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State Credit Ratings Trends

Since our last survey of state credit ratings in October 2011, the general credit trend for states has been mixed. State revenues generally continue to improve, though performance varies greatly state-to-state. Some states are seeing revenues come in well above estimates, while others are facing looming mid-fiscal year budget gaps due to revenue growth that has been less robust than projected. Over the past four months, three states have seen their general credit ratings change; two downgrades and one upgrade. In addition, a total of ten outlook changes were made by the three rating agencies on eight states. The table on page 2 shows the current ratings and outlook for the 50 states, with changes highlighted in **bold, italicized text**.

It is difficult to identify an overriding credit trend among state ratings at this time. Moody's seems to view the credit landscape most negatively, downgrading Connecticut and Illinois and changing Arizona's and Washington's rating outlooks to Negative from Stable. Moody's did adjust some outlooks upward, primarily due to its affirmation of the credit rating of the United States of America and the lessening of credit risks to states more heavily dependent on federal funding. In contrast, S&P upgraded the state of Alaska to AAA and also raised the outlooks for Arizona and California to Stable and Positive, respectively.

Our expectation going forward is that the trend in overall state credit quality will mirror the strength of the national economic recovery. If we continue to see slow but sustained improvement in employment, manufacturing activity and overall retail sales activity, we expect that state credit quality will stabilize at current levels.



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Updated Credit Ratings of the 50 States – 3/2/12

State	Ratings ⁽¹⁾	Rating Outlooks
Alabama	Aa1 / AA / AA+	Stable / Stable / Stable
Alaska	Aaa / AAA / AA+	Stable / Stable / Stable
Arizona ⁽²⁾	Aa3 / AA- / nr	Stable / Stable / na
Arkansas	Aa1 / AA / nr	Stable / Stable / na
California	A1 / A- / A-	Stable / Positive / Stable
Colorado ⁽²⁾	Aa1 / AA / nr	Stable / Stable / na
Connecticut	Aa3 / AA / AA	Stable / Stable / Stable
Delaware	Aaa / AAA / AAA	Stable / Stable / Stable
Florida	Aa1 / AAA / AAA	Stable / Stable / Negative
Georgia	Aaa / AAA / AAA	Stable / Stable / Stable
Hawaii	Aa2 / AA / AA	Stable / Stable / Stable
Idaho ⁽²⁾	Aa1 / AA+ / AA	Stable / Stable / Stable
Illinois	A2 / A+ / A	Stable / Negative / Stable
Indiana ⁽²⁾	Aaa / AAA / AA+	Stable / Stable / Stable
Iowa ⁽²⁾	Aaa / AAA / AAA	Stable / Stable / Stable
Kansas ⁽²⁾	Aa1 / AA+ / AA	Negative / Stable / Stable
Kentucky ⁽²⁾	Aa2 / AA- / AA-	Negative / Stable / Negative
Louisiana	Aa2 / AA / AA	Stable / Stable / Stable
Maine	Aa2 / AA / AA+	Stable / Negative / Negative
Maryland	Aaa / AAA / AAA	Negative / Stable / Stable
Massachusetts	Aa1 / AA+ / AA+	Stable / Stable / Stable
Michigan	Aa2 / AA- / AA-	Stable / Stable / Positive
Minnesota	Aa1 / AA+ / AA+	Negative / Stable / Stable
Mississippi	Aa2 / AA / AA+	Stable / Stable / Stable
Missouri	Aaa / AAA / AAA	Stable / Stable / Stable
Montana	Aa1 / AA / AA+	Stable / Stable / Stable
Nebraska ⁽²⁾	Aa2 / AAA / nr	Stable / Stable / na
Nevada	Aa2 / AA / AA+	Stable / Stable / Stable
New Hampshire	Aa1 / AA / AA+	Stable / Stable / Stable
New Jersey	Aa3 / AA- / AA-	Stable / Stable / Stable
New Mexico	Aaa / AA+ / nr	Negative / Stable / na
New York	Aa2 / AA / AA	Stable / Stable / Positive
North Carolina	Aaa / AAA / AAA	Stable / Stable / Stable
North Dakota	Aa1 / AA+ / nr	Stable / Positive / na
Ohio	Aa1 / AA+ / AA+	Negative / Stable / Stable
Oklahoma	Aa2 / AA+ / AA+	Stable / Stable / Stable
Oregon	Aa1 / AA+ / AA+	Stable / Stable / Stable
Pennsylvania	Aa1 / AA / AA+	Negative / Stable / Negative
Rhode Island	Aa2 / AA / AA	Negative / Stable / Stable
South Carolina	Aaa / AA+ / AAA	Stable / Stable / Stable
South Dakota ⁽²⁾	Aa2 / AA+ / AA	Stable / Stable / Stable
Tennessee	Aaa / AA+ / AAA	Stable / Positive / Stable
Texas	Aaa / AA+ / AAA	Stable / Stable / Stable
Utah	Aaa / AAA / AAA	Stable / Stable / Stable
Vermont	Aaa / AA+ / AAA	Stable / Stable / Stable
Virginia	Aaa / AAA / AAA	Negative / Stable / Stable
Washington	Aa1 / AA+ / AA+	Negative / Stable / Negative
West Virginia	Aa1 / AA / AA+	Stable / Stable / Stable
Wisconsin	Aa2 / AA / AA	Stable / Stable / Stable
Wyoming ⁽²⁾	nr / AAA / nr	na / Stable / na

⁽¹⁾ Long-term debt ratings from Moody's / S&P / Fitch.

⁽²⁾ No GO debt outstanding. Listed ratings and outlooks reflect the highest issuer rating or state supported appropriation debt rating

Sources: Moody's; S&P; Fitch

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