

# Illinois' Rainy Day Fund Crosses \$2 Billion Mark

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**SPRINGFIELD** – With a deposit of \$11.5 million today, Illinois' Rainy Day Fund reaches an important milestone on the road to respectability: \$2.005 billion.

In the worst days of the fiscal impasse that marked the previous administration in 2017, the Rainy Day Fund had just \$48,000. That's not enough to run the state for even 30 seconds – hardly enough to be of any use when the global COVID-19 pandemic struck.

Illinois Comptroller Susana Mendoza, working with Governor JB Pritzker, House Speaker Emanuel “Chris” Welch, Senate President Don Harmon and other legislative leaders, has prioritized building up that reserve to useful levels.

“Whatever you think Illinois’ most important program is – funding our schools, policing our highways, caring for the elderly – that program is in jeopardy when a crisis strikes if Illinois has not built up a strong reserve,” Comptroller Mendoza said. “The bond rating agencies have been telling us this for years and part of the reason we got our 9th credit upgrade last week is because we are building up our Rainy Day Fund.”

A \$2 billion reserve would run the state for about 15 days, which is much better than what we had, but not where Illinois needs to be. Nearly half of all states have at least a 50-day reserve.

Comptroller Mendoza has legislation, HB2515, that would require regular deposits into both the state’s Rainy Day Fund and the Pension Stabilization Fund. The bill will be reintroduced in next year’s legislative session. It would address the very problems rating agencies cite as the key to higher ratings, which means lower costs to state taxpayers.

“As a non-profit member association that aims to always provide high quality care at nursing homes, the Health Care Council of Illinois is pleased to see Comptroller Susana Mendoza build up a robust Rainy Day Fund nearly from scratch,” said Executive Director Matt Pickering. “We hope the need to tap into the fund doesn’t arise, but are comforted that should a fiscal crisis emerge, we will be able to continue our work to provide compassionate care for nursing home residents.”

“Unfortunately, the health care industry suffered through the budget impasse when there was essentially no Rainy Day Fund to fall back on,” said Tim Egan, CEO of Roseland Community Hospital. “Illinois providers need for the Comptroller to have a strong Rainy Day Fund to help weather times of fiscal crisis.”

“Having an adequate Rainy Day Fund helps ensure that Illinois’ budget for healthcare needs are met during tough times and is so essential in maintaining our operations” said Jose R. Sanchez, CEO of Humboldt Park Health.

“Illinois pharmacies are appreciative of Comptroller Mendoza’s efforts to ensure that the state’s Rainy Day Fund is sustainable and positions Illinois to remain responsible to the healthcare providers and businesses providing care in our communities,” said Garth Reynolds, Executive Director of the Illinois Pharmacists Association.

“It takes self-discipline and real legislative will to build up a Rainy Day Fund instead of spending money on short-term needs,” Comptroller Mendoza said. “A healthy Rainy

Day Fund and a reduced pension shortfall don't bring ribbon cuttings, but they bring the sound financial base that gets Illinois ready for its growth spurt."

Today's deposit includes interest income derived from fund balances – \$7.743 million today – and the \$3.75 million required monthly transfer required by the Comptroller pursuant to law.

"The upgrade of Illinois' IDR to 'A-' from 'BBB+' reflects the state's ability to execute on significant planned reserve contributions and maintain improvements in budget management including normalized accounts payable, thereby improving the state's overall operating profile," Fitch Ratings wrote in its Nov. 7 upgrade of Illinois' bond rating – the state's 9th upgrade in the last two years.