STATE TREASURY OF MISSISSIPPI

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Mississippi's Credit Rating Troubles

Last week, the Standard & Poor's (S&P) credit rating agency gave Mississippi a stern warning about our spending, borrowing, and taxing habits, maintaining our AA rating, but downgrading our Outlook from Stable to Negative.

You may recall that last year, the other two rating agencies made similar adjustments to our credit ratings. Fitch Ratings downgraded State's GO debt to AA (from AA+) on July 15, 2016. And, Moody's affirmed our Aa2, but downgraded State's outlook to Negative on August 11, 2016.

The State's Credit ratings are a lot like your credit scores as an individual consumer. Good ratings mean that the State can borrow on better terms, saving taxpayers money. So, when we get warnings like this, it's incumbent upon the State to take serious notice. The S&P report laid out a very specific roadmap to our troubles, including:

- Weakness in revenue trends
- Weakness in several national indicators, such as economic growth, population growth, educational attainment, unemployment, and industry diversity
- An already stressed budget
- High debt burden
- Low and declining funded ratio for the Mississippi Public Employees Retirement System (PERS)

S&P also indicated that we could have experienced a full downgrade if not for the Governor's responsiveness in making mid-year budget adjustments in response to shortfalls against our revenue estimates. Being proactive in our actions is an important part of what these agencies want to see if they are going to affirm Mississippi as a fiscally sound investment.

You can read S&P's full report here.