



**California State Treasurer Fiona Ma, CPA**

# **News Release**

**IMMEDIATE RELEASE**

**PR 19:83**

**October 1, 2019**

Contact: [Mark DeSio](#)

**(916) 651-6088**

## **New Report Discusses California's Debt Position and Recent Rating Events**

*California has taken important steps to weather changes in the economy*

**SACRAMENTO** – A new report by State Treasurer Fiona Ma says the municipal bond market has been significantly impacted since October 2018 by changes in investors' outlook on the U.S. and global economies, Federal Reserve monetary policy, and rising geopolitical and trade tensions.

According to the Debt Affordability Report (DAR), California has put into place a number of revenue initiatives and expenditure controls, consistently adopted on-time budgets, demonstrated a commitment to building reserves, and implemented structural institutional reforms, as well as other actions, to improve the state's fiscal health.

These steps were acknowledged by Fitch Ratings (Fitch) last month as it upgraded the state's general obligation (GO) long-term bond rating from AA- to AA while maintaining a stable outlook. In publicizing the rating change, Fitch cited reductions in budgetary borrowings and the continued commitment to set aside funds for California's rainy day fund.

Since assuming office in January, Treasurer Ma reports selling \$7.5 billion of GO bonds, including \$5.4 billion that refinanced older, higher-interest rate debt that will save Californians approximately \$2.1 billion in reduced debt service costs over the remaining life of the bonds.

“Taken together, these positive outcomes for California -- lower borrowing costs, a favorable interest rate environment, improved ratings, and a continued commitment to building reserves will make California more prepared for the inevitable downturn in the economy.”

The DAR is an annual report intended to provide policymakers and the public with information on California’s debt profile and the market for California’s bonds to better assist with decisions about incurring debt in the future.

Included in those decisions will be important matters relating to California’s economic vitality, affordable housing for all Californians, protection of our environment, and the education of our children.

“By seeking the best debt solutions for those challenges, when applicable, we can ensure that the power of debt, when smartly implemented, can benefit our fellow citizens in a way that is visible, positive, and fair,” Treasurer Ma noted in the introductory letter of the report.

Read the full 2019 Debt Affordability Report [here](#).

*Fiona Ma is California’s 34th State Treasurer. She was elected on November 6, 2018 with more votes (7,825,587) than any other candidate for treasurer in the state’s history. She is the first woman of color and the first woman Certified Public Accountant (CPA) elected to the position. The State Treasurer’s Office was created in the California Constitution in 1849. It provides financing for schools, roads, housing, recycling and waste management, hospitals, public facilities, and other crucial infrastructure projects that better the lives of residents. California is the world’s fifth-largest economy and Treasurer Ma is the state’s primary banker. Her office processes more than \$2 trillion in payments within a typical year. She provides transparency and oversight for the government’s investment portfolio and accounts, as well as for the state’s surplus funds. Treasurer Ma oversees an investment portfolio of more than \$90 billion, more than \$23 billion of which are local government funds. She serves as agent for sale for all State bonds, and is trustee on more than \$90 billion of outstanding debt.*

**For more news about the State Treasurer’s Office, please follow Treasurer Ma on Twitter at [@CalTreasurer](#), Instagram at [caltreasurer](#), and on Facebook at [California State Treasurer’s Office](#).**

**###**