

FY 2020 Investing to Reduce Illinois' Backlog

Public Act 100-1107, which became effective August 27, 2018, allows the State Treasurer to invest up to \$2 billion in debt issued by the State Comptroller. The Treasurer could refinance backlogged bill debt during times of portfolio liquidity to help during the State's low revenue months. The State would then pay a lower interest rate than the normal 9%-12% on the amount refinanced, while the Treasurer gets interest off of the investment through intergovernmental agreements made for a market-based rate. When the State is projected to have better cash flow, such as during the month of April during tax payments, the State pays off the Treasurer's investment.

In September 2019, \$400 million was invested, with payback expected in March and April of 2020. Those amounts were re-invested from those dates, so that the Comptroller could continue to use the \$400 million to pay bills, because income tax payments from individuals and corporations were delayed by the Governor until July 16, 2020, due to the COVID-19 pandemic. The maturities for the March amounts were set for September 2020, and maturities for the April funds for July 2020.

Below are the funds used and their repayment of principal and interest through June 30, 2020. The Office of the Treasurer reports that the General Revenue Fund and the Health Insurance Reserve Fund saved \$46 million dollars from FY 2019 - FY 2020. Interest rates on the investments have ranged from 3.06% to 3.78%.

FY 2020 Treasurer's Investment Borrowing

Fund Number	Fund Name	Sep	March	April	YTD Total Borrowed	March Repayment	April Repayment	July FY 2021 Repayment	Total Principal Paid Back to date	Total Interest Paid Back to date
0011	Road Fund	\$100,000,000	\$100,000,000		\$200,000,000	\$101,529,250		\$100,649,000	\$200,000,000	\$2,178,250
0019	Grade Crossing Protection	\$50,000,000	\$50,000,000		\$100,000,000	\$50,764,625		\$50,324,500	\$100,000,000	\$1,089,125
0902	State Construction Account	\$250,000,000	\$50,000,000	\$200,000,000	\$500,000,000	\$50,764,625	\$203,566,147	\$251,312,056	\$500,000,000	\$5,642,828
	TOTAL	\$400,000,000	\$200,000,000	\$200,000,000	\$800,000,000	\$203,058,500	\$203,566,147	\$402,285,556	\$800,000,000	\$8,910,203