



Illinois Budgeting for Results Commission

Meeting Minutes for April 24, 2026

Welcome and Introductions

Commissioner Clemons-Mosby called the meeting to order at 1:38 PM (CST). Attendees gathered at the following locations:

- Room 500 ½ Stratton Bldg., 401 South Spring Street, Springfield, Illinois 62704;
- Room 555 – 4S, 555 West Monroe Street, Chicago, Illinois 60661; and
- Virtually via Webex

Attendance

BFR Unit staff called roll and a quorum was established. The attendance of commissioners was recorded as follows:

- Members Present: Curt Clemons-Mosby (Springfield), Brittany Maruna (Springfield), Victoria Gonzalez (Chicago), David Rivait (Chicago), Pat Nolan (Chicago), Pete Duncan (Springfield), and Rep. Will Davis (Chicago).
- Attendance by Proxy: Sen. Meg Loughran Cappel (Curt Clemons-Mosby) and Paul Wierbicki (Curt Clemons-Mosby) attended by proxy pursuant to 15 ILCS 20/50-25(c)(3).

Review and Approval of Prior Meeting Minutes

Commissioner Gonzalez moved to approve the BFR Commission meeting minutes of February 27, 2026. Commissioner Rivait seconded the motion. The motion passed by unanimous voice vote.

State Credit Upgrades

Paul Chatalas, Director of Capital Markets for Governor's Office of Management and Budget (GOMB), held a presentation on the recent state credit upgrades in Illinois and their importance. The commissioners held brief discussion.

Ethics Reminder

John Morse, General Counsel of GOMB, gave a reminder to the commissioners to complete all required annual ethics trainings.

Research Connections Update

Commissioner Clemons-Mosby provided an update on the BFR Unit's Research Connections initiative to connect state agencies and academia. The commissioners held brief discussion.

Benefit-Cost Update

Adam Groner, Economist at GOMB, provided an update on the BFR Unit's benefit-cost model and how it is being developed further for future program assessments. The commissioners held a brief discussion.

Legislation Update

Commissioner Clemons-Mosby provided an update on HB5181 containing the mandate recommendations from the October 2025 annual report. The bill is making its way through the legislative process. The commissioners held brief discussion.

New Business

Commissioner Davis called for any items of new business. Commissioner Clemons-Mosby discussed the annual public hearing and asked commissioners to prepare suggestions for the topic of the hearing to discuss and vote on at the next meeting on June 5.

Public Comment

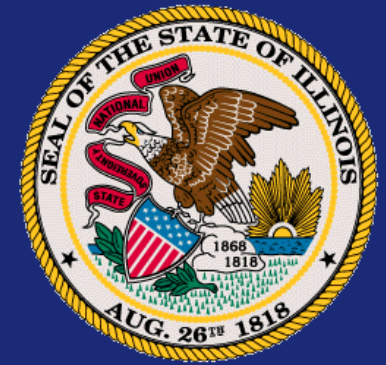
Commissioner Davis stated that BFR meetings are open to the public and invited members of the public to make comments. Members of the public shared their comments and a brief discussion was held.

Adjournment

Commissioner Nolan moved to adjourn the meeting. Commissioner Rivait seconded the motion. The motion passed by unanimous voice vote. The meeting was adjourned at 3:25 PM (CST).

Next Business Meeting

The next business meeting will be held on Friday, June 5, 2026, at 1:30 PM (CST).



State of Illinois

Credit Rating Upgrades Discussion

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Illinois' Credit Rating Elements



Rating Agencies

- The Rating Agencies supply ratings on bonds issued by state and local governments.
- There are now 4 rating agencies that rates different State debt: Moody's, Standard & Poor's (S&P), Fitch and Kroll. Their ratings reflect various views on the creditworthiness of the government issuer, its ability to repay the bonds with existing resources, and the legal protections provided by law for the bondholders.
- GOMB Capital Markets staff regularly update the ratings agencies on the State's economy, fiscal performance, budget issues and pending legislation.
- Investors use ratings to judge the creditworthiness of the State's debt. All else held equal, higher ratings mean that the State can issue debt at a lower borrowing cost.

