

Governor Phil Murphy

ICYMI: Moody's Upgrades New Jersey's Credit Rating Again

04/6/2023

Fourth Rating Upgrade in the past 13 months

TRENTON -Moody's Investors Service today upgraded New Jersey's issuer rating and its rating on the state's general obligation bonds to 'A1' from 'A2,' citing the state's "solid economic recovery " and "An unprecedented level of budgetary surplus."

This is Moody's second upgrade in just over a year, bringing New Jersey's rating to its highest level in nearly a decade. This is the fourth upgrade the state has received from a major ratings agency since March of 2022.

"This upgrade from Moody's is further proof that the choices we've made to prioritize our surplus and our long-neglected pension contributions have paid off," said Governor Phil Murphy. "We've achieved this sound financial footing while continuing to invest in the essential programs New Jerseyans rely on."

"This latest upgrade is a testament to the administration's diligent efforts to put New Jersey on a sound fiscal foundation," said Treasurer Elizabeth Maher Muoio. "Governor Murphy's focus on making the full pension payment in each of the last three years, while at the same time paying down the State's outstanding debt and building a more sustainable surplus has paid dividends in the form of four credit rating upgrades in the past 13 months."

In assigning the upgrade, Moody's said "New Jersey's issuer rating upgrade to A1 incorporates a solid economic recovery, with job gains leading the region and driving employment above the state's pre-pandemic peak. It is supported by the state's commitment to full, actuarial pension contributions through fiscal 2024 (starting 7/1/2023) and its additional allocations of funds to a program to defease debt and cash-fund capital projects. These factors underscore continuing improvement in New Jersey's governance characteristics..."

The agency also lauded New Jersey's budget surplus.

"An unprecedented level of budgetary surplus should position the state to respond to any economic dislocations caused by rising interest rates or other near-term conditions, while also maintaining the commitment to diligent long-term liability management," the agency said in a release announcing the upgrades.

In March of 2022, Moody's upgraded the state's general obligation bonds from 'A3' to 'A2,' followed closely by S&P, which upgraded its rating from 'BBB+' to 'A-'. In September, Fitch Ratings upgraded its rating to 'A' from 'A-.'

The press release (https://urldefense.com/v3/\_https://t.e2ma.net/click/jw2wcj/7ys5259b/7elq62\_!!J30X0ZrnC1oQtBA!Kkt6bSP3dkCUzphFp0dH\_gls7pcQNXvn56xAR54Ls49k\_EfDXZhoTE9J\_IWuva5-EhvfeBZOkHvQsU2q8Gx0Aqx\$) issued by Moody's Investors Services as well as a chart of New Jersey's ratings' history (https://urldefense.com/v3/\_https://t.e2ma.net/click/jw2wcj/7ys5259b/n7lq62\_!!J30X0ZrnC1oQtBA!Kkt6bSP3dkCUzphFp0dH\_gls7pcQNXvn56xAR54Ls49k\_EfDXZhoTE9J\_IWuva5-EhvfeBZOkHvQsU2q820YbKR\$) are attached.

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