



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB1551

Introduced 2/15/2019, by Sen. Jil Tracy

SYNOPSIS AS INTRODUCED:

New Act

15 ILCS 405/6.01

from Ch. 15, par. 206.01

25 ILCS 155/4

from Ch. 63, par. 344

Creates the Long-Term Accounting Act. Provides that the purpose of the Act is to improve transparency and accountability during the State budget process. Contains provisions concerning the passage of appropriation bills and the electronic publication of appropriation bills. Amends the State Comptroller Act. Provides that accounting standards and principles established by the Comptroller shall be compatible with generally accepted accounting standards and principles for government as prescribed by the Governmental Accounting Standards Board. Amends the Commission on Governmental Forecasting and Accountability Act. Provides that the Commission on Governmental Forecasting and Accountability must publish fiscal budget statements. Sets forth the requirements for the fiscal budget statements. Contains other provisions. Effective immediately.

LRB101 09610 RJF 54708 b

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Long-Term Accounting Act.

6 Section 5. Legislative intent. It is the intent of the
7 General Assembly to improve transparency and accountability
8 during the State budget process by:

9 (1) confirming and strengthening the State's special
10 responsibility to disclose its actions and results of those
11 actions in a timely and useful way;

12 (2) establishing the concept that State budgeting
13 disclosures and financial reporting are created primarily for
14 the purpose of informing the public of government activity and
15 creating widespread understanding of these actions;

16 (3) adopting the use of consolidated budget documents to
17 facilitate the public's ability to understand the State's
18 annual and accumulated shortfalls despite the relative scale of
19 the State's financial operations and the volume and complexity
20 of budget and financial data;

21 (4) establishing the State's duty to report the best
22 estimate of its own financial condition;

23 (5) requiring a comprehensive indication of the total

1 activity of government and the long-term effects of current
2 policy;

3 (6) calling for the calculation of the long-term financial
4 implications to the State and others of the budgetary
5 decisions;

6 (7) providing the full-cost information necessary to
7 accurately calculate performance measurements;

8 (8) establishing definitions of existing statutory
9 language to strengthen the Governor's and the General
10 Assembly's ability to determine compliance with the intent of
11 Section 2 of Article VIII of the Illinois Constitution
12 requirement, which is to preserve intergenerational equity;

13 (9) requiring explicit disclosure and accurate reporting
14 by the Governor and the General Assembly of:

15 (A) debt incurred to fund current operating expenses;

16 (B) current and past costs shifted to future budgets
17 and imposed upon future taxpayers;

18 (C) State obligations, including, but not limited to,
19 current and future personnel benefit costs and
20 lapse-period expenditures; and

21 (D) any fiscal deficit in terms of the excess of full
22 accrual expenses over full accrual revenues, as well as any
23 budget surplus in terms of the excess of full accrual
24 revenues over full accrual expenses, at the time the final
25 budget is sent to the Governor;

26 (10) calling for the Governor and the General Assembly to

1 determine if future budgetary resources will likely be
2 sufficient to sustain public services and to meet obligations
3 as they come due;

4 (11) acknowledging costs when incurred during the budget
5 year regardless of when they are paid;

6 (12) injecting the expertise and knowledge of the State
7 Comptroller's Office into the preparation of budget
8 calculations;

9 (13) unveiling the State's unusual reliance upon the use of
10 more than 600 special funds;

11 (14) requiring the Annual Budget and the State's
12 Comprehensive Annual Financial Report to be prepared to
13 facilitate a simple comparison of budgeted amounts to the
14 actual amounts spent and received;

15 (15) requiring State agencies to report to the Comptroller
16 all fiscal information necessary to prepare a comprehensive
17 annual financial report in a timely manner; and

18 (16) mandating the production of the State's Comprehensive
19 Annual Financial Report within 6 months after the end of the
20 State's fiscal year.

21 Section 10. Definitions. As used in this Act:

22 "Amounts due to pension funds" means the unfunded actuarial
23 accrued liability for the State pension plans, including the
24 portion of multiple-employer plans attributed to the State.

25 "Benefit enhancements" means the actuarial present value

1 of total projected benefits attributed to the estimated
2 increase in the benefits of retirees or beneficiaries granted
3 by the proposed budget or proposed or enacted changes to the
4 Illinois Pension Code. The benefit enhancements that result
5 from plan members' expected future service amount may be
6 reduced by the amount of specified revenue sources enacted into
7 law.

