

DEBT TRANSPARENCY REPORT SUMMARY

Vol. 2, No. 2

Period Ending January 31, 2019

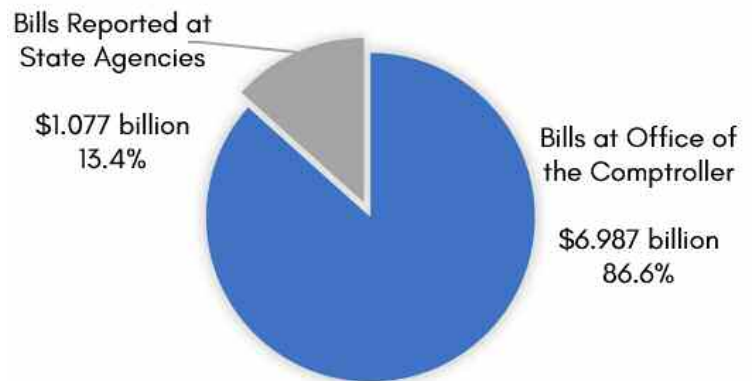
SUMMARY

- Estimated 1/31/19 backlog of bills totaled \$8.064 billion for General Funds and Health Insurance Reserve Fund (HIRF) (\$156 million increase from prior month)^{1,2}
- Agencies reported \$1.077 billion in General Funds and HIRF bills on hand (\$8 million increase from prior month)¹
- Net pending vouchers and transfers at the Office of the Comptroller totaled \$6.987 billion (\$148 million increase from prior month)
- More than \$1.5 billion in estimated unfunded liabilities at agencies for fiscal year 2019
- Identifies nearly \$470 million in reported pending late payment interest penalties

Estimated General Funds Bill Backlog¹

as of January 31, 2019

Total = \$8.064 billion



Debt Transparency Report Summary Vol. 2, No. 2 identifies liabilities from General Funds and the Health Insurance Reserve Fund (HIRF) for the state's bill backlog totals.^{1,2,3} 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.

All 83 state agencies and universities responded for the January 2019 reporting period by the time of this publication. Twenty-eight agencies reported zero liabilities.

¹ 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, 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.

² While not included in the bill backlog total, about \$655 million of the more than \$783 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 January 31, 2019. The backlog also does not include \$685 million of the \$700 million invested through January 31, 2019 from other state funds under Public Act 100-1107 that must be repaid at a market-based interest rate of approximately 3.7 percent; \$15 million, plus interest, was repaid December 14, 2018.

³ 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

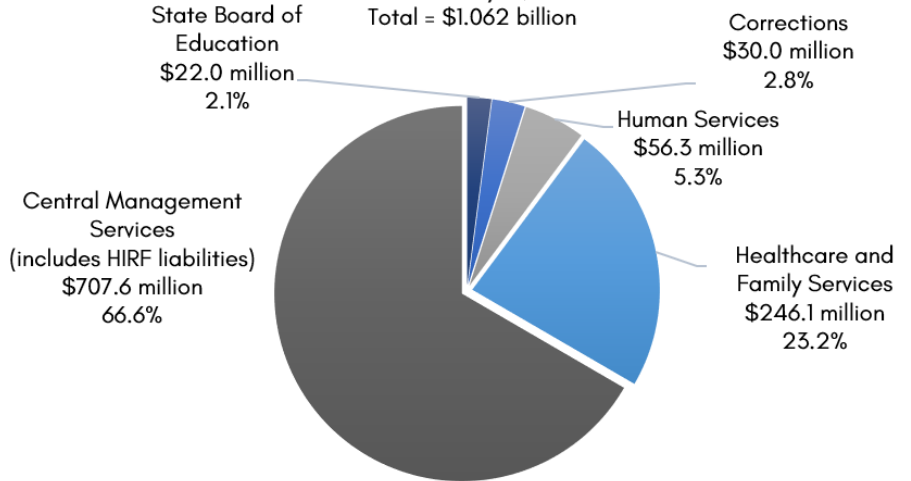
Bill Backlog at State Agencies: \$1.077 Billion

Agencies reported nearly \$370 million in General Funds liabilities and late payment interest penalties as of January 31, 2019. 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 five state agencies with the largest liabilities reported \$1.062 billion in General Funds liabilities and Health Insurance Reserve Fund (HIRF) liabilities, making up almost 99 percent of the total reported agency backlog. The Department of Central Management Services (CMS) reported almost \$703 million in HIRF liabilities for bills related to the state's Group Health Insurance Program and \$4.7 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 decrease of almost \$21 million compared to combined HIRF liabilities and CMS late payment interest penalties from December 2018.

State Agencies with Largest General Funds/HIRF Liabilities

Includes Late Payment Interest Penalties
as of January 31, 2019
Total = \$1.062 billion



Reporting agencies' total unpaid bill backlog, based on their General Funds and HIRF liabilities, including late payment interest penalties owed on bills released for payment by the Office of the Comptroller, totaled \$1.077 billion for the January 2019 period, representing an increase of \$8 million compared to agencies' December 2018 liabilities.^{4,5} This \$1.077 billion has been incorporated into the estimated backlog of bills reported daily on the Comptroller's website and will remain as static input to this calculation until the next DTA monthly report.

Combining this \$1.077 billion with the \$6.987 billion in bills at the Office of the Comptroller, the total estimated General Funds and HIRF bill backlog for January 31, 2019 was \$8.064 billion, an increase of more than \$156 million from the end of December 2018.

