

DEBT TRANSPARENCY REPORT SUMMARY

Vol. 3, No. 9

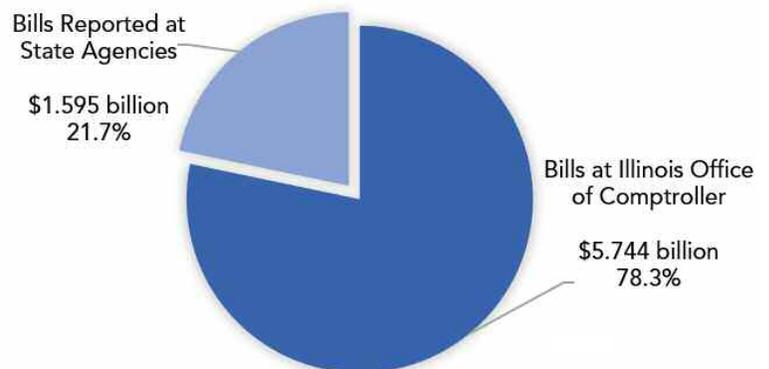
Period Ending August 31, 2020

SUMMARY

- Estimated 8/31/2020 backlog of bills totaled \$7.339 billion for General Funds and Health Insurance Reserve Fund (HIRF) (\$918 million increase from prior month)^{1,2}
- Agencies reported \$1.595 billion in General Funds and HIRF bills on hand (\$48 million decrease from prior month)¹
- Net pending vouchers and transfers at the Illinois Office of Comptroller totaled \$5.744 billion (\$966 million increase from prior month)
- At least \$1.155 billion in estimated unfunded liabilities at agencies for fiscal year 2021
- Identifies approximately \$318 million in reported pending late payment interest penalties

Estimated General Funds Bill Backlog¹

as of August 31, 2020
Total = \$7.339 billion



Debt Transparency Report Summary Vol. 3, No. 9 identifies liabilities from General Funds and the Health Insurance Reserve Fund (HIRF) for the state's total estimated bill backlog.^{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.

Following executive orders issued by Governor Pritzker related to the COVID-19 coronavirus pandemic, which the Illinois Office of Comptroller recognized may limit agencies' compliance with the IOC's reporting requirements, the IOC extended the regular deadline for agency submissions for the August 2020 reporting period. Eighty-two of 83 state agencies and universities responded for the August 2020 reporting period by the time of this publication. Twenty-three 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.

² While not included in the estimated bill backlog total, about \$1.05 billion of the nearly \$1.5 billion to date in interfund borrowing from other state funds, permitted for cash management purposes under Public Act 101-0636, remains outstanding as of September 21, 2020; about \$440 million has been repaid to date. The backlog also does not include \$1.2 billion in short-term borrowing in June 2020 through the Federal Reserve Bank's Municipal Liquidity Facility that must be repaid with interest by the end of fiscal year 2021.

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

Bills Held at State Agencies: \$1.595 Billion

Agencies reported \$1.348 billion in General Funds liabilities and late payment interest penalties as of August 31, 2020. 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 \$1.550 billion in General Funds liabilities and Health Insurance Reserve Fund (HIRF) liabilities, making up 97% of the total reported amount of bills pending at agencies. The Department of Central Management Services (CMS) reported \$227 million in HIRF liabilities for bills related to the state's Group Health Insurance Program and \$20 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 an increase of \$117 million compared to combined HIRF liabilities and HIRF late payment interest penalties from July 2020.

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 \$1.595 billion for the August 2020 period, representing a decrease of \$48 million compared to agencies' July 2020 liabilities.^{4,5} This \$1.595 billion has been incorporated into the estimated bill backlog reported daily on the Comptroller's website and will remain as static input to this calculation until the next DTA monthly report.

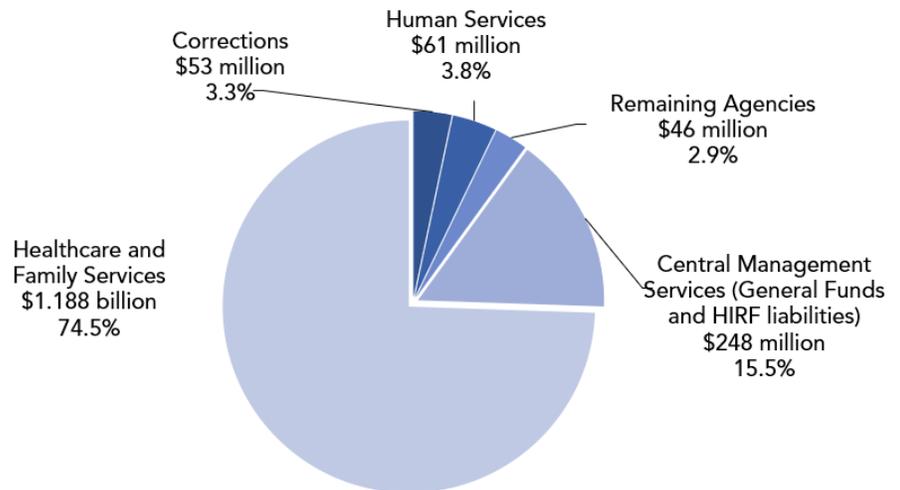
After combining this \$1.595 billion with the \$5.744 billion in payables at the Illinois Office of Comptroller, the total estimated General Funds and HIRF bill backlog for August 31, 2020 was \$7.339 billion, an increase of \$918 million from the end of July 2020.

