



California State Treasurer Fiona Ma, CPA

News Release

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Moody's Upgrades California's General Obligation Bonds to Aa2

SACRAMENTO – Just two months after California's bond rating was upgraded by Fitch Ratings, the state's General Obligation (GO) bonds have been upgraded again. [Moody's Investors Service announced today](#) that it has upgraded the state's GO bonds to Aa2 from Aa3. This action comes ahead of the state's planned competitive pricing of approximately \$1.1 billion of taxable GO bonds on Wednesday, October 16th.

"The upgrade of California's GO bonds to Aa2 incorporates continued expansion of the state's massive, diverse and dynamic economy and corresponding growth in revenue," Moody's reported.

Moody's also praised "the state government's disciplined approach to managing revenue growth indicated by its use of surplus funds to build reserves and pay down long-term liabilities."

California State Treasurer Fiona Ma said this approach has been furthered in Governor Gavin Newsom's prudent decisions on spending during this legislative session.

"Taken together, these are all positive outcomes for California -- lower borrowing costs, a favorable interest rate environment, improved ratings, and a continued commitment to building reserves for the inevitable downturn in the economy," said Treasurer Ma. "These actions will make the state more resilient and ensure that we are better prepared to deal with whatever the global economy has in store in the future."

Treasurer Ma has also shown fiscal prudence since taking office in January 2019, selling \$5.4 billion in bonds that refinanced older, higher interest rate debt resulting in approximately \$2.1 billion in reduced debt service costs over the remaining life of the bonds.

In August 2019, California's credit rating was upgraded by Fitch Ratings from AA- (minus) to AA. In publicizing the rating change, Fitch cited, among other reasons, reductions in budgetary borrowings, and the continuing commitment to set aside funds for California's rainy day fund.

In connection with the GO bond upgrade, Moody's also upgraded the rating on various other state-related debt with ratings that are tied to the GO bond rating. The State of California is by far the largest state in the US. Its nearly \$3.1 trillion gross domestic product accounts for just over 14% of the nation's economic output. It is home to almost 40 million residents, or just over 12% of the nation's population.

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.

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