nearly 97,000 jobs and our unemployment rate is almost 30 percent lower than the national rate and far better than most states in America and the very best in our region.

So let’s move on to the business of the day. This morning we will be conducting our semi-annual bond sale and I know that the Treasurer and her staff have been working very hard to make sure that today’s bond sale is a huge success. Last week, all three bond rating agencies reaffirmed Maryland’s AAA bond rating, which is really quite an accomplishment, especially in the middle of this, while responding to a crisis that has created a multiyear budget crisis unlike anything the State has ever experienced before and much worse than the Great Recession. This AAA bond rating is the result of all of us working together in a bipartisan manner, acting as prudent stewards of the taxpayers’ money. And all three rating agencies noted our State’s vigilant debt management, sound budget policy, and proactive fiscal management, including the Board’s quick, decisive actions to address the midyear shortfalls.

S&P Global Ratings praised the proactive action taken by this Board in May to help close fiscal 2020’s budget shortfall by implementing $120.7 million in spending cuts. Consistent with our strong management practices, S&P expects us to actively manage our budget in fiscal 2021 to address the shortfall. But they state, and I quote, “while we recognize decisions on expenditure reductions are not easy or politically palatable, prolonged delay on enacting such
revisions to later in the fiscal year may diminish their effectiveness.” Typically, S&P’s rating outlook timeframe is up to two years. But, given the current uncertainty around this pandemic, that is subject to change. And if we prove unable to enact budget cuts, or draw down our reserves to a level that is unlikely to be replenished, we could risk S&P having to revise this outlook or lower our rating.

Fitch Ratings cited our willingness to utilize our superior gap closing capacity to trim spending commitments in response to changing circumstances. And Fitch mentions the $413.2 million in spending reductions implemented by this Board on July 1st and the additional $205 million in proposed cuts which were deferred until we receive the new revenue and economic data over the next several weeks. But even with these actions, Fitch points out that a sizable gap remains to be solved.

So, all three of us need to continue our hard work together in a bipartisan manner, continuing to step up and to make some very tough decisions in order to make it through these difficult times. Not taking action is not an option and the Maryland Department of Budget and Management will have to bring cuts back before us in September. Failing to take action on the $205 million in items that have been deferred would result in having to lay off more than 3,157 State employees.
While State and local governments across America have already laid off 1.6 million government workers, here in Maryland we have so far avoided cutting the jobs of State employees. But the three of us face very tough decisions about cutting spending or cutting people. And I’m going to fight to try to keep people working.

I want to applaud my colleagues, Treasurer Kopp and Comptroller Franchot, and their staffs for their tremendous work and thank them and their staffs for the collaboration with our team, especially Budget Secretary David Brinkley and his staff. We could not have received this AAA bond rating without all of us working together. And only by continuing to work together will we be able to maintain that AAA bond rating through this economic crisis.

With that, I’m going to turn it over for any opening remarks from my colleagues. Madam Treasurer, the floor is yours.

TREASURER KOPP: Thank you. Thank you, Governor. Yes, I think all Maryland should take pride in the fact that the rating agencies and investors across the country understand that Maryland makes tough decisions and investment in Maryland is a very good investment. We’ll see in about an hour exactly how good, how much they are willing to pay. But there is no doubt that a AAA rating in these times is very significant.

I would endorse what you said, support what you said, and add only that among the strengths that the rating agencies note are not only the ability
to cut the budget, the Board of Public Works when the Legislature is not in
session, the Legislature when they are in session, a regular or a special session,
but also to transfer funds and to raise revenue when necessary. The whole
picture, in other words, the whole puzzle. And I do believe that by the end of this
fiscal year and next year, when we address all of these problems, it will be using
our full range of tools and weapons to fight this recession.

I don’t think we can let today go by without noting the passing of
Congressman John Lewis, a great American. Some of us who are old enough,
perhaps not you, Governor, remember the 1960s and walking in the streets and I
never went down to Mississippi or Alabama. But I remember when we went even
to Southern Virginia, they were very difficult times. There was a lot of, just a lot
of trouble. He, John Lewis and his colleagues, made what they call good trouble,
good trouble, trouble to accomplish great ends. And I think he had to know in his
last days that in fact while we’re still fighting and we have hardly made the
progress we wished we had, there has been great progress since those days in the
sixties. And a lot of it was due to people like John Lewis, our own Elijah
Cummings, people who put their lives on the line. And I think in every state
throughout the nation there are people mourning and there are people rededicating
themselves also to the fight for equality and decency. And I know Maryland will
be there in the forefront of that fight. So I thank you.