Current Illinois Credit Ratings

Table 7-7
Ratings Agency Scale

General Obligation Bonds				Build Illinois Bonds						
Moody's	S&P	Fitch	Rating description		Moody's	S&P	Fitch	Kroll	Rating description	
Aaa	AAA	AAA	Prime	Investment-grade	Aaa	AAA	AAA	AAA	Prime	Investment-grade
Aa1	AA+	AA+	High grade		Aa1	AA+	AA+	AA+	High grade	
Aa2	AA	AA			Aa2	AA	AA	AA		
Aa3	AA–	AA–			Aa3	AA–	AA–	AA-		
A1	A+	A+			A1	A+	A+	A+		
A2	A	A	Upper medium grade		A2	A	A	A	Upper medium grade	
A3	A–	A–			A3	A–	A–	A-		
Baa1	BBB+	BBB+			Baa1	BBB+	BBB+	BBB+		
Baa2	BBB	BBB	Baa2		BBB	BBB	BBB			
Baa3	BBB–	BBB–	Baa3		BBB–	BBB–	BBB–			
Ba1	BB+	BB+	Non-investment grade speculative	Non-investment grade	Ba1	BB+	BB+	BB+	Non-investment grade speculative	Non-investment grade
Ba2	BB	BB			Ba2	BB	BB	BB		
Ba3	BB–	BB–			Ba3	BB–	BB–	BB–		
B1	B+	B+	Highly speculative		B1	B+	B+	B+	Highly speculative	
B2	B	B			B2	B	B	B		
B3	B–	B–			B3	B–	B–	B–		
Caa1	CCC+	CCC	Substantial risks		Caa1	CCC+	CCC	CCC+	Substantial risks	
Caa2	CCC		Extremely speculative		Caa2	CCC		CCC	Extremely speculative	
Caa3	CCC–		Default imminent with little prospect for recovery		Caa3	CCC–		CCC–	Default imminent with little prospect for recovery	
Ca	CC				Ca	CC		CC		
	C					C		C		
C	D	DDD	In default		C	D	DDD	D	In default	
		DD					DD			
		D					D			
N/A							N/A			

State's Credit Strengths



Broad, Diverse, and Growing State Economy

- Fifth largest economy in the country with deeply diverse industry base – no sector makes up more than 21%
- National hub for trade, travel, corporate headquarters, and higher education
 - 37.7% of IL residents have an undergraduate degree or higher
- Increasing per capita income, 5.2% CAGR since 2020Q1– Higher PCI than the nation and Great Lakes region
- Private and public investments in new, forward-looking technologies and evolving industries such as quantum

Strong Financial Management

- Record Budget Stabilization Fund expected to grow to \$2.5 billion by FYE 2026, or 5.2% of revenues
- Consistent reduction of State's liabilities as evidenced by the Bill Backlog elimination and debt defeasances
- Growing cash balances, conservative budgeting, and improved reporting transparency
- Oldest General Revenue Fund voucher pending was **one business day** for the third FYE in a row
- Revenue generating and expenditure flexibility with a **track record of fiscal prudence**

Pension Funding Progress

- FY 2026 budget sets aside \$75 million for additional contributions to address Tier 2 safe harbor provisions
- Shift in pension beneficiaries' population as active Tier 2 membership outpaces active Tier 1 for the FIRST TIME
- Additional \$200 million of bond funding authorized for Pension Acceleration program permanently reduces pension liability
- Supplemental pension payments of \$700 million since FY 2022
- Conservative investment earning assumptions reduced to 6.8%, below the national average
- PA 103-0588 allows for "pre-payments" by retirement systems that will result in additional investment return

Conservative Debt Portfolio

- Equal annual principal payments requirement leads to 75% of GO debt paid off in 10 years, 96% of GO debt paid off in 20 years
- Outstanding debt is 100% fixed rate with no variable rate debt or interest rate swap agreements

