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Deadbeat Illinois owes billions

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Drowning in deficits, Illinois has turned to a deliberate policy of not paying billions of dollars in bills for months at a time, creating a cycle of hardship and sacrifice for residents and businesses helping the state carry out some of the most important government tasks.

Once intended as a stop-gap, the months-long delay in paying bills has become a regular part of the state's budget management, forcing businesses and charity groups to borrow money, cut jobs and services and take on personal debt. Getting paid can be such a confusing process that it requires begging the state for money and sometimes has more to do with knowing the right people than being next in line.

As of early last month, the state owed on 166,000 unpaid bills worth \$5 billion, with nearly half of that amount more than a month overdue, according to an Associated Press analysis of state documents. Hundreds of bills date back to 2010, and the actual amount owed is likely higher because some bills are still in the pipeline.

Threatening independence

Leigh Ann Stephens wrote a letter in August "asking, pleading" for \$50,000 the state owed the DuPage Center for Independent Living, where she is executive director. It was the third time in two years that she had sent a hardship letter warning that the center, which helps people with disabilities live outside of costly nursing homes, would close if it wasn't paid.

The letter got results, for now, but it hasn't reversed cuts. Stephens has laid off one of eight employees, stopped opening on Fridays, cut back hours for part-time workers and reduced salaries 7.5 percent for herself and the other full-time worker. Like their clients, most of the employees are disabled, coping with blindness, loss of hearing, cerebral palsy and more.

"This is not just a job for me. It's a way of life," Stephens said. "I can be angry. I can be sad. I can be so mad that I cry. I have thrown things across the room."

\$1.8 million owed to AID

The state owes about \$1.8 million in late payments to the Association for Individual Development, an Aurora-based non-profit that serves people with developmental disabilities.

Although the agency applied for expedited payments, the state still owes for many categories dating back to July, said AID Vice President Wanda Thomas.

On occasion, that's forced AID to tap into its bank line of credit to cover bills.

"I get up every morning at 5:15 and check the state comptroller's website," said Beth Thomas, AID vice president of finance, hoping a state bill has been paid to the agency. AID has yet to submit bills for October.

The late state payments have only exasperated an already tough financial situation non-profits are in with reductions in state funding, said AID caseworker Rose Maxson.

The waiting game has "become the way we operate with the state of Illinois," Wanda Thomas said.

To people like Carole Engeln, who suffers from a developmental disability, the state cut has meant fewer AID staff members are available when she needs them.

"I'm ashamed of how the state and federal government has been treating us," Engeln said.

Cutback on caseworkers

Supported by AID since the 1980s, Engeln has been able to make do under state budget cuts, but she knows many others served by the agency are in need of services the state is no longer funding.

Under the supported living program, Engeln lives on her own after graduating from a 24-hour supervised community living facility.

"My (case manager) used to see me 10-12 hours a month," she said. That's been reduced to about 3 hours per month now.

Maxson has been the case manager for about 30 people who are served by the agency's supported living arrangement program.

"We've had to cut positions in this program, there's no money from the state. Nada. It's gone," Maxson said.

Engeln said that she fears that the next to go would be the workshop she works in every day.

"I would not have anywhere to go," Engeln said.

Beth Thomas said compared to smaller agencies, AID, which serves 5,400 clients, has been lucky. The state has generally been better on keeping up with payments to large non-profits, she said. In case of an emergency, AID has about \$3 million it could borrow, but smaller non-profits don't have that option.

Some payments made

Aurora's Hesed House Homeless Shelter also applied for expedited payments with the state comptroller's office last year, and the payments were approved.

Executive Director Ryan Dowd said Hesed House is lucky to be paid up for the fiscal year ending June 30, but the homeless shelter has not received any payments since July 1.

About a quarter into their fiscal year, the state owes Hesed House about \$50,000. Reserves have kept the homeless shelter from being forced to borrow money to keep shelter services afloat.

"We are focusing more on private fundraising because of the unavailability of the state," Dowd said.

Mutual Ground, a non-profit that serves victims of domestic violence in Aurora, is finally paid up through mid-September. But Executive Director Michelle Meyer said the agency has had to borrow money in the past due to late payments.

In July, Meyer asked State Comptroller Judy Baar Topinka to make all non-profits bills a priority.

“I don’t want to be ‘that’ non-profit agency when other non-profits are six months behind on payments,” Meyer said. “Everyone is providing a necessary service.”

Worse every year

As recently as June 2008, Illinois paid its bills seven days after state agencies finished the paperwork. A year later, the delay had reached 99 days. It stood at 118 days in June of this year, the comptroller’s office said.

The General Assembly has accepted the unpaid bills as an unpleasant necessity while Illinois claws its way out of deficits that once topped \$13 billion. Lawmakers of both parties rejected Gov. Pat Quinn’s proposal to borrow money so the state can pay its overdue bills, although he says he’ll try again when lawmakers meet later this month.

Instead, Illinois has turned businesses, charities and local governments into unwilling short-term lenders, using their money to operate government and disguise the depth of the state’s financial problems.

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