



OFFICE OF ILLINOIS STATE TREASURER

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With Ratings This Low, Illinois Could Not Buy Its Own Bonds

SPRINGFIELD - Illinois' credit rating has fallen so low that the state is too risky an investment for even itself, Comptroller Susana Mendoza and Treasurer Michael Frerichs announced Friday.

The State Treasurer's guidelines say the state should not invest in bonds with anything less than an A-minus rating. See [guideline 5.0\(k\)](#).

Moody's and Standard & Poor's both lowered the state's credit rating to one level above junk-bond status Thursday after the Governor and the legislature failed to reach agreement on a budget before the scheduled end of the session. This is the lowest Illinois' bonds have been rated in the state's 44-year history of bond ratings. The Fiscal Year ends June 30 and the agencies warn more downgrades could happen then if the impasse continues.

That means higher costs to taxpayers; more difficulty raising funds for Illinois' most basic needs; and further cuts in services for the state's educational institutions and its most vulnerable residents. Rating agencies and business groups are urging Governor Rauner to stop holding the budget hostage to his pet projects and negotiate a balanced budget in good faith with legislative leaders.

About the Illinois Treasurer

The Illinois Treasurer is the state's chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state's Chief Investment Officer, he actively manages approximately \$25 billion. The portfolio includes \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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