Moderating Long-Term Liabilities

- Reduced short-term and medium-term debt outstanding by over \$11 billion
- OPEB liability decreased by \$36 billion from FY 2021 to FY 2023
- Funded ratio improved from 40.3% to 46.1% from FY 2019 to FY 2024

Illinois' Strong Economic Foundation

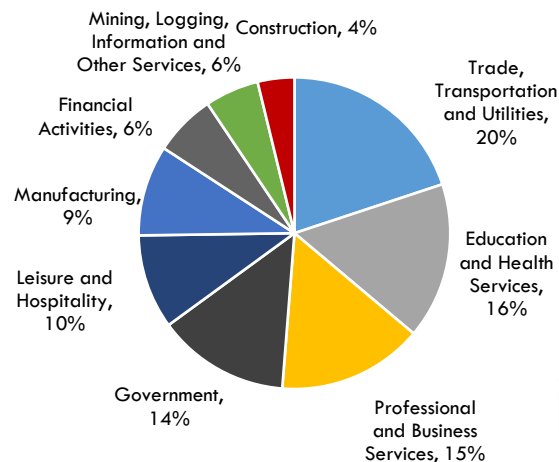


Pillars of Illinois Economy Demonstrate Ongoing Strength and Resilience

Strong and Diverse Economy

- Deep and diversified economy with no single industry comprising more than 21%
- Home to 32 Fortune 500 companies with continued expansions
- Illinois' GDP grew 31% since Q1 2020 (\$882 billion), reaching \$1.2 trillion in Q1 CY 2025, fifth among U.S. states

IL Non-Agricultural Payroll Jobs by Industry CY 2024



Expansive Transportation and Logistics Network

- State is home to the 4th and 31st busiest U.S. airports by passengers - O'Hare and Midway
- All of the nation's class 1 transcontinental railroads operate within the State



Highly Educated Population

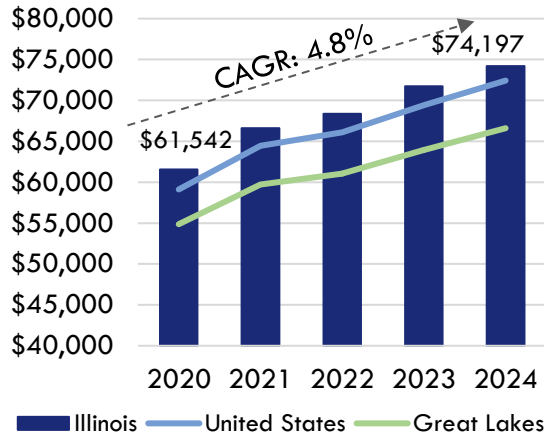
- Illinois is home to top-ranked universities, bringing continued inflows of talented and educated individuals to the State
- As of 2024, 39.2% of Illinois residents have college degrees compared to 37.2% nationally



