

FY 2021 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 November of 2020, another \$400 million was invested, with principal and interest paid back in May 2021. FY 2021 payback amounts include the principal and interest payments from the March and April 2020 investments as mentioned in the paragraph above, but are shown in the FY 2020 Treasurer's Investment Borrowing Table on this web page.

Below are the funds used and their repayment of principal and interest through June 30, 2021.

FY 2021 Treasurer's Investment Borrowing							
Fund Number	Fund Name	November	YTD Total Borrowed	May Principal	May Interest	Total Principal Paid Back to date	Total Interest Paid Back to date
0011	Road Fund*	\$400,000,000	\$400,000,000	\$400,000,000	\$2,497,500	\$400,000,000	\$2,497,500
	TOTAL	\$400,000,000	\$400,000,000	\$400,000,000	\$2,497,500	\$400,000,000	\$2,497,500

* to be paid back in 6 months.

The Office of the Treasurer reports that the General Revenue Fund and the Health Insurance Reserve Fund have saved \$115.5 million dollars cumulative to date since FY 2019. Interest rates on investments have ranged from 1.25% to 3.78%.