



OFFICE OF THE COMPTROLLER
STATE OF ILLINOIS

Susana A. Mendoza
COMPTROLLER

July 28, 2017

Governor Bruce Rauner
207 State House
Springfield, Illinois 62706

Dear Governor Rauner,

As you are well aware, the Fiscal Year 2018 budget enacted by the General Assembly provides the issuance of \$6 billion in bond authorization to be used for the payment of past due obligations incurred by the state prior to July 1, 2017, a backlog of over \$15 billion and a \$10 billion increase over the past two years.

I respectfully ask that pursuant to this Public Act 100-23, that you immediately direct the Governor's Office of Management and Budget (GOMB) to proceed with a specific plan for this bond offering as soon as possible so that the state of Illinois can address the backlog of bills and late interest penalties that continue to accrue at nine to 12 percent annualized interest. This is a significantly higher rate than the rate at which the state could borrow. It is clearly the fiscally prudent approach given that at least over \$800 million is owed for penalties that continue to grow at a rate of \$2 million a day.

This authorization is essential for the Office of the Comptroller's cash management of past due bills and is critical for meeting the state's core priorities such as debt service, education funding, medical, aging, human services and public safety payments as well as payroll and pension contributions.

As we indicated in our July 6 letter to GOMB and during our brief meeting with GOMB on July 14, my office stands ready to assist in any capacity to help with this effort to begin to pay down the state's \$15 billion bill backlog.

I am urgently requesting an update regarding the status of the bond offering as well as a timetable for the initiation and completion for issuance of the bonds.

Sincerely,

Susana A. Mendoza
State Comptroller

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Governor's Office

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