



OFFICE OF ILLINOIS STATE TREASURER

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Treasurer Frerichs: Governor Must Refinance Debt And Save \$2 Million Each Day

CHICAGO – As the state’s chief investment officer, Illinois State Treasurer Michael Frerichs today urged Gov. Bruce Rauner to act on the authority given to him and refinance the nearly \$15 billion bill backlog.

The backlog, which has tripled since the Governor took office, represents loans from unwilling employers doing business with the state at the outrageous interest rate of 12 percent.

“There is not a financial advisor worth his salt who would urge a family to keep a 12 percent loan when better interest rates are available,” Frerichs said. “Taxpayers paying \$2 million in interest each and every day defies common sense and borders upon malpractice.”

Despite going nearly two years without a budget, there still is appetite in the financial markets to refinance Illinois debt because the state guarantees repayment. Indeed, that repayment guarantee is another argument supporting refinancing.

“Refinancing isn’t enough, of course, and difficult decisions remain,” Frerichs said. “But why in the world would we not do this?”

Illinois has endured eight credit downgrades since Gov. Rauner took office in January 2015. The bill backlog was considered with each downgrade.

About the Illinois Treasurer

The Illinois Treasurer is the state’s chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state’s Chief Investment Officer, he actively manages approximately \$25 billion. The portfolio includes \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer’s Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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