

Gov. Pritzker Hails Illinois' Second Ratings Upgrade In Recent Days And The First In Two Decades From S&P Global Ratings

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SPRINGFIELD – Governor JB Pritzker hailed the state's improved bond rating from

S&P Global Ratings on Thursday, the second such rating upgrade in recent days. The announcement follows Moody's credit upgrade and Fitch's upgraded credit outlook for the state—a trifecta of good news from the three major credit rating agencies.

Since taking office, Gov. Pritzker has tirelessly focused on strong and responsible fiscal management, working with the General Assembly to hold the line on spending while making key investments in programs working families rely on while continuing to strengthen Illinois' fiscal outlook.

"A well-known proverb states, a journey of a thousand miles begins with a single step. Throughout my administration we've remained steadfast in our goal to return Illinois to fiscal stability. That has meant making responsible decisions step by step, day by day, working closely with our partners in state government," said Governor JB Pritzker. "These responsible decisions are paying dividends, as evidenced by today's upgrade from S&P, last week's upgrade from Moody's and our outlook rise to positive by Fitch. My administration has worked diligently to make real progress, the rating agencies are acknowledging our progress and we remain committed to further strengthening Illinois' fiscal standing."

S&P last upgraded the state's bonds in July 1997 and today's upgrade analysis credited "improved liquidity," "demonstrated operational controls during the COVID-19 pandemic" and an "improving economic condition" in making the rating change.

"Throughout the pandemic, the state has been able to deliver needed services and programs, both traditional governmental and pandemic-response-related without meaningfully changing the debt profile," S&P stated.

The Governor noted all the positive reports from the top rating agencies are the result of many leaders working cooperatively in the best interest of Illinois' taxpayers, especially thanking Speaker Welch, President Harmon, Leader Greg Harris, Senator Sims, Comptroller Mendoza and Treasurer Frerichs for their continued partnership.

S&P upgraded Illinois' rating on its General Obligation bonds from BBB- to BBB with a stable outlook also upgraded the Metropolitan Pier and Exposition Authority ratings to BBB+ from BBB based on the state's support. Build Illinois bonds were upgraded to BBB+ from BBB.

Last week Moody's upgraded Illinois' rating on its General Obligation bonds from Baa3 with a stable outlook to Baa2 with a stable outlook, and also upgraded the Metropolitan Pier and Exposition Authority ratings to Baa3 from Ba1 based on the state's support. Build Illinois bonds were upgraded to Baa2 from Baa3.

In an updated credit analysis issued by Moody's released Wednesday, the rating agency noted last week's credit upgrade was supported by a material improvement in the state's finances, demonstrated by the ability to repay emergency Federal Reserve borrowings promptly and keep unpaid bills in check at a low level.

"One of the most striking developments in recent months was the state's reduction of a "backlog" of unpaid bills, underscoring the improvement in the state's finances," Moody's wrote.

The rating of a state's bonds is a measure of their credit quality. A higher bond rating generally means the state can borrow at a lower interest rate, saving taxpayers millions of dollars.

Key Actions – Responsible Fiscal Management

- After years of mismanagement under previous administrations, the Fiscal Year 2022 budget is Governor Pritzker's third consecutive balanced budget. Two of those budgets were balanced during the once-in-a-lifetime global pandemic.
- The Pritzker administration worked with the General Assembly to seek and secure significant additional ongoing funding, particularly in generating more than \$500 million annually in federal Medicaid matching dollars and closing \$650 million in corporate tax loopholes significantly reducing the state's structural budget deficit.
- The Fiscal Year 2022 budget is a responsible spending plan that is balanced, protects the state's most vulnerable Illinoisans, pays down the state's debts, and rebuilds the state stronger than ever as Illinois comes out of the pandemic. It:
 - is balanced independent of the federal American Rescue Plan
 - fully funds the \$9.8 billion General Funds pension contribution
 - repays \$2 billion emergency Federal Reserve loan early, saving taxpayers tens of millions of dollars
 - repays funds Illinois borrowed from itself to ease cash flow
 - stays current on the state's bills, with bill payment delays at their lowest levels in years.