

Bond Case Briefs

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Fed Aid Helps Illinois Cut Unpaid Bills to Lowest in Five Years.

- **State got \$1.2 billion from short-term Fed loan this month**
- **Backlog fell to as low as \$4.8 billion on June 12: Comptroller**

Illinois, the first U.S. state to tap into Federal Reserve aid for pandemic-battered governments, has reduced its unpaid bills to the lowest level since 2015.

The backlog shrank to \$4.8 billion on June 12, down from \$6.9 billion at the start of the month, according to data from Illinois Comptroller Susana Mendoza's office. The number, which stood at about \$5.5 billion on Wednesday, had swelled to more than \$8 billion in April after shelter-in-place policies were enacted.

The state used \$1.2 billion of proceeds from a short-term Fed loan to help pay down the bills, said Carol Knowles, a spokesperson for the Governor's Office of Budget and Management. The Fed established its Municipal Liquidity Facility to help state and local governments bridge funding gaps created by the pandemic.

Illinois cut its bill backlog to five-year low in June after Fed loan

Illinois officials have said that if Congress doesn't approve additional aid they may need to borrow almost \$5 billion more from the Fed facility in the upcoming fiscal year to help close a more than \$6 billion deficit. In April, after the state delayed its income tax filing deadline to July, officials forecast a \$2.7 billion revenue drop for the fiscal year ending June 30.

Illinois, which has the lowest credit rating among the 50 U.S. states, has struggled with its finances long before the pandemic. Its unpaid bills swelled to a record \$16.7 billion in November 2017 after a two-year impasse between then-Governor Bruce Rauner, a Republican, and the Democrat-controlled General Assembly. The state used nearly \$6.5 billion in proceeds from a general-obligation bond sale that year to reduce the backlog.

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— *With assistance by Alexandre Tanzi*