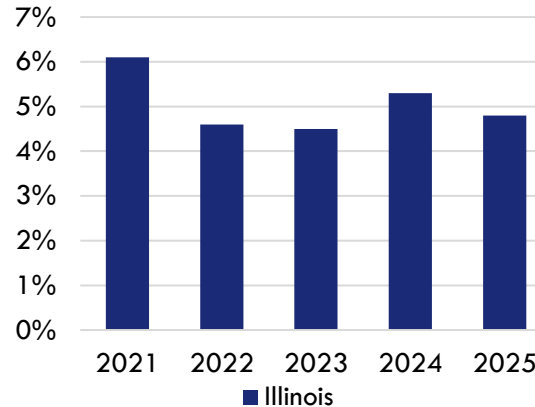
Broad and Strong State Economy



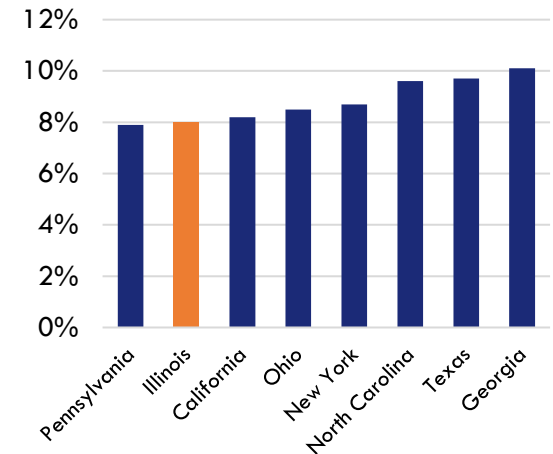
Rising Per Capita Income



Stable Unemployment Rate



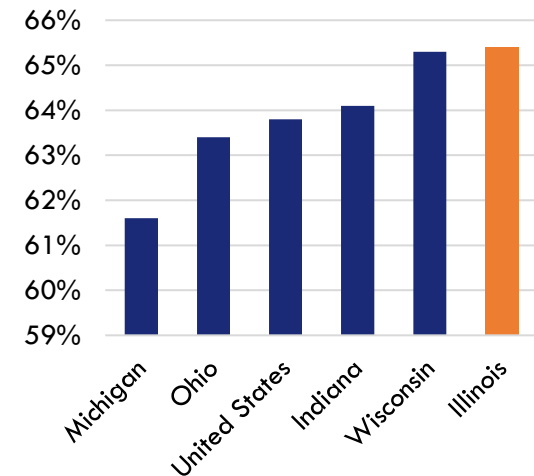
Turnover Rate Q2 2024



Pillars of Illinois Economy Demonstrate Ongoing Strength

- Illinois has consistently exceeded the average states' per capita income ranking 1st in the Midwest, 3rd among the most populous states, and 14th overall among all states
- In Q2 of 2024, Illinois tied for 3rd in the nation among all states for the lowest employee turnover rates and was 2nd of the top 9 most populous states*, which means higher worker retention and tenure among new hires
- In 2024, Illinois had the second highest workforce participation rate of the top 10 most populous states, and the highest among the Great Lakes region – allowing for a larger tax base

Population in Workforce 2024



*Alaska, Massachusetts, Missouri and Michigan data not currently available

Improvements in the State's Credit Fundamentals Are Reflected in the State's Credit Ratings



Well-established Pattern of Fiscally Responsible Policies and Performance, Strong Operating Results, Declining Long-Term Debt Obligations, and Growing Reserves

