

Illinois Leaders Agree to Early Debt Repayment Plan

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SPRINGFIELD – Governor JB Pritzker, Senate President Don Harmon, House Speaker Emanuel “Chris” Welch and Comptroller Susana A. Mendoza announced today that they have agreed on a plan to pay off \$2 billion in emergency borrowing thanks, in part, to the state’s strong economic rebound.

The State borrowed \$3.2 billion dollars from the federal Municipal Liquidity Facility, of which \$2 billion remains outstanding, for cash management and to pay for essential state operations at the height of the COVID-19 pandemic. Thanks to a number of

factors, including the state's investments in key economic sectors like small businesses and childcare providers, Illinois' revenues have come in stronger than expected. This overperformance, in tandem with effective cash management by the Illinois Office of Comptroller, will be instrumental in paying down the outstanding federal debt.

“Repaying the federal government is an important step in our efforts to ensure the state remains on sound fiscal footing,” **said Governor JB Pritzker**. “The General Assembly has been a critical partner in utilizing the federal dollars to help the most vulnerable get through the pandemic. I also credit the Comptroller in strategically managing cash flow in these trying times.”

“The federal loan was a lifeline to keep our state and our economy afloat. That our economy has rebounded so strongly that we can now pay it off early is a testament to the resilience of the people and businesses of the great state of Illinois,” **said Senate President Don Harmon (D-Oak Park)**.

“The financial health of our state is incredibly important and I am grateful for Leader Greg Harris and our budget negotiators for all of their hard work in ensuring our debt is paid off early,” **said House Speaker Emanuel “Chris” Welch (D-Westchester)**. “The General Assembly will continue to work closely with the governor to establish a targeted spending plan for the ARPA funds that will address underlying disparities revealed by the pandemic. We will continue to prioritize helping those communities recover by establishing high-quality affordable housing, community-based mental health and substance abuse services, and upgrades to area hospitals serving disproportionately impacted areas throughout the state.”?

“Since taking office in the middle of a financial crisis, followed by the COVID-19 crisis, I’ve championed the need to be fiscally responsible and pay down our debts while prioritizing vulnerable populations,” **said Comptroller Susana A. Mendoza**. “I am pleased that the state’s leadership is also committed to aggressively paying down debt and engaging in responsible fiscal practices.”

The loan was scheduled to be repaid in three installments by December 2023. Instead, the Comptroller will utilize the state’s revenue overperformance and effective cash management to pay off the debt in its entirety within the next budget year. Early repayment of the borrowing will save taxpayers up to \$100 million in interest costs.

Last week, the Governor’s Office of Management and Budget revised upward its General Funds revenue estimates by \$1.469 billion for fiscal year 2021, compared to estimates published with the Governor’s introduced budget in February 2021. The state’s improved revenue outlook will help ensure that the state will have a balanced budget for fiscal year 2021.

Final income tax payments received earlier this week, along with stronger year-to-date receipts in the state's main revenue sources (individual and corporate income tax and sales tax) will allow the remainder of the repayment to occur beginning in the next several months.

Illinois and its local governments are expected to receive more than \$26 billion in allocations through ARPA, including \$8.1 billion to the state for fiscal recovery funds that can be used through calendar year 2024 to help the state respond to and recover from the pandemic and invest in critical water, sewer and broadband infrastructure.