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## Major Credit Agency Upgrades California's Credit Rating.

SACRAMENTO – Recognizing California's decisions to build the state's fiscal reserves and pay down long-term liabilities, as well as continued economic growth, a major credit agency – Moody's Investors Service – has upgraded California's outstanding general obligation bonds to Aa2 from Aa3.

The agency has also upgraded the rating on the state's outstanding lease debt, its outstanding appropriation debt and outstanding school fund apportionment lease revenue bonds.

According to the agency, the upgrade "recognizes 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."

"While Washington balloons the national debt to pay for tax cuts for the rich, California is showing that it is possible to take bold action to tackle the affordability crisis, climate change, and other challenges all while living within our means," said Gov. Newsom. "We are advancing progressive values while growing our rainy day fund, paying down pension liabilities and eliminating our state's wall of debt."

In August, Fitch Ratings also upgraded the state's credit rating, writing that California has improved its ability to weather an economic downturn.

The 2019 Budget Act signed by the governor made a series of investments in expanding the state's financial security.

The budget will end the year with total reserves of $19.2 billion, of which $16.5 billion is in the Rainy Day Fund, $1.4 billion in the Special Fund for Economic Uncertainties, $900 million in the Safety Net Reserve and nearly $400 million in the Public School System Stabilization Account.

The budget makes an extra payment of $9 billion over the next four years to pay down unfunded pension liabilities. This includes $3 billion to CalPERS and $2.9 billion to CalSTRS on behalf of the state, and $3.15 billion to CalSTRS and CalPERS on behalf of schools.

The budget invests $4.5 billion to eliminate the Wall of Debt and reverses the decade-old deferral undertaken during the last recession.

The budget prioritizes one-time investments, with 88 percent of new expenditures being temporary rather than ongoing. This addresses the affordability crisis facing Californians while minimizing ongoing commitments to avoid putting the state at fiscal disadvantage in the future.

LAKE COUNTY NEWS

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