



OFFICE OF THE COMPTROLLER
STATE OF ILLINOIS

FOR IMMEDIATE RELEASE:

Monday, August 7, 2017

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**COMPTROLLER MENDOZA AND SOCIAL SERVICE PROVIDERS
URGE GOVERNOR RAUNER TO START BOND OFFERING**

SPRINGFIELD – It has been more than a month since the General Assembly authorized Gov. Rauner to offer up to \$6 billion in General Obligation bonds, which would allow the state to lower the interest rate it pays on its debt.

That high interest rate – up to 12 percent a year – is costing Illinois taxpayers \$2 million a day in late payment interest penalties for every day the Governor does not move on putting together the bond issue.

Minutes after the General Assembly voted to override the Governor’s budget veto July 6, Comptroller Mendoza sent a letter (see attached) to the Governor’s Office of Management and Budget, seeking a meeting to talk about getting started on the bond issue. Our staff met with the budget office July 14. No timetable for a bond offering was provided.

We sent a follow-up letter (see attached) to the Governor on Friday, July 28, but have heard nothing back. It will take several weeks to put the bond deal together and the longer the wait, the more taxpayers will pay in higher interest rates.

Comptroller Mendoza released a video Monday morning to help familiarize Illinois citizens with the importance of refinancing the state’s debt through a bond offering. “You should know that this debt is costing you, the taxpayer, \$2 million dollars a day, at up to 12% interest in late payment interest penalties. 12%. That’s brutal,” Comptroller Mendoza says on the video. “But just like you at home, if you had the opportunity to refinance your debt at a lower interest rate, and save money, you would. People do it all the time with their home mortgages. That’s just common sense.”

The bonding will be used to start to tackle the state’s bill backlog, which reached a record peak of \$15.4 billion in June. It will give some relief to providers and businesses awaiting payment from the state. Over the past two years without a budget, they have had to exhaust their lines of credit, lay off employees and, in some cases, turn away Illinois citizens in need of services.



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“Approximately 90% of our mental health and addiction treatment providers’ bills have gone unpaid over the last 12 months,” Sarah Howe, CEO of the Illinois Association for Behavioral Health, said. “We strongly urge Governor Rauner to move forward on the authorized bonding to pay for services for which the state is obligated to pay under contracts that the governor’s Department of Human Services signed. This action would help bring stability to a system faced with potential closures.”

“Since the budget impasse has ended, many people believe human service providers’ financial woes are over,” Sherrie Crabb, Executive Director of Family Counseling Center in Vienna, said. “This couldn’t be further from the truth. The fact remains that human service providers, like Family Counseling Center, are still owed hundreds, and some even millions, of dollars. Agencies like ours have had to reduce programming, cut employee jobs and benefits, and some have even closed their doors.”

“While we are feeling some relief now that a budget is in place, we are still operating week to week,” Cathy McClanahan, Executive Director of the Women’s Center in Carbondale, said. “Releasing bonds would guarantee that our services to domestic violence and sexual assault survivors will continue.”

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BONDING AUTHORITY: *The General Obligation Bond Act states that the issuance and sale of bonds is an economical and efficient method of financing the long-term capital needs of the State. (30 ILCS 330/2). The FY 2018 budget recognized the challenges the State faces in paying vouchers incurred by the State prior to July 1, 2017. For this reason, the budget authorized the sale of \$6 billion in income tax proceed bonds for the purpose of paying these vouchers and other unpaid obligations of the State. Bonds may be issued and sold as directed by the Governor, upon recommendation of the Governor’s Office of Management and Budget in order to fulfill these unpaid obligations. (P.A. 100-23). The Governor’s authority to issue these bonds expires on December 31, 2017.*

VIEW VIDEO: <https://youtu.be/tBmrovCu3fU>