8 "Capital assets" shall be defined using Governmental
9 Accounting Standards Board concepts outlined in Governmental
10 Accounting Standards Board Statement 34.

11 "Comptroller's budget statements" means the estimated
12 balance sheet, the estimated statement of activities, and the
13 estimated statement of cash flow.

14 "Estimated balance sheet" means the estimated statement of
15 net assets prepared using the Governmental Accounting
16 Standards Board concepts outlined in Governmental Accounting
17 Standards Board Statement 34.

18 "Estimated retirement plans' assets gain or loss" means the
19 change in the actuarial value of assets from the beginning of
20 the budget period to the end of the budget period.

21 "Fiscal budget statements" means the estimated statement
22 of fiscal balance, the estimated statement of fiscal deficit,
23 and the estimated financial state of the State.

24 "Fiduciary funds" shall be defined using Governmental
25 Accounting Standards Board concepts outlined in Governmental
26 Accounting Standards Board Statement 34.

1 "Government-Wide Generally Accepted Accounting Principles"
2 means the accounting standards used in the preparation of the
3 State's government-wide financial statements, using
4 Governmental Accounting Standards Board concepts outlined in
5 the Governmental Accounting Standards Board Statement 34.
6 While the Governmental Accounting Standards Board does not
7 prescribe standards for preparing governmental budgets, the
8 accounting standards' concepts shall be applied to the fiscal
9 budget statements prepared under this Act.

10 "Increase or Decrease in Other Post Employment Benefits
11 Due" means the change in the State's Other Post Employment
12 Benefits plans' estimated actuarial accrued liability from the
13 beginning of the budget period to the end of the budget period.

14 "Increase or Decrease in Pension Benefits Due" means the
15 change in the State's pension plans' estimated actuarial
16 accrued liability at the beginning of the budget period and the
17 sum of each pension plan's estimated actuarial accrued
18 liability at the end of the budget period.

19 "Net Pension Obligations or Assets", "Net Other Post
20 Employment Obligations Assets", "Actuarial Value of Assets",
21 "Actuarial Accrued Liability", "Unfunded Actuarial Accrued
22 Liability", and "Actuarial Present Value of Total Projected
23 Benefits" shall be defined using Governmental Accounting
24 Standards Board concepts outlined in Governmental Accounting
25 Standards Board Statements 25, 27 as amended by Statement 50,
26 and 45.

1 "Off Balance Sheet Other Post Employment Benefit
2 Liabilities" means the difference between the State Other Post
3 Employment Benefit Plans' estimated unfunded actuarial accrued
4 liability and the estimated Net Other Post Employment Benefit
5 Obligations or Assets included in the estimated balance sheet.

6 "Off Balance Sheet Pension Liabilities" means the
7 difference between the State pension plans' estimated unfunded
8 actuarial accrued liability and the estimated net pension
9 obligations or Assets included in the estimated balance sheet.

10 "Retirees' health care benefits" means the unfunded
11 actuarial accrued liability for the State Other Post Employment
12 Benefit plans, including the portion of multiple-employer
13 plans attributed to the State.

14 "State Other Post Employment Benefit Plans" include the
15 State's Single-Employer Other Post Employment Benefit plans,
16 and also include the portion of Agent Multiple-Employer Other
17 Post Employment Benefit plans attributed to the State.

18 "State pension plans" means the State's single-employer
19 pension plans and the portion of agent multiple-employer
20 pension plans attributed to the State.

21 Section 15. Electronic publication of appropriation bills;
22 publication deadlines with respect to second and third
23 readings. The General Assembly shall publish, on a web page
24 controlled by the General Assembly, the texts of all
25 appropriations bills. Each publication shall include an

1 embedded time stamp setting forth the time of electronic
2 publication. No amendment to an appropriation bill shall be
3 considered on second reading until at least 72 hours after the
4 amendment has been published electronically and no bill to
5 appropriate funds shall be passed on third reading until at
6 least 72 hours after the time of electronic publication in
7 final form.

8 Section 20. Passage of appropriation bills prohibited
9 before adoption of joint resolution. The General Assembly shall
10 not enact any bill to appropriate funds within any fiscal year
11 prior to its adoption of a joint resolution reflecting the
12 estimate of funds available for that fiscal year as required
13 under Section 4 of the Commission on Government Forecasting and
14 Accountability Act.

