

DEBT TRANSPARENCY REPORT SUMMARY

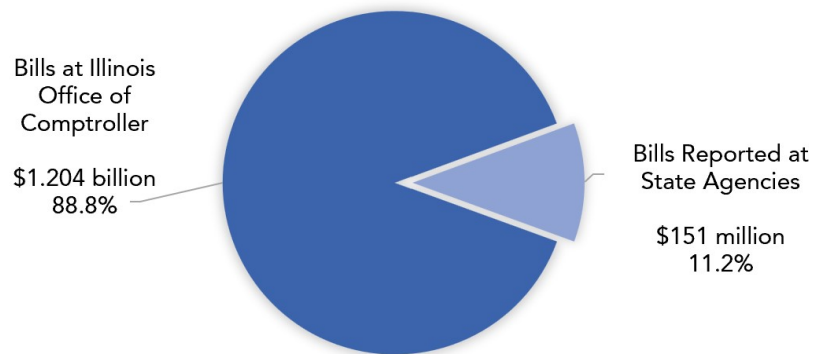
Vol. 6, No. 1

Period Ending December 31, 2022

SUMMARY

- Estimated 12/31/2022 accounts payable totaled \$1.355 billion for General Funds and Health Insurance Reserve Fund (HIRF)^{1,2}
- Agencies reported \$151 million in net General Funds and HIRF liabilities¹
- Net pending vouchers and transfers at the Illinois Office of Comptroller totaled \$1.204 billion¹
- Identifies approximately \$49 million in reported pending late payment interest penalties
- Oldest General Revenue Fund voucher pending at the Illinois Office of Comptroller at end of 12/31/2022 was 10 business days

Estimated General Funds Accounts Payable¹
as of December 31, 2022
Total = \$1.355 billion



Debt Transparency Report Summary Vol. 6, No. 1 identifies liabilities from General Funds and the Health Insurance Reserve Fund (HIRF) for the state's total accounts payable.^{1,2} 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.

Eighty-four state agencies and universities responded for the December 2022 reporting period in time for their data to be included in this publication. Twenty-four agencies reported zero liabilities.

To better reflect the state's daily accounts payable presented on the IOC website, beginning with the December 2022 reporting period, the IOC is reporting total net General Funds and HIRF liabilities from state agencies. This method considers the amount of General Funds and HIRF vouchers that agencies estimate will be sent to the IOC for processing in the weeks immediately following the reporting period and deducts those amounts from the agencies' reported sum of liabilities and late payment interest penalties. This will not apply to universities, due to their unique funding and processing.

¹The General Funds accounts payable 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 Illinois Office of Comptroller, adjusted for transfers pending from the General Funds to HIRF to eliminate double-counting, and vouchers and late payment interest penalties reported as held at state agencies for the General Funds and HIRF. Amounts may not sum to total due to rounding.

²The 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

Net Liabilities at State Agencies: \$151 Million

Agencies reported \$300 million in General Funds liabilities and late payment interest penalties as of December 31, 2022. This amount reflects liabilities not yet sent to the Illinois Office of Comptroller but eligible to be sent because the agencies approved invoices or pending interest payments.

After adjusting for amounts the agencies report have been or will be submitted to the IOC, net agency liabilities totaled \$151 million. The three state agencies with the largest liabilities reported \$130 million in General Funds liabilities, making up 86.0% of the total reported amount of net liabilities at agencies.

The Department of Central Management Services (CMS) reported \$2 million in HIRF liabilities for bills related to the state’s Group Insurance Program and less than \$200 in obligations pending at the agency for late payment interest penalties from principal payments on HIRF bills that have already been made, while reporting that \$70 million in HIRF liabilities have been or will be submitted to the IOC, effectively zeroing out net HIRF liabilities for the reporting period.

Reporting agencies’ total net liabilities, based on their net General Funds and HIRF liabilities, including late payment interest penalties owed on bills released for payment by the Illinois Office of Comptroller, were \$151 million for the December 2022 period.³ This \$151 million in agency-reported total net liabilities has been incorporated into the accounts payable reported daily on the IOC website and will remain as static input to this calculation until the next DTA monthly report.

After combining this \$151 million with the \$1.204 billion in General Funds and HIRF payables at the Illinois Office of Comptroller, the total estimated General Funds and HIRF accounts payable for December 31, 2022 was \$1.355 billion.

