liabilities, including late payment interest penalties owed on bills released for payment by the Office of the Comptroller, totaled \$1.983 billion for the August 2018 period, representing a decrease of \$270 million compared to agencies' July 2018 liabilities.<sup>3,4</sup>

After adjusting the HIRF total down by the \$463 million in pending transfers from the General Revenue Fund (GRF) included in the backlog at the Office of the Comptroller, the net estimated unpaid bill backlog at state agencies totaled \$1.520 billion on August 31, 2018.<sup>5</sup>

This \$1.520 billion has been incorporated into the estimated backlog of bills reported daily on the Comptroller's website. It will remain as static input to this calculation until the next DTA monthly report. Combining this \$1.520 billion with the \$5.985 billion in bills at the Office of the Comptroller, the total estimated General Funds and HIRF bill backlog for August 31, 2018 was \$7.505 billion, an increase of \$600 million from the end of July 2018.

<sup>3</sup>As of August 31, 2018, the cash balance in the HIRF was about \$66.5 million.

<sup>4</sup>Compared to July 2018, liabilities and late payment interest penalties decreased by about \$227 million in the Department of Central Management Services' HIRF and \$77 million at the Department of Corrections, while they increased by about \$35 million at the Department of Healthcare and Family Services.

<sup>5</sup>GRF transfers to the HIRF must be backed out from the total to ensure transfer amounts are not counted twice.

## Insufficient Appropriations/Funding Shortfall: \$1.5 Billion

As of August 31, 2018, agencies estimated potential shortfalls of \$60 million in General Funds appropriations for fiscal year 2019, reported almost entirely by the Department of Human Services.<sup>6</sup>

While the Health Insurance Reserve Fund has sufficient expenditure authority enacted by the Legislature, the Department of Central Management Services (CMS) has more than \$1.44 billion in bills that it may not have sufficient appropriated deposits from the GRF to cover.<sup>7</sup> As a result, the Office of the Comptroller believes it is appropriate to include this \$1.44 billion Group Health Insurance Program liability as an appropriation shortfall since additional GRF appropriations would be required to pay down the liability. The fiscal year 2019 budget agreement did not include an appropriation to address this \$1.44 billion shortfall for fiscal year 2018.

## UNIVERSITY REPORTING

State universities reported that through the second month of fiscal year 2019, vouchers reflecting more than \$260.5 million, or 23.6 percent, of the total \$1.105 billion fiscal year 2019 General Funds university appropriations had been sent to the Office of the Comptroller. Through August 2018, universities reported almost \$22.5 million in fiscal year 2018 General Funds lapse period spending. At the end of August, the Office of the Comptroller was holding \$189.7 million in payments for universities. No amounts for universities were included in state agency backlog estimates.

## Interest Penalties: \$645 Million

As of August 31, 2018, state agencies reported \$102.5 million in late payment interest penalties for all funds and types, including amounts owed after the vendor received the original payment and estimated amounts based on what may have accumulated on vouchers still held by the agencies on August 31. Almost \$45 million in late payment interest penalties from the General Funds and Health Insurance Reserve Fund (HIRF) was factored into the agency backlog estimate of \$1.520 billion because the payments could be released by the respective agencies.

Agencies with the largest totals were the departments of CMS (primarily related to the Group Health Insurance Program) with \$41.9 million, Corrections with \$16.4 million, Innovation and Technology with \$24.5 million, and Healthcare and Family Services (HFS) with \$16.7 million. As of August 31, 2018, another \$507.6 million in late payment interest penalty vouchers from all funds was pending at the Office of the Comptroller. The aggregate of accrued and pending late payment interest penalties at agencies and the Office of the Comptroller totaled approximately \$645 million for the reporting period, an amount virtually unchanged from July 2018.

Additionally, the Office of the Comptroller paid \$36.9 million in late payment interest penalties in August 2018. In total, between January 1, 2018 and August 31, 2018, the Office of the Comptroller has released \$408.1 million in late payment interest penalties.

<sup>6</sup>When state agencies accrue liabilities, they cannot voucher for these obligations and submit them to the Office of the Comptroller without sufficient appropriations enacted by the Legislature and Governor. Moreover, the Comptroller cannot release all vouchers pending without sufficient revenues to support the State's spending commitments.

<sup>7</sup>According to data provided in the Governor's fiscal year 2019 budget book.

### Estimated Pending Liabilities

Agencies reported \$1.121 billion in liabilities incurred by the state for the General Funds and the Health Insurance Reserve Fund but not yet invoiced. These are estimates, not actual bills, so they are not reported in the Office of the Comptroller’s backlog or the agencies’ backlog estimate totals. Further details can be obtained by contacting each respective state agency.

As mentioned in previous DTA report summaries, long-term care providers believe hundreds of millions of dollars in payments are owed for services, due to the delay in agency processing of patients seeking eligibility for Medicaid services. Of the \$938.7 million in reported estimated General Funds pending liabilities at HFS as of August 31, the department attributed about \$138 million to costs related to processing long-term care applications.

## BILLS ON HOLD AT THE OFFICE OF THE COMPTROLLER

### Pending at IOC: \$5.985 Billion

The pending bill backlog at the Office of the Comptroller changes every day as payments are made from the state’s General Funds. At the end of the August 2018 reporting period, the General Funds/HIRF bills pending totaled \$5.985 billion, with detailed breakouts shown in the accompanying image. These totals include approximately \$501 million in vouchers for General Funds and HIRF late payment interest penalties pending at the Office of the Comptroller.

