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S&P: Is Fiscal Stabilization On The Horizon For Illinois?

Key Takeaways

- Although Illinois' proposed fiscal 2022 general fund operating budget is slightly smaller than the previous year's proposal, and balanced in terms of current-year obligations, we do not view it as structurally balanced due to the treatment of pension obligations.
- Pension contributions are budgeted to fully meet increasing statutorily set amounts but are still less than actuarially determined amounts.
- The state expects to close fiscal 2021 with a small surplus, after prepaying the next fiscal year's municipal liquidity fund's debt service.
- Illinois has a bill backlog, limiting flexibility, but this is markedly reduced from this time last year.
- The COVID-19 pandemic continues to affect state economic activity with unemployment through December 2020 above the national average, with 2021 activity improving employment conditions.

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