Change in Key Fiscal Metrics Since 2019

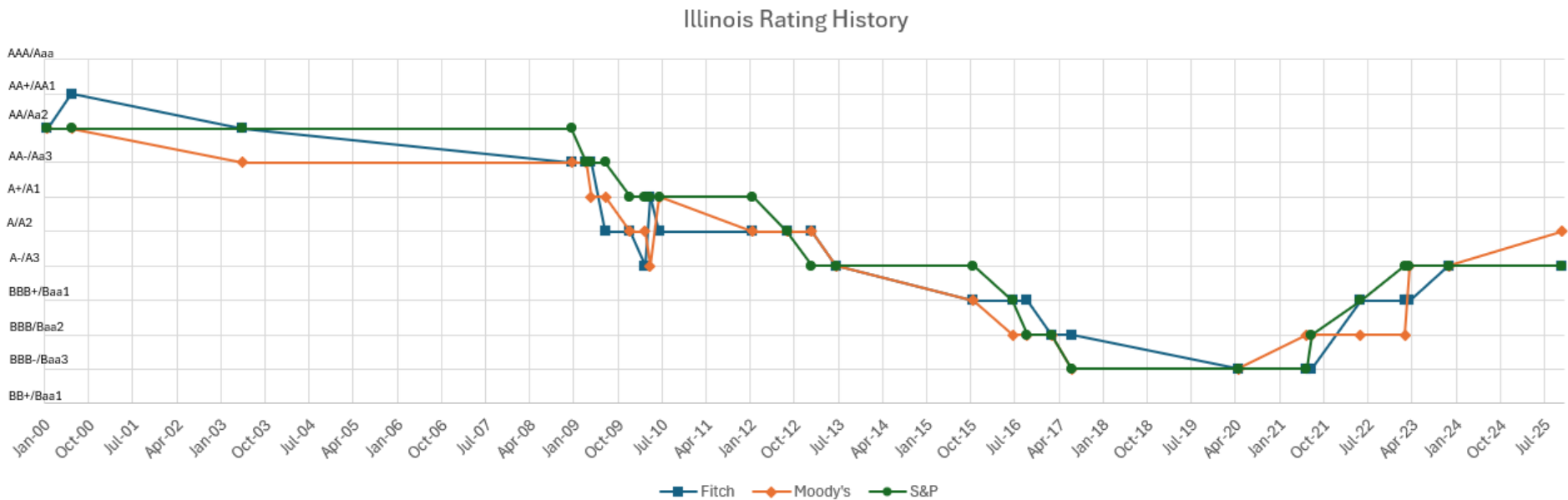
	FY 2019	FY 2025
Bill Backlog / Accounts Payable	\$8 billion ¹	\$0 (Accounts payable <30 days)
Budget Stabilization Fund Balance	\$0.004 billion	\$2.36 billion
Other Post Employment Benefits	\$54.5 billion ³	\$25.1 billion ⁴
Pension Funded Ratio (Fair Value)	40.3%	46.1% ⁵
State Contributions as % of ADC	66.8%	71.7% ⁵
Gross Domestic Product	\$881 billion ⁶	\$1.16 trillion ⁶
Credit Ratings (Moody's/S&P/Fitch)	Baa3/BBB-/BBB	A3/A-/A-

- **Five years of budget surpluses;** seven consecutive balanced budgets passed on time since FY 2019
- **Bonded indebtedness decreased by \$2.2 billion** from FY 2019 to today
- **Supplemental pension contributions of \$700 million since FY 2022** are above statutory requirements and reduced the gap between actual contributions and ADC; **increased funded ratio by 5.8 percentage points overall from FY 2019 to FY 2025**
- **Over \$2 billion deposited to Budget Stabilization Fund (BSF) in FY 2022 – FY 2025, building the BSF to \$2.36 billion through a combination of one-time and dedicated contributions;** FY 2025 balance of \$2.36 billion (4.9% of preliminary FY 2025 total State sources revenues) moves toward new statutory target of 7.5% of revenues

Source: Except as otherwise noted in the footnotes below, the Preliminary Official Statement; Illinois State Fiscal Year 2025 Proposed Budget

1. Consists of both accounts payable and bills more than 30 days past due that occur in the months following the fiscal year end but are paid from fiscal year appropriations
2. State of Illinois, General Obligation Bonds, Series of April 2019 - Official Statement
3. Illinois Annual Comprehensive Financial Report FYE 2019
4. FY 2024 GOMB estimate that will be incorporated into FY 2025 ACFR
5. Annual Comprehensive Financial Reports of the Retirement Systems for FYE 2024
6. Bureau of Economic Analysis