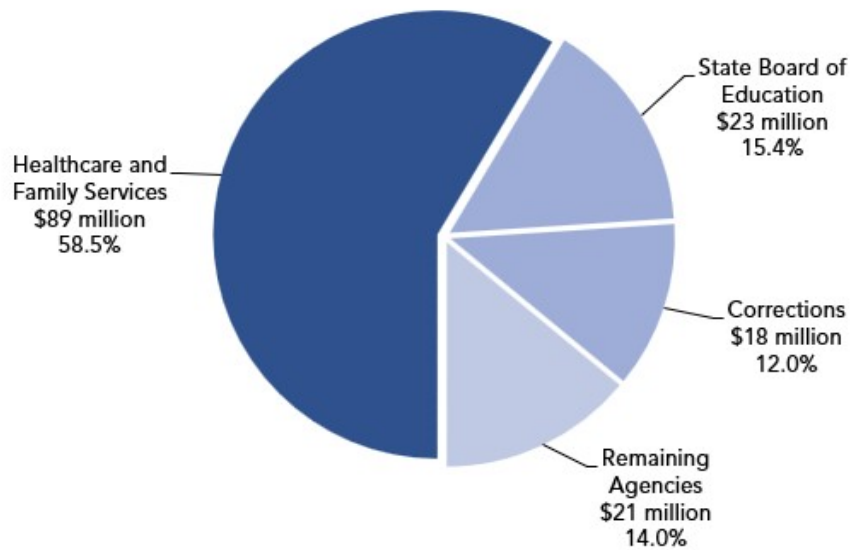
Net Agency General Funds/HIRF Liabilities Breakout

Includes Late Payment Interest Penalties

as of December 31, 2022

Total = \$151 million

Amounts may not sum to total or to 100% due to rounding.



³At the end of the day December 31, 2022, the cash balance in the HIRF was \$165 million.

Insufficient Appropriations/Funding Shortfall: \$1.590 Billion

In the final days of the 102nd General Assembly, legislators and the Governor approved supplemental appropriations for several agencies for fiscal year 2023, including the Department of Human Services and the Department of Healthcare and Family Services.⁴ These supplemental funds are reflected in DHS's and HFS's submissions for the December 2022 reporting period.⁵

Interest Penalties: \$49 Million

For the December 2022 reporting period, state agencies reported nearly \$3 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 as of December 31. Just \$264,000 in late payment interest penalties from the General Funds and HIRF is considered in the reported net agency liabilities of \$151 million because the payments could be released by the respective agencies.

Agencies reporting the largest late payment interest penalties, including estimated amounts on vouchers held by the agencies, were the departments of CMS with \$773,000, Natural Resources with \$711,000, and Public Health with \$288,000. As of December 31, 2022, another \$47 million in late payment interest penalty vouchers from all funds was pending at the IOC.

The aggregate of outstanding accrued and pending late payment interest penalties at agencies and the IOC totaled \$50 million for the reporting period, with more than \$1 million in additional estimated late payment interest penalties on vouchers still held by agencies.

Additionally, the IOC paid \$110,000 in late payment interest penalties in December 2022. The IOC paid \$27 million in late payment interest penalties during calendar year 2022.⁶

Estimated Pending Liabilities

Agencies reported \$1.519 billion in liabilities incurred by the state for the General Funds and HIRF but not yet invoiced. These are estimates, not actual bills, so they are not reported in the IOC's amount of bills pending or the agencies' estimated liabilities.

⁴House Bill 969, Senate Amendments 4 and 5; 102nd General Assembly.

⁵Though appropriated to other funds under House Bill 969, the \$1.475 billion in unappropriated General Funds liabilities referenced in HFS's December 2022 submission is done to be consistent with how HFS reports those funds for DTA purposes, per Section 25 of the State Finance Act.

⁶Includes prompt pay interest penalties and timely pay interest penalties, including prompt pay interest penalties incurred paid out of a future year appropriation.

UNIVERSITY REPORTING

State universities reported that through December 2022, vouchers reflecting \$1.024 billion, or 83.9%, of the more than \$1.221 billion in fiscal year 2023 General Funds university appropriations had been sent to the Illinois Office of Comptroller.

Northeastern Illinois University reported more than \$1 million in insufficient appropriations for the remainder of fiscal year 2023 and Western Illinois University reported less than \$1 million in insufficient appropriations. More information may be found in each university's DTA submission.

At the end of December, \$272 million in General Funds payments for universities was pending at the IOC. No amounts for universities were included in state agency liability estimates.

VOUCHERS AND TRANSFERS PENDING AT THE ILLINOIS OFFICE OF COMPTROLLER

Pending at IOC: \$1.204 Billion

The amount of vouchers and transfers pending at the IOC changes every day as payments are made from the state’s General Funds.

The General Funds and HIRF vouchers and transfers pending at the IOC totaled \$1.204 billion at the end of December 31, 2022.

