

February 26, 2021

David R. Bean  
Director of Research and Technical Activities  
Governmental Accounting Standards Board

Sent via email: [director@gasb.org](mailto:director@gasb.org)

Re: Projects 3-20 and 3-25

Dear Director Bean:

As a former member of the Illinois House of Representative and gubernatorial candidate, I was proud to represent the constituents in my district. My first priority as a legislator was to stand up for taxpayers. I found that job impossible because of all the bogus accounting that has gone on for decades in Illinois. You have the power to correct this injustice. Public officials have protected their special interests by passing unbalanced budgets by disregarding commonsense accounting standards private citizens and businesses must abide by.

In this letter, I would humbly like to provide the point of view of the taxpayers of Illinois.

I am deeply concerned about the Governmental Accounting Standards Board's proposals that will continue to mislead and confuse taxpayers. As I understand it, the GASB's proposals will allow politicians to continue kick-the-can budgeting practices. My home state of Illinois is one of the worst examples of flawed government finances.

To avoid unsustainable debt, the Illinois Constitution has a balanced budget clause. Yet the state is deep in debt with more than \$144 billion in unfunded pension benefits.

The GASB has made it possible for the citizens of Illinois to be lulled into a false sense of security by claims of balanced budgets. State and local governments across the United States, including Illinois, budget at the fund level. Illinois' state budget law requires the general fund to be balanced "in concert with generally accepted accounting principles for government." This means that the state budget is calculated using the modified accrual basis of accounting. This accounting allows for numerous accounting gimmicks, such as increasing the budgeted funds by transferring money from dedicated funds, not paying bills on time, and/or underfunding earned and promised retirement benefits.

On page 117 of the state's 2022 budget is a schedule called "General Funds Revenues by Source." The "Total General Funds Revenues" line includes borrowings from the Municipal Liquidity Facility" of \$1.2 billion and \$2 billion for years 2020 and 2021, respectively. I assume the state includes these loan proceeds as revenue in the budget because the Statement of Revenues and Expenditures is prepared using the modified accrual basis, which allows for loan proceeds to be included as other financial resources which increase the general fund balance.

Illinois Gov. Pritzker came before the public this week to claim he balanced the budget once again. But he has done so by shortchanging the pension fund by more than \$5 billion. I believe that modified accrual basis of accounting perversely encourages this fiscally irresponsible practice by only including the amounts the governor and legislature choose to fund in the Statement of Revenues and Expenditures, not the amounts the plans' actuaries calculated is needed to properly fund the promised benefits. If actuarially determined contributions were

included in the general fund statement, then the general fund balance would decrease dramatically. This would make the elected officials look bad.

The ever-growing debt has serious repercussions. Illinois has [lost](#) residents for 10 years in a row. The state's property taxes are already the second-highest in the nation. The pension crisis has caused Illinois to need far more [federal aid](#) than any other state during the COVID-19 pandemic, but our financial troubles started long before the current pandemic.

At the root of Illinois' financial problems are flawed accounting standards. I urge the Board to reject the current proposals. Any proposals that do not include a general fund balance sheet and income statement prepared on a full accrual basis will continue the flawed accounting system that harms taxpayers and citizens.

Thank you for your consideration,

Jeanne Ives