



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS RELEASE

FOR IMMEDIATE RELEASE

PR15:21
July 2, 2015

Contact: Drew Mendelson
(916) 653-2995

California's Credit Rating Upgraded to Highest Level in 14 Years

SACRAMENTO – California State Treasurer John Chiang today announced that Standard & Poor's Ratings Services has raised its general obligation (GO) rating on the State of California to AA- from A+. Concurrently, S&P has raised the State's annual appropriation secured debt from A to A+. These actions would also result in the State's ratings being removed from S&P's CreditWatch, a normal result of the review process.

"Our state has reached another important mile marker in its fiscal comeback. Through a sustained commitment to paying down debt and fiscal restraint in its latest annual spending plan, California has been rewarded with its highest credit rating since 2001," said Chiang. "However, today's good news was tempered by warnings that the Golden State's lack of affordable housing, unmet infrastructure needs, and growing liabilities stemming from not pre-funding State retiree health benefits are a real threat to longer-term economic growth. Today, let's celebrate our upgraded creditworthiness, but tomorrow we must resolve ourselves to tackling the problems which stand between us and long-term prosperity."

S&P believes that California's 2015-16 budget is another step forward in the State's journey toward improved fiscal sustainability, and leaves the State with budget reserves totaling \$4.6 billion, or 4 percent of expenditures, which S&P finds favorable.

After this action, California's ratings are considered "high grade" by both Moody's Investors Service and S&P. Fitch Ratings presently has the state's GO at A+.

Higher ratings produce lower borrowing cost for California. The lower borrowing cost produced by higher ratings occur over many years, and most importantly, make more financial resources available to address our aging infrastructure and to enable the investments necessary to keep California competitive in the global economy.

For more news, please follow the Treasurer on Twitter at [@CalTreasurer](https://twitter.com/CalTreasurer), and on Facebook at [California State Treasurer's Office](https://www.facebook.com/CaliforniaStateTreasurer).

###