



Fitch Ratings Upgrades State's Outlook - All Three Rating Agencies Have Upgraded Illinois' Outlook

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CHICAGO – Today, Fitch Ratings revised the outlook on Illinois’ General Obligation bonds from negative to positive.

With this action, Illinois’ GO bond rating moves from BBB- with a negative outlook to BBB- with a positive outlook. Fitch is the third rating agency to upgrade the state’s outlook.

“Fitch’s improved outlook for Illinois is yet another sign of positive momentum for our state’s fiscal condition, a testament to strong financial management and responsible actions by the General Assembly and my administration, and a product of the state’s economic resilience,” said Governor JB Pritzker. “The story of Illinois in 2021 is that in the face of a crisis, fiscal discipline and smart economic policy pays off. I want to thank the General Assembly, especially Speaker Chris Welch and President Don Harmon and their budget negotiators for their partnership in our common purpose of bringing about long-term fiscal strength for Illinois. Together, in the face of a deadly global pandemic, we enacted a balanced budget for the third straight year of my administration, demonstrating fiscal responsibility works with a vision of governance focused on working families.”

Highlights from Fitch’s [analysis](#):

- “The state is prudently applying the gains to fully retire federal deficit borrowing undertaken just a few months ago, repay outstanding interfund loans used as budget balancers in prior years and drive down the bills backlog.”
- “Recent fiscal results and the enacted fiscal 2022 budget suggest further improvements in operating performance and structural balance in the near and medium-term that could support a return to the pre-pandemic rating or higher.”
- “Recent improvements including reduction in accounts payable and enacting plans for early retirement of federal pandemic loans, signal improvement in budget management.”
- “The May Debt Transparency Act (DTA) report also notes \$191 million in reported pending late payment interest penalties, down 40% from February 2020 (\$319 million) and down 78% from the first DTA report from December 2017 (\$887 million).”
- “Broadly, the state reports a \$1 billion reduction in total general fund spending for fiscal 2022 (\$42.3 billion) versus the current services estimate provided in November 2020. General fund base operating spending remains flat in the fiscal 2022 enacted budget versus fiscal 2021 at \$30.8 billion. Funding for K-12 and higher education is up 3%, including a \$350 million increase for K-12.”
- “Unlike recent years, the budget includes no interfund loans or sweeps.”