Rating History



Other Key Elements

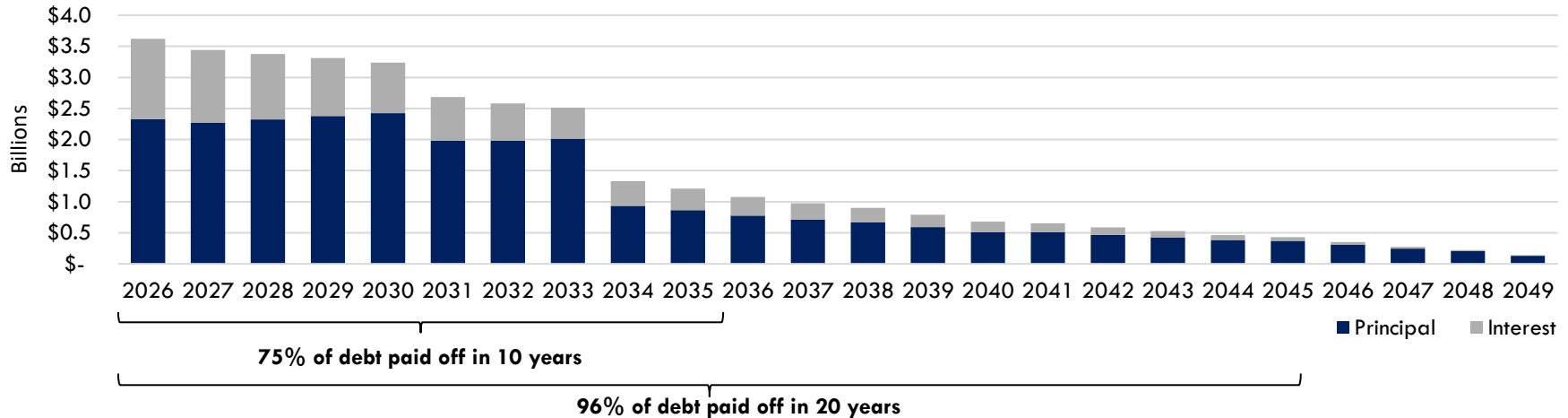


Illinois' Improving Debt Profile

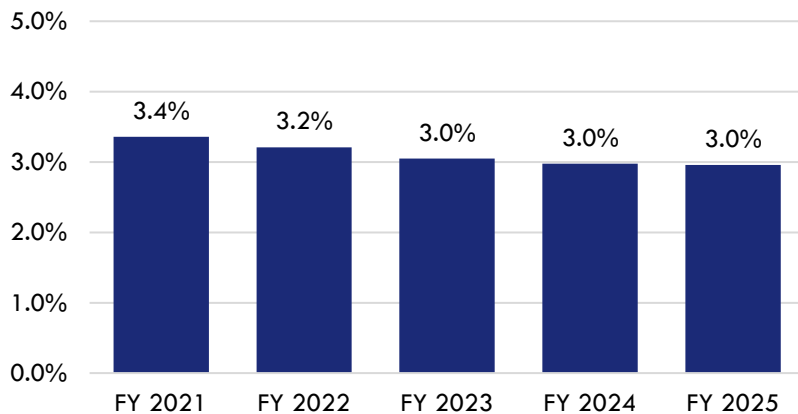


Conservative Debt Levels Five Years into the State's Largest Capital Program

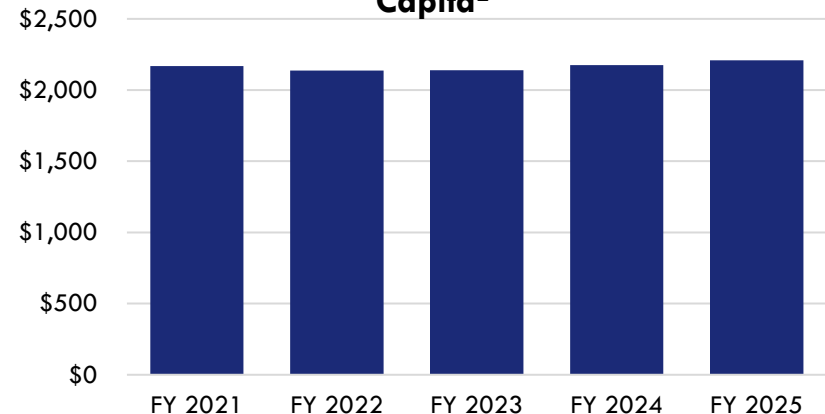
Existing General Obligation Debt Service by FY



Outstanding Long-Term GO Debt as a Percentage of Total Personal Income¹



Outstanding Long-Term GO Debt per Capita²



Note: Total Personal Income and population data from the Bureau of Economic Analysis. Accessed June 27, 2025.

¹ GO Debt includes only debt issued under the General Obligation Bond Act and not debt issued under the Short-Term Borrowing Act or CURE Borrowing Act.