Agency General Funds/HIRF Liabilities Breakout

Includes Late Payment Interest Penalties
as of August 31, 2020

Total = \$1.595 billion

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



⁴ Compared to July 2020, liabilities and late payment interest penalties increased by \$117 million at the Department of Central Management Services and by \$5 million at the Department of Corrections, and decreased by \$11 million at the Department of Human Services and by \$119 million at the Department of Healthcare and Family Services.

⁵ At the end of the day August 31, 2020, the cash balance in the HIRF was \$36 million.

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 \$1.155 billion in bills that it may not have sufficient appropriated deposits from the General Revenue Fund (GRF) to cover for the fiscal year.⁶ As a result, the Illinois Office of Comptroller believes it is appropriate to include this \$1.155 billion Group Health Insurance Program liability as an appropriation shortfall since additional GRF appropriations would be required to pay down the liability.

Interest Penalties: \$318 Million

For the August 2020 reporting period, state agencies reported almost \$30 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 August 31. More than \$22 million in late payment

interest penalties from the General Funds and Health Insurance Reserve Fund (HIRF) was factored into the agency liabilities estimate of \$1.595 billion 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 Department of CMS (almost entirely related to the Group Health Insurance Program) with \$27 million, and the departments of Healthcare and Family Services and Corrections each with \$1 million. As of August 31, 2020, another \$260 million in late payment interest penalty vouchers from all funds was pending at the Illinois Office of Comptroller. The aggregate of outstanding accrued and pending late payment interest penalties at agencies and the IOC totaled \$318 million for the reporting period, with an additional \$7 million in estimated late payment interest penalties on vouchers still held by agencies.

Additionally, the Illinois Office of Comptroller paid \$51 million in late payment interest penalties in August 2020. The IOC has paid almost \$55 million in late payment interest penalties in fiscal year 2021.⁷

UNIVERSITY REPORTING

State universities reported that through August 2020, vouchers reflecting almost \$273 million, or 23.5%, of the nearly \$1.158 billion fiscal year 2021 General Funds university appropriations had been sent to the Illinois Office of Comptroller. Additionally, Northeastern Illinois University and Western Illinois University each reported about \$1 million in insufficient General Funds appropriations.

At the end of August, \$53 million in payments for universities was pending at the Illinois Office of Comptroller. No amounts for universities were included in state agency liability estimates.

⁶According to data provided in the Governor's fiscal year 2021 operating budget book.

⁷Includes prompt pay interest penalties and timely pay interest penalties.

Estimated Pending Liabilities

Agencies reported \$1.281 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. 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 \$793 million in reported General Funds estimated pending liabilities at the Department of Healthcare and Family Services as of August 31, the department attributed about \$23 million to costs related to processing long-term care applications.

BILLS ON HOLD AT THE ILLINOIS OFFICE OF COMPTROLLER

Pending at IOC: \$5.744 Billion

The pending bill backlog at the Illinois Office of Comptroller changes every day as payments are made from the state's General Funds. At the end of the August 2020 reporting period, the amount of General Funds/Health Insurance Reserve Fund (HIRF) bills pending totaled \$5.804 billion.

After adjusting the HIRF total down by the \$60 million in pending transfers from the General Revenue Fund (GRF) included in the backlog at the Illinois Office of Comptroller, the net estimated bill backlog at the Illinois Office of Comptroller totaled \$5.744 billion on August 31, 2020. GRF transfers to HIRF must be backed out of the total to ensure the transfer amount is not counted twice.

Detailed breakouts are shown in the *Composition of Bills at the Illinois Office of Comptroller* chart. These totals include \$235 million in vouchers for General Funds and HIRF late payment interest penalties pending at the Illinois Office of Comptroller.

Composition of Bills at the Illinois Office of Comptroller

as of August 31, 2020
Total = \$5.744 billion

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