15 Section 25. State funds as fiduciary funds. All State funds
16 shall be fiduciary funds unless explicitly provided otherwise
17 by law.

18 Section 100. The State Comptroller Act is amended by
19 changing Section 6.01 as follows:

20 (15 ILCS 405/6.01) (from Ch. 15, par. 206.01)

21 Sec. 6.01. Specification and establishment of accounting
22 standards and principles. The Comptroller shall specify and

1 establish the financial accounting and reporting standards and
2 principles to be used by all State government and State
3 agencies. The standards and principles shall be effective upon
4 filing by the Comptroller with the Auditor General. The
5 Comptroller shall maintain and publish the standards and
6 principles as a public document. These standards and principles
7 shall be known as the Generally Accepted Accounting Standards
8 and Principles for Illinois State Government, and shall be
9 compatible with generally accepted accounting standards and
10 principles for government as prescribed by the Governmental
11 Accounting Standards Board, ~~whenever possible, be compatible~~
12 ~~with any similar nationally existing generally accepted~~
13 ~~accounting standards and principles for government.~~

14 In establishing the Generally Accepted Accounting
15 Standards and Principles for Illinois State Government, the
16 Comptroller shall consult with the Governor and the other
17 members of the Executive Branch, the Chief Justice of the
18 Supreme Court, and the leadership of the General Assembly and
19 shall provide to these officials, and publish on the
20 Comptroller's website, draft copies of any proposed standards
21 at least 90 days prior to their adoption and shall consider any
22 responses or suggestions that these officials or the public may
23 present.

24 (Source: P.A. 86-1415.)

25 Section 105. The Commission on Government Forecasting and

1 Accountability Act is amended by changing Section 4 as follows:

2 (25 ILCS 155/4) (from Ch. 63, par. 344)

3 Sec. 4. (a) The Commission shall publish, at the convening
4 of each regular session of the General Assembly, a report on
5 the estimated income of the State from all applicable revenue
6 sources for the next ensuing fiscal year and of any other funds
7 estimated to be available for such fiscal year. The Commission,
8 in its discretion, may consult with the Governor's Office of
9 Management and Budget in preparing the report. On the third
10 Wednesday in March after the session convenes, the Commission
11 shall issue a revised and updated set of revenue figures
12 reflecting the latest available information. The House and
13 Senate by joint resolution shall adopt or modify such estimates
14 as may be appropriate. The joint resolution must include all
15 applicable revenues and other funds available. The joint
16 resolution shall constitute the General Assembly's estimate,
17 under paragraph (b) of Section 2 of Article VIII of the
18 Constitution, of the funds estimated to be available during the
19 next fiscal year. The report must estimate all applicable
20 revenues and must estimate other funds available. The report
21 shall clearly separate and distinguish all applicable revenues
22 and other funds available when estimating the funds estimated
23 to be available for purposes of calculating funds estimated to
24 be available as required under subsection (b) of Section 2 of
25 Article VIII of the Illinois Constitution.

1 (a-5) The annual March estimates issued by the Commission
2 shall include an estimated balance sheet, an estimated
3 statement of activities, and an estimated statement of cash
4 flow. The March estimates shall include a variance report of
5 the ongoing fiscal year's budget and appropriations.

6 (a-10) The Commission shall also prepare:

7 (1) The estimated statement of fiscal balance, which
8 shall include:

9 (A) The columns used in the estimated balance
10 sheet.

11 (B) The total net assets, as determined in the
12 estimated balance sheet.

13 (C) The off-balance sheet pension liability.

14 (D) The off-balance sheet Other Post Employment
15 Benefit liability

16 (E) The resulting fiscal balance.

17 (2) The estimated statement of fiscal deficit, which
18 shall include:

19 (A) The columns used in the estimated statement of
20 activities.

21 (B) The change in net assets, as determined in the
22 estimated statement of activities.

23 (C) Benefit enhancements.

24 (D) Retirement plans' assets gain or loss.

25 (E) Increases or decreases in pension benefits
26 due.

1 (F) Increases or decreases in Other Post
2 Employment Benefits due.

3 (G) The resulting fiscal deficit.

4 (3) The estimated financial state of the State, which
5 shall include:

6 (A) Amounts reported on the State's Comprehensive
7 Annual Financial Report for the State fiscal year 2
8 years prior to the current budget year.

9 (B) The estimated values from last period's
10 budget.

11 (C) The estimated values from the current budget
12 period.