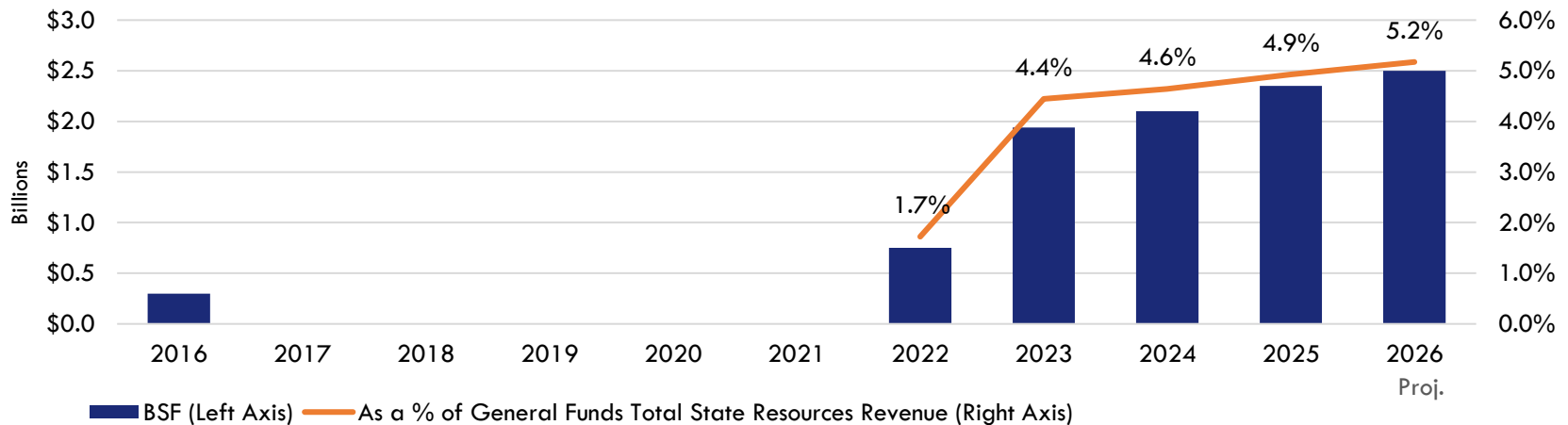
Significant Growth in Budget Stabilization Fund



Better Positioned for Uncertainty than at Any Time in a Generation

- \$256 million deposited in FY 2025 through permanent, dedicated revenue sources:
 - 10% of cannabis tax revenues (approximately \$25.1 million)
 - Monthly transfers of \$3.75 million from General Revenue Fund (\$45 million/year)
 - Repayment over 10 years from State's \$450 million loan to UI Trust Fund (est. \$45 million/year)
 - Two payments of \$45 million in FY2025 due to FY24 payment processed in July 2024
 - Interest earnings on Fund's balance (\$96.0 million for FY 2025)
- BSF balance of \$2.36 billion as of June 30, 2025, representing 4.9% of revised FY 2025 total State Resources Revenue estimates
- \$161 million of dedicated sources in FY 2026 proposed budget will bring the balance to nearly \$2.5 billion
 - One year pause on annual \$45 million transfer from General Revenue Fund

Budget Stabilization Fund: FYE Balance



Existing State law provides executive branch ability to tap the Budget Stabilization Fund without requiring legislative approval

