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For Immediate Release
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STATEMENT FROM STATE TREASURER RICHARD MOORE REGARDING NORTH CAROLINA'S "AAA" CREDIT RATING

"Moody's Investors Service announced today it is downgrading North Carolina's credit rating one step from "AAA" to "Aa1 with stable outlook" effective immediately. Moody's cites the State's "continued budget pressure, its reliance on non-recurring revenues, and its weakened balance sheet" as reasons for this downgrade. The State continues to retain a "AAA" rating with the two other credit rating agencies, Standard and Poor's and Fitch.

While Moody's announcement is certainly disappointing news, we must now focus on the steps North Carolina can take to regain its "AAA" rating, including restoring structural balance and building the State's cash reserves. Moody's credits North Carolina for moving from "a low wage manufacturing economy to a knowledge-based economy," underscoring the need for the State to remain progressive.

It is important to note that North Carolina is not in this difficult situation alone. Many other states across the nation are dealing with the effects of the economic downturn. Since April of 2001, seven states have received credit rating downgrades - some of them more than once, and by more than one rating agency.

Governor Easley and the Legislature have already taken important steps to address the current budget shortfall through a combination of new revenue sources and cuts in expenditures. These types of actions must continue to be taken to ensure the State's budget is structurally balanced. It is essential that there also be an ongoing commitment to rebuild the State's cash reserves.

Regardless of today's announcement, North Carolina must continue taking the actions that are expected of a "AAA"-rated state. Now, more than ever, it is imperative that North Carolina carry on its long-standing tradition of fiscal prudence and responsibility in order to regain the "AAA" rating that has served us well for so many years."

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