⁴ Compared to December 2018, liabilities and late payment interest penalties decreased by almost \$21 million in CMS's HIRF, by about \$2 million at the Department of Corrections, by \$18 million at the State Board of Education, and by about \$4.5 million at the Department of Human Services, while increasing by almost \$57 million at the Department of Healthcare and Family Services.

⁵ As of January 31, 2019, the cash balance in the HIRF was about \$54.5 million.

Insufficient Appropriations/Funding Shortfall: \$1.5 Billion

As of January 31, 2019, agencies estimated potential shortfalls of more than \$80 million in General Funds appropriations for fiscal year 2019, reported almost entirely by the Department of Human Services.⁶

While the Health Insurance Reserve Fund has sufficient expenditure authority enacted by the Legislature, the Department of Central Management Services (CMS) has at least \$1.44 billion in bills that it may not have sufficient appropriated deposits from the General Revenue Fund (GRF) to cover.⁷ 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 does not appear to include an appropriation to address this \$1.44 billion shortfall.

Interest Penalties: \$470 Million

For the January 2019 reporting period, state agencies reported more than \$88 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 January 31. More than \$31 million in late payment interest penalties from the General Funds and Health Insurance Reserve Fund (HIRF) was factored into the agency backlog estimate of \$1.077 billion because the payments could be released by the respective agencies.

Agencies reporting the largest late payment interest penalties, including estimated amounts, were the departments of CMS (primarily related to the Group Health Insurance Program) with \$33.2 million, Innovation and Technology with \$24.4 million, Healthcare and Family Services with \$19.2 million, and Corrections with \$9.5 million. As of January 31, 2019, another \$347 million in late payment interest penalty vouchers from all funds was pending at the Office of the Comptroller. The aggregate of outstanding accrued and pending late payment interest penalties at agencies and the Office of the Comptroller totaled approximately \$470 million for the reporting period.

Additionally, the Office of the Comptroller paid \$2.6 million in late payment interest penalties in January 2019. In calendar years 2017 and 2018, the Office of the Comptroller released more than \$143 million and more than \$711 million, respectively, in late payment interest penalties.

UNIVERSITY REPORTING

State universities reported that through January 2019, vouchers reflecting nearly \$985 million, or 89.1 percent, of the total \$1.105 billion fiscal year 2019 General Funds university appropriations had been sent to the Office of the Comptroller. Additionally, Northeastern Illinois University reported \$1.073 million in insufficient General Funds funding and Western Illinois University reported \$2.376 million in insufficient General Funds funding.

At the end of January, the Office of the Comptroller was holding \$515.2 million in payments for universities. No amounts for universities were included in state agency backlog estimates.

⁶ The Department of Human Services reported \$80 million in insufficient funding in the General Funds and the Department of Military Affairs reported \$175,000. 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.

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

Estimated Pending Liabilities

Agencies reported more than \$1.383 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 may 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 nearly \$1.002 billion in reported estimated General Funds pending liabilities at the Department of Healthcare and Family Services as of January 31, the department attributed about \$37 million to costs related to processing long-term care applications.

BILLS ON HOLD AT THE OFFICE OF THE COMPTROLLER

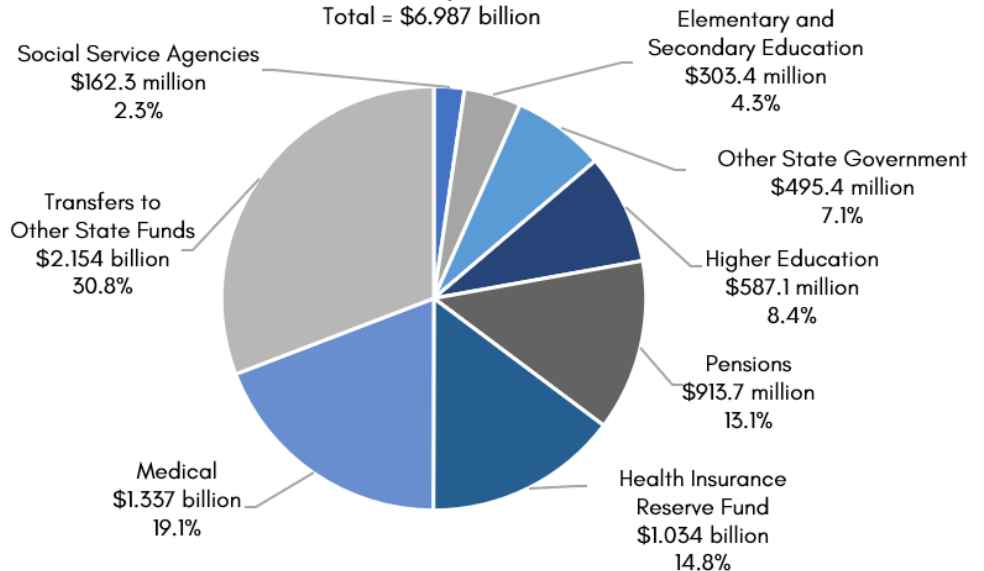
Pending at IOC: \$6.987 Billion

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 January 2019 reporting period, the General Funds/Health Insurance Reserve Fund (HIRF) bills pending totaled \$7.237 billion.

After adjusting the HIRF total down by the \$250 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 the Office of the Comptroller totaled \$6.987 billion on January 31, 2019. GRF transfers to HIRF must be backed out of the total to ensure the transfer amount is not counted twice.

Composition of Bills at the Office of the Comptroller

as of January 31, 2019
Total = \$6.987 billion



Detailed breakouts are shown in the image above. These totals include approximately \$337 million in vouchers for General Funds and HIRF late payment interest penalties pending at the Office of the Comptroller.