

Public Finance Watchdog Raises Questions About Pritzker In Application To Borrow More Funds To Balance State Budget

by Greg Bishop
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SPRINGFIELD - A public finance watchdog has raised questions about if Gov. J.B. Pritzker is being truthful in his application to borrow more federal funds to balance the state's budget.

Pritzker has implemented statewide restrictions to reduce the spread of COVID-19. Because of lost tax revenue, Pritzker announced he will borrow \$2 billion of the \$5 billion the state Legislature approved earlier this year.

“Short term borrowing is a short term Band-Aid to address the urgency of a short term problem like one caused by a pandemic,” Pritzker said Wednesday.

“The Illinois Office of Comptroller will use federal matching dollars to turn the \$2 billion into \$3 billion to pay critical medical bills and avoid paying late-payment interest penalties,” Illinois Comptroller Susana Mendoza said. “Our responsible approach will stretch every borrowed dollar to its maximum benefit to taxpayers.”

Pritzker said he’s coordinating with the comptroller and the state treasurer.

“Our collective intention is to repay this line of credit as early as possible after either the awarding of stimulus by Congress or a sufficient recovery of state revenues,” Pritzker said.

Truth In Accounting Research Director Bill Bergman said a federal bailout is still uncertain, and Illinois’ economic recovery could lag behind the rest of the nation as it did after the Great Recession from more than a decade ago.

“We’re still at risk as taxpayers and the ease with which Illinois will repay this loan will not be that easy,” Bergman said.

Pritzker has said he would eye spending reductions to balance the budget before looking at tax increases, but such details have not fully transpired.

Bergman also questions if Illinois is still solvent and even eligible for the federal loan.

“Defining insolvency is not an easy thing under the law,” Bergman said. “But if having a bill backlog, well that raises questions whether Gov. Pritzker’s certification letter was truthful.”

Bergman said Pritzker this past summer certified the state is solvent because it’s paying down its bill backlog, but the backlog still persists. The state's unpaid bills stood at \$7 billion as of Monday. That does not include \$2.05 billion in other short-term borrowings, according to the comptroller’s website. And it also does not include about \$140 billion in pension debt.

Illinois is the only state in the nation to borrow from the federal program approved earlier this year.

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