



OFFICE OF ILLINOIS STATE TREASURER

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Illinois State Treasurer Michael Frerichs' Statement on Fitch Ratings' Decision to Lower Credit Rating

SPRINGFIELD – Illinois State Treasurer Michael Frerichs today released the following statement after Fitch Ratings' decision to lower Illinois' credit rating. It is the sixth time an agency downgraded Illinois' creditworthiness since 2015.

“Our credit rating suffers because the leaders in the General Assembly and the Governor will not negotiate an honest budget,” Frerichs said. “This singular focus on non-budgetary items is silently ripping money out of the pockets of everyone who lives in this state.”

“Borrowing costs money. Borrowing without a budget costs even more money. We know a budget will bring down our borrowing costs and yet we still have a leadership team that chooses not to negotiate. We can do better.”

Selling bonds is a tool the state uses to borrow money. The lower a state's credit rating, the higher the interest rate on the loan.

Illinois' general obligation debt remains a sound investment because the state's constitution ensures that bond holders will be repaid. However, repeated downgrades weigh heavily on how individuals and investors perceive Illinois' economic and political climate. Negative perceptions never are beneficial or productive.

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. Currently, 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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