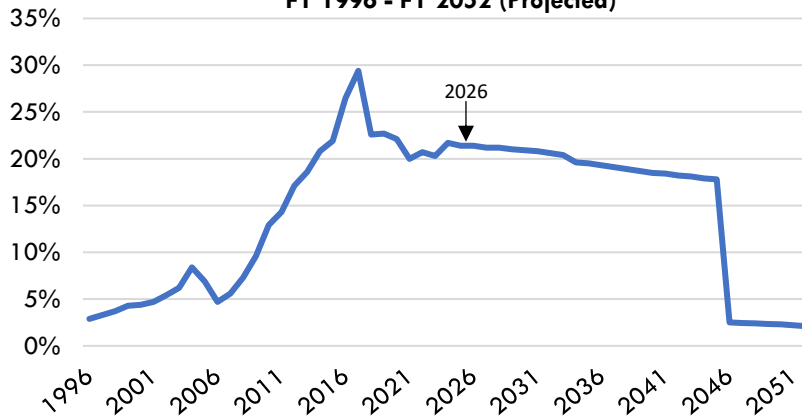
Funding Pension Obligations



Pension Costs Have Begun to Level Off

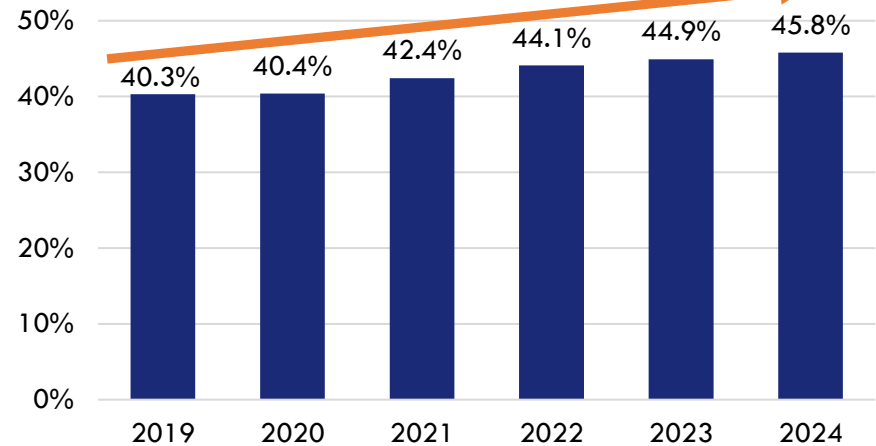
- Plan in place to reach 90% funded ratio by 2045
- FY 2026 Enacted budget fully funds certified contributions of \$10.6 billion from General Funds
 - Contributions projected to constitute approximately 21% of State's General Funds expenditures
- FY 2026 Enacted budget sets aside an additional \$75 million to address Tier 2 Wage Base

**General Funds Pension Cost, Including Debt Service, as a Percentage of Total GF Revenue Projections
FY 1996 - FY 2052 (Projected)**



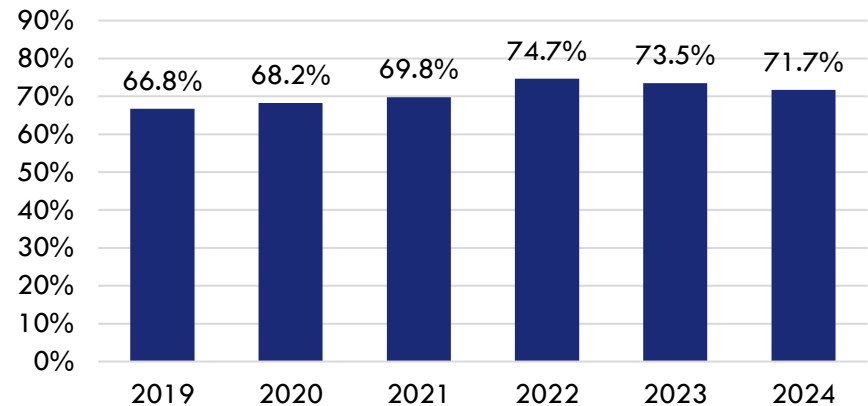
Source: Commission on Government Forecasting & Accountability, December 2023
 Notes: FY 2023 through FY 2045 projections of State pension contributions come from the retirement systems' actuarial valuations. Projections beyond FY 2045 were estimated by the Governor's Office of Management and Budget.

Pension Systems Funded Ratio (Actuarial Value)



Source: Annual Valuation Reports of the Retirement Systems

State Contribution as a Percentage of ADC



Source: Annual Comprehensive Financial Reports of the Retirement Systems for the fiscal years ending June 30, 2019 through June 30, 2023, FY2024 from State Pension Systems