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FOR IMMEDIATE RELEASE

November 23, 2015

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STANDARD & POOR'S REAFFIRMS COMMONWEALTH'S AA+ BOND RATING, CHANGES OUTLOOK TO "NEGATIVE" DUE TO CONCERNS OVER SPENDING AND FISCAL RESERVES

BOSTON – Monday, November 23, 2015 – In a communication to the Commonwealth, Standard and Poor's Ratings Services today shared that it has affirmed Massachusetts' AA+ credit rating on its General Obligation Bonds, while also providing notice that it is changing the Commonwealth's outlook to "negative" due to concerns about a multi-year trend on spending and the use of reserve funds.

"While we have retained our current AA+ rating, we recognize and acknowledge the areas of concern raised today by Standard and Poor's revised outlook," Treasurer Deb Goldberg said. "I will continue to emphasize the importance of building our reserves, and I look forward to working with the Administration and Legislature to establish the path to a healthier, stronger reserve balance for Massachusetts."

“Since day one of this Administration, we have stressed the importance of bringing spending in line with revenue, achieving structural balance, and building our Stabilization Fund, especially in good times. We have made significant progress in each area, but we have always acknowledged that this requires a multi-year fix to overcome issues which we inherited,” said Administration and Finance Secretary Kristen Lepore. “We take this guidance seriously and will review specific comments with the Treasurer and Legislature to develop a joint strategy and take necessary actions to ensure we remain on strong fiscal footing.”

S&P’s affirmation of the AA+ rating for the Commonwealth cited a number of positive factors, including:

- Strong historical budget performance, with timely monitoring of revenues and expenditures and swift action when needed to make adjustments, with a focus on structural solutions to budget balance;
- Strong financial, debt, and budget management policies, including annualized formal debt affordability statements, and multiyear capital investment and financial planning;
- An adequate Budget Stabilization Fund balance;
- High wealth and income levels; and
- Deep and diverse economy, which continues its steady recovery.

State general obligation ratings are largely based on four main factors: the state’s economy, financial position, debt and financial management, and long-term liabilities.

The Commonwealth has maintained its current ratings since September 2011 when it was upgraded by Standard and Poor’s.

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