The IOC reported \$95 million in outstanding Community College Health Insurance Security Fund vouchers and transfers pending at the end of December. The fiscal year 2023 budget includes a \$25 million GRF appropriated deposit for the Community College Insurance Program, the entirety of which was expended in July. Additional resources are needed from community colleges and employee contributions to make up the shortfall.⁷

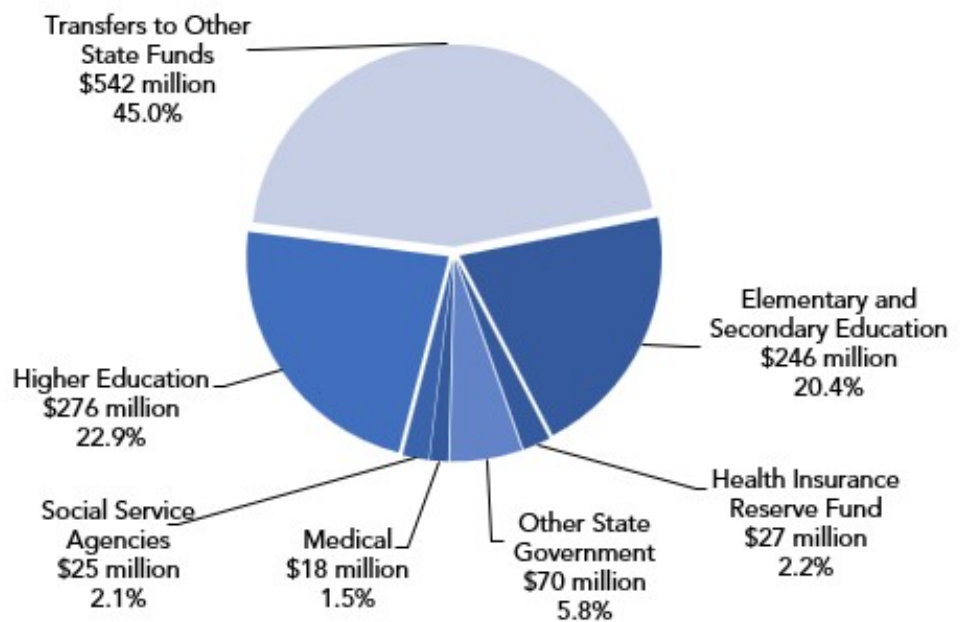
Also, \$236 million in technology-related vouchers from the Department of Innovation and Technology was pending at the IOC at the end of December. The Governor’s Office of Management and Budget stated that “interest expenses should continue to trend downward, and may be close to eliminated entirely, if the Governor’s proposed supplemental to address unpaid delayed bills in the Technology Management Revolving Fund is implemented.”⁸ While a \$100 million transfer to the Technology Management Revolving Fund was included in January’s fiscal year 2023 supplemental appropriations bill, the IOC estimates the fund balance will be \$75 million short of meeting current obligations in the fund.

Composition of Bills at the Illinois Office of Comptroller

as of December 31, 2022

Total = \$1.204 billion

Amounts may not sum to total or to 100% due to rounding.



Detailed breakouts are shown in the *Composition of Bills at the Illinois Office of Comptroller* chart.

⁷ According to the Governor’s proposed Operating Budget for fiscal year 2023, current contributions fund just 62% of the program’s liability, and without statutory changes, the backlog of bills for the Community College Health Insurance Program will continue to grow.

⁸ Fiscal Year 2023 Illinois Economic and Policy Report; November 14, 2022.

Oldest General Revenue Fund Voucher at IOC: 10 Business Days

At the end of the day December 31, the oldest GRF voucher at the Illinois Office of Comptroller was 10 business days. This chart shows where this compares to the end of the calendar year and the end of the fiscal year since fiscal year 2018, starting with 191 days at the end of October 2017, about a week before the State received more than \$6 billion in General Obligation bond proceeds to help pay down the record \$16.7 billion General Funds bill backlog, and including its high point of 210 days at the end of November 2017.

In addition to the General Funds accounts payable, the oldest GRF voucher at the IOC has been an important method of assessing the current financial condition of the State and the hardships faced by State vendors since September 2001, when a worsening economy began a consistent rise in the bill backlog. Steady improvement has been made to the bill payment cycle since December 2017, and today the payment cycle is within 30 days for vouchers sent to the IOC. The 30-day payment cycle does not apply to net interfund transfers, which made up \$542 million, or 45.0%, of the IOC payables as of December 31.

IOC General Revenue Fund Payment Cycle History
October 2017 through December 2022
Oldest GRF voucher at end of day 12/31/2022: 10 business days

