



# OFFICE OF ILLINOIS STATE TREASURER

MICHAEL W. FRERICHS

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**CONTACT:**

Paris Ervin 217.524.5749

Greg Rivara 312.814.1901

## Treasurer Frerichs Statement on Moody's Credit Downgrade

**SPRINGFIELD** – Illinois State Treasurer Michael Frerichs issued the following statement after Moody's Investors Service issued more credit downgrades for Illinois:

“Two credit downgrades in 24 hours further underscores the need for a full, balanced budget,” Frerichs said. “My warnings were ignored and credit agencies have responded. We need a bipartisan budget now to end this crisis.”

Following today's credit downgrades from S & P Global Ratings, Moody's Investors Service today lowered the rating on the State of Illinois' general obligation (GO) bonds to Baa3 from Baa2. In a news release, the credit rating agency also says it lowered the Build Illinois Bonds backed by sales tax revenues, to Baa3 from Baa2; the Metropolitan Pier & Exposition Authority's McCormick Place project bonds, to Ba1 from Baa3; and the state's Civic Center program bonds, also to Ba1 from Baa3.

### About Credit Rating Agencies

There are three primary credit rating agencies: Fitch Ratings Inc., Moody's Investors Service, and S&P Global Ratings. Each agency assigns government bonds, sometimes called a tax-backed loan, a credit rating. The credit rating, like a credit score, indicates how risky it is to purchase government bonds. The higher the risk, the lower the credit rating; the lower the credit rating, the more expensive it is for Illinois to borrow money. Each agency's ratings system is similar, although each uses different letter and number combinations to reflect the credit rating. Nevertheless, each rates Illinois' debt to have speculative elements and a credit risk.

Fitch's Rating is BBB.

Moody's Rating is Baa3.

S&P's rating is BBB-

### 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. The treasurer oversees a portfolio worth more than \$25 billion. It includes approximately \$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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