13 (D) What the State owns:

14 (i) Capital assets.

15 (ii) Other assets that are derived from the
16 total assets reported on the statement of net
17 assets/balance sheet minus capital assets.

18 (iii) State assets shall equal the total
19 assets.

20 (E) What the State owes:

21 (i) The amount of State bonds, including, but
22 not limited to, General Obligation Bonds and
23 Special Revenue Bonds.

24 (ii) Amounts due pension funds.

25 (iii) Retirees' health care benefits Other
26 Post Employment Benefit.

1 (iv) Other liabilities that are derived by
2 subtracting the State bonds, the net pension
3 obligation, and the net Other Post Employment
4 Benefit obligation from the total liabilities
5 reported on the statement of net assets/balance
6 sheet.

7 (v) State bills.

8 (F) Where the State stands:

9 (i) Illinois' financial position.

10 (ii) Each Illinois family's share, which is
11 derived by dividing Illinois' financial position
12 divided by the Illinois population estimate as
13 determined by the U.S. Census Bureau divided by the
14 national average size of a family as determined by
15 the U.S. Census Bureau.

16 (a-20) In conjunction with the State Comptroller, the
17 Commission shall publish the fiscal budget statements outlined
18 in subsection (a-5) in concert with Government Wide-Generally
19 Accepted Accounting Principles. The fiscal budget statements
20 shall include information about the State as a whole. The
21 fiscal budget statements should include the primary government
22 and its component units, except for the fiduciary funds of the
23 primary government and component units that are fiduciary in
24 nature. The fiscal budget statements shall be prepared using
25 the economic resources measurement focus and the accrual basis
26 of accounting. The fiscal budget statements shall not be

1 presented using the current financial resources measurement
2 focus and the modified accrual basis of accounting, which are
3 used to prepare the State's governmental funds financial
4 statements. The Commission shall obtain from each of the
5 State's pension and Other Post Employment Benefit plans'
6 actuaries to determine the pension and Other Post Employment
7 Benefit amounts needed to prepare the fiscal budget statements.

8 (b) On the third Wednesday in March, the Commission shall
9 issue estimated:

10 (1) pension funding requirements under P.A. 86-273;

11 and

12 (2) liabilities of the State employee group health
13 insurance program.

14 These estimated costs shall be for the fiscal year
15 beginning the following July 1.

16 (c) The requirement for reporting to the General Assembly
17 shall be satisfied by filing copies of the report as required
18 by Section 3.1 of the General Assembly Organization Act, and
19 filing such additional copies with the State Government Report
20 Distribution Center for the General Assembly as is required
21 under paragraph (t) of Section 7 of the State Library Act.

22 (d) For each fiscal year, the General Assembly shall adopt
23 a joint resolution accepting the amounts reported on the fiscal
24 budget statements.

25 (e) For the purposes of this Section, "all applicable
26 revenues" means "own source revenues", including:

- 1 (1) personal income tax;
2 (2) corporate income tax;
3 (3) corporate personal property replacement tax;
4 (4) sales tax retained by the State;
5 (5) excise taxes, such as excise taxes on alcohol,
6 gasoline, or energy;
7 (6) user fees;
8 (7) fines and penalties;
9 (8) gaming taxes;
10 (9) investment income;
11 (10) unencumbered funds provided by other governmental
12 units; or
13 (11) any other revenue source for which the State has
14 no ongoing or unfulfilled obligation to any other party.
15 For the purposes of this Section, "other funds available"
16 means:
17 (1) funds that result from the actions of another
18 entity or government;
19 (2) funds received that are held in trust or have a
20 fiduciary element;
21 (3) pass-through funds or funds received by the State
22 when acting as an agent or collector for another entity;
23 (4) pension contributions made by State employees not
24 used to pay pensions or used to purchase assets for the
25 State's pension funds;
26 (5) that portion of sales tax collections that

1 retailers pay to the State but that will be remitted to
2 home rule and local governments;

3 (6) court-ordered collections of child support;

4 (7) inter-period borrowings;

5 (8) prepaid tuition plans; or

6 (9) any other source of funds for which the State has
7 an unfulfilled or ongoing obligation.

8 The definitions set forth in Section 10 of the Truth in
9 Accounting Act of 2010 are incorporated.

10 (Source: P.A. 100-1148, eff. 12-10-18.)

11 Section 999. Effective date. This Act takes effect upon
12 becoming law.