



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS RELEASE

FOR IMMEDIATE RELEASE

PR15:10
February 26, 2015

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Treasurer Issues Statement on Fitch's Upgrade of CA's Credit Rating

SACRAMENTO - State Treasurer John Chiang today hailed Fitch's upgrade of California's credit rating from "A" to "A+." The move follows continuing efforts by the Treasurer and the Department of Finance to not only identify opportunities to strengthen California's credit worthiness, but to highlight the improved fiscal discipline recently exercised by the State and its voters, which has helped the State recover from years of severe budgetary and cash flow crises.

"This rating release is both a validation of California's recently displayed fiscal discipline, as well as a stern warning against returning to business-as-usual," said Chiang. "The credit upgrade rewards California for establishing a meaningful rainy day fund, taking the difficult first steps toward remedying unfunded pension liabilities, and, most importantly, not relying on fleeting bull market revenues to justify new permanent spending.

"However, California's credit worthiness still trails 47 other states. Fitch's credit analysis emphasizes the need for continued spending restraint and more tough decision-making aimed at making future economic downturns – which are inevitable – more manageable," said Chiang. "If we seek to build more schools, affordable housing, roads, and other critical infrastructure at lower cost, I believe that we must develop a smart plan to pay for retiree health care costs and reform a tax system that pegs California's prosperity to the success of Wall Street."

"This upgrade was not accidental. It was the result of purposeful actions taken since the Great Recession to restore California's fiscal health. Not only can we not afford to backslide, but we must do more."

The State Treasurer has broad responsibilities and authority in the areas of investment and finance. One of Treasurer's key jobs is to convey the State's creditworthiness to rating agencies, Wall Street investors, and money managers. An improved credit rating often translates to lower borrowing costs for the State, which in turn saves taxpayers' money and makes additional resources available to fund public services.

For more on the Treasurer's role, visit www.treasurer.ca.gov.

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