

Illinois Community College Board



Guy H. Alongi
Chairman

Geoffrey S. Obrzut
President/CEO

proudly serving the

Illinois Community College System

Illinois Community College Board Support for Senate Bill 3, 97th General Assembly

Senate Bill 3 would give the state authority to issue additional General Obligation bonds in the amount of \$8.75 billion. The proceeds from the sale of these bonds will be put into a special fund to pay off past due debt owed by the state. To stabilize the budget and grow jobs, Illinois must pay its bills, while continuing to improve education, health care, human services, and public safety. The funds that are realized from the sale of these bonds will allow the State to pay agencies, universities and colleges, school districts and vendors who have been carrying the burden of this debt for many months.

The increased revenues (state income tax increase) passed by the General Assembly and signed into law last month are only one half of the package. Senate Bill 3 provides that the bonds authorized by this amendatory Act shall be used to pay vouchers that are at least 60 days past due, medical expenses incurred by the State under its health plans, corporate income tax refunds, and other operating expenses of the State, including past due payments to our colleges.

For community colleges this means the backlog of payments due from appropriated state grants totaling nearly \$137.7 million (as of 2/3/11) will be paid. This figure includes more than \$82.8 million in base operating grants and more than \$32 million in equalization grants.

Debt restructuring is similar to consolidating credit card or loans. Senate Bill 3 allows us to pay our bills in a lump sum and save money, while we also have dedicated revenue streams to pay it back:

- The lender will pay all of Illinois bills **now**;
- Illinois will repay the lender over a period of 14 years;
- Repayment will come from the 0.5% of the revenue increase specifically set aside for this plan.

The bill is scheduled to be heard in the Senate Executive Committee on Tuesday, February 15 at 1:30 p.m. in Capitol Room 212.

Members of the committee are:

Chairperson: Sen. Don Harmon (D-Oak Park)

Vice Chairperson: Sen. Ira Silverstein (D-Chicago)

Sen. James Clayborne (D-East St. Louis)

Sen. John Cullerton (D-Chicago)

Sen. Rickey Hendon (D-Chicago)

Sen. Kimberley Lightford (D-Westchester)

Sen. Antonio Munoz (D-Chicago)

Sen. Jeffrey Schoenberg (D-Evanston)

Sen. Donne E. Trotter (D-Chicago)

Spokesperson: Dale Righter (R-Mattoon)

Sen. Bill Brady (R-Bloomington)

Sen. John Jones (R-Mt. Vernon)

Sen. David Luechtefeld (R-Okawville)

Sen. Matt Murphy (R-Palatine)

Sen. Christine Radogno (R-Lemont)

401 East Capitol Avenue • Springfield, Illinois 62701-1711 • (217) 785-0123 • www.iccb.state.il.us

Fax: (217) 524-4981 TDD: (217) 782-5645

Printed on Recycled Paper