CALIFORNIA STATE TREASURER JOHN CHIANG

# NEWS RELEASE

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## One of Nation's Largest Credit Agencies Speaks Out on Governor, Treasurer's Pension Stabilization Plan

**SACRAMENTO** – Yesterday afternoon, Moody’s Investors Service, one of the nation’s three largest credit rating agencies, issued a report on the pension stabilization plan proposed by Governor Brown and Treasurer Chiang. The ratings service concluded the proposal is a “credit positive development because it suggests the state will aggressively counter a projected rise in its unfunded pension liabilities” at the California Public Employees’ Retirement System.

“Moody’s adds an exclamation point to what the Governor and I have been saying about this plan: It is a fiscally prudent action that could drive down California’s $59 billion unfunded pension obligation by $11 billion over the next 20 years,” said Chiang. “Without having to reach deeper into the pockets of taxpayers or the public workforce who serves them, we can start paying off our highest cost debt and, at the same time, strengthen the state’s credit. Every dollar we can avoid paying in pensions costs or interest to Wall Street is a dollar that can go to education, healthcare and public safety.”

Moody’s analysis also confirmed the following:

- “Unlike a pension bond, the proposal would effectively borrow from the state’s own savings and at a lower rate than if it issued taxable bonds to fund the addition pension contribution.”
- “Even after the supplemental pension contribution, California’s available liquidity will remain healthier than in recent years."

**Get more information on the pension stabilization plan:**

California Pension Stabilization Plan Fact Sheet

FAQ

Here's What Experts Are Saying About the California Pension Stabilization Proposal

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