Debt Transparency Report Summary Vol. 4, No. 7 identifies liabilities from General Funds and the Health Insurance Reserve Fund (HIRF) for the state’s total estimated bill backlog. 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 illinois comptroller.gov.

Eighty-two of 83 state agencies and universities responded for the June 2021 reporting period by the time of this publication. Twenty-four agencies reported zero liabilities.

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

2 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.
BILL BACKLOG AS A PORTION OF OBLIGATIONS OWED

Though an important component of obligations owed by the State of Illinois, the Debt Transparency Report Summary includes only liabilities identified from General Funds and the Health Insurance Reserve Fund (HIRF). However, as of the end of June 2021, $1.928 billion in short-term borrowing was owed, including $1 billion from the $2 billion December 2020 borrowing through the Federal Reserve’s Municipal Liquidity Facility. Though this issuance requires repayments each year for the next three years, a repayment plan aims to pay off the remaining $1 billion in fiscal year 2022 to save interest costs. In addition, $928 million in interfund borrowing, which requires repayment to the respective funds within five years from the date of borrowing, remains outstanding. These sums do not include associated interest costs that may be payable.

In May 2021, the State made the final payment on the $1.2 billion borrowed from the Federal Reserve’s Municipal Liquidity Facility in June 2020. Between May and June 2021, the State repaid $1 billion of the $2 billion borrowed in December 2020 through the Federal Reserve’s Municipal Liquidity Facility.

AGENCY DTA SUBMISSIONS

**Bills Held at State Agencies: $947 Million**

Agencies reported $784 million in General Funds liabilities and late payment interest penalties as of June 30, 2021. 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.

The four state agencies with the largest liabilities reported $906 million in General Funds liabilities and Health Insurance Reserve Fund (HIRF) liabilities, making up 95.6% of the total reported amount of bills pending at agencies. The Department of Central Management Services (CMS) reported $162 million in HIRF liabilities for bills related to the state’s Group Insurance Program and $1 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 $34 million increase compared to combined HIRF liabilities and HIRF late payment interest penalties from May 2021.

Reporting agencies’ total liabilities, based on their General Funds and HIRF liabilities, including late payment interest penalties owed on bills released for payment by the Illinois Office of Comptroller, were $947 million for the June 2021 period, representing a $529 million increase compared to agencies’ May 2021 liabilities. More than 92% of this increase is attributed to the Department of Healthcare and Family Services, which reported that its increase in liabilities was due

---

3 Compared to May 2021, liabilities and late payment interest penalties increased by $489 million at the Department of Healthcare and Family Services, by $36 million at the Department of Central Management Services, and by $16 million at the Department of Corrections; they decreased by $7 million at the Department of Human Services and by $12 million at the State Board of Education.

4 At the end of the day June 30, 2021, the cash balance in the HIRF was $41 million.
to the timing of processing monthly managed care capitation payments. The IOC expects to pay these medical vouchers in July 2021.

The $947 million in agency-reported total liabilities has been incorporated into the estimated bill backlog reported daily on the IOC website and will remain as static input to this calculation until the next DTA monthly report.

After combining this $947 million with the $3.056 billion in General Funds and HIRF payables at the Illinois Office of Comptroller, the total estimated General Funds and HIRF bill backlog for June 30, 2021 was $4.003 billion, an increase of $29 million from the end of May 2021. This amount represents the lowest reported General Funds and HIRF backlog to close a fiscal year since the DTA took effect in fiscal year 2018, and is lower than any end-of-fiscal year General Funds backlog in the past 10 years, when the IOC first began incorporating agency liabilities into the reported backlog.

Insufficient Appropriations/Funding Shortfall: $1.2 Billion

While the Health Insurance Reserve Fund has sufficient expenditure authority, the Department of Central Management Services (CMS) reports about $1.187 billion in bills that it may not have sufficient appropriated deposits from the General Revenue Fund (GRF) to cover for the fiscal year. As a result, the Illinois Office of Comptroller believes it is appropriate to include this $1.187 billion Group Health Insurance Program liability as an appropriation shortfall since additional GRF appropriations would be required to pay down the liability.

Interest Penalties: $190 Million

For the June 2021 reporting period, state agencies reported $40 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 June 30. More than $7 million in late payment interest penalties from the General Funds and Health Insurance Reserve Fund (HIRF) was factored into the agency liabilities estimate of $947 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 Innovation and Technology with $16 million, Veterans’ Affairs with $10 million and CMS with nearly $7 million. As of June 30, 2021, another $131 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 $190 million for the reporting period, with an additional $16 million in estimated late payment interest penalties on vouchers still held by agencies.

Additionally, the IOC paid almost $5 million in late payment interest penalties in June 2021. The IOC paid $288 million in late payment interest penalties in fiscal year 2021.

---

5 According to data provided in the Governor’s fiscal year 2022 operating budget book.
6 Includes prompt pay interest penalties and timely pay interest penalties, including prompt pay interest penalties incurred paid out of a future year appropriation.
Estimated Pending Liabilities

Agencies reported $1.221 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 Illinois Office of Comptroller’s backlog or the agencies’ estimated liabilities.

BILLS ON HOLD AT THE ILLINOIS OFFICE OF COMPTROLLER

Pending at IOC: $3.056 Billion

The pending bill backlog at the IOC changes every day as payments are made from the state’s General Funds. The net estimated bill backlog at the IOC totaled $3.056 billion on June 30, 2021.

There were no GRF transfers to HIRF pending at the close of the June 2021 reporting period despite $851 million in outstanding HIRF vouchers at the IOC. HIRF exhausted its $2.9 billion GRF appropriation authority, even though the General Assembly provided an additional $100 million in fiscal year 2021 supplemental appropriations. This dilemma will likely also happen at the end of fiscal year 2022 unless the General Assembly approves additional appropriation authority for HIRF in the fiscal year 2022 budget.

Detailed breakouts are shown in the Composition of Bills at the Illinois Office of Comptroller chart. These totals include $115 million in vouchers for General Funds and HIRF late payment interest penalties pending at the IOC. Because the IOC held no higher education bills at the end of the June 2021 period, the Higher Education component has been removed from this chart.