

Market Insights

Sector Intelligence | U.S. Public Finance

S&P Global
Ratings

Jan. 9, 2024 | Data as of Dec. 31, 2023

This report does not constitute a rating action.

Key Takeaways

- There have been more than 2,000 rating actions in U.S. public finance (USPF) throughout 2023.
- Upgrades continued to outpace downgrades in December.
- Overall in 2023, USPF rating actions were relatively stable to positive for most sectors. The exceptions were health care, which saw three times as many downgrades as upgrades, and public power, where downgrades narrowly surpassed upgrades.

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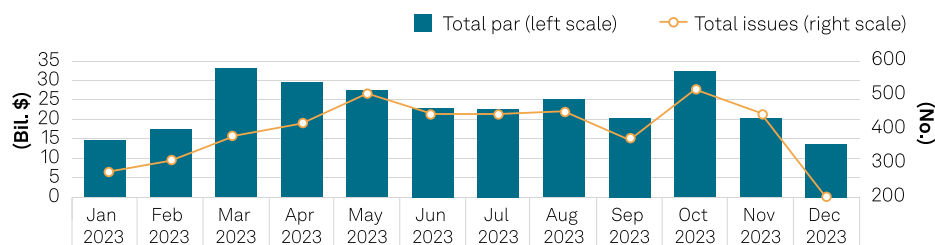
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U.S. public finance at a glance

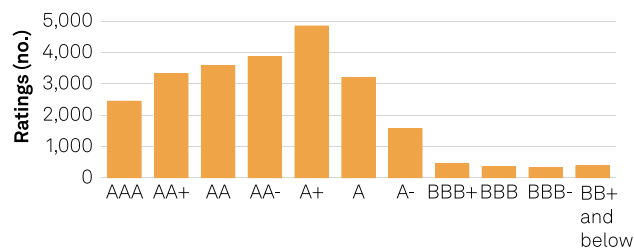
24,000+
Ratings

Rating changes	Dec 2023 (no.)	2023 (no.)
Upgrades	35	949
Downgrades	17	278
Outlook and CW changes		
Favorable	18	322
Unfavorable	24	452

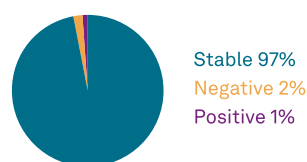
S&P Global Ratings rated new issuance



Rating distribution



Outlook distribution



Source: S&P Global Ratings.

Recent Research

U.S. State Ratings And Outlooks:
Current List, Dec. 16, 2023

U.S. Not-For-Profit Retail Electric
Sector Update And Medians:
Despite Some Deterioration,
Resilient Metrics Support Ratings,
Dec. 13, 2023

U.S. Not-For-Profit Health Care
Rating Actions, November 2023,
Dec. 13, 2023

U.S. Public Finance 2023 Year In
Review: Better Than Expected, Dec.
12, 2023

Outlook For Global Not-For-Profit
Higher Education: Credit Quality
Divergence Continues, Dec. 7, 2023

Historical Peak Of Negative
Outlooks Signals Challenges Remain
For U.S. Not-for-Profit Acute Health
Care Providers, Dec. 6, 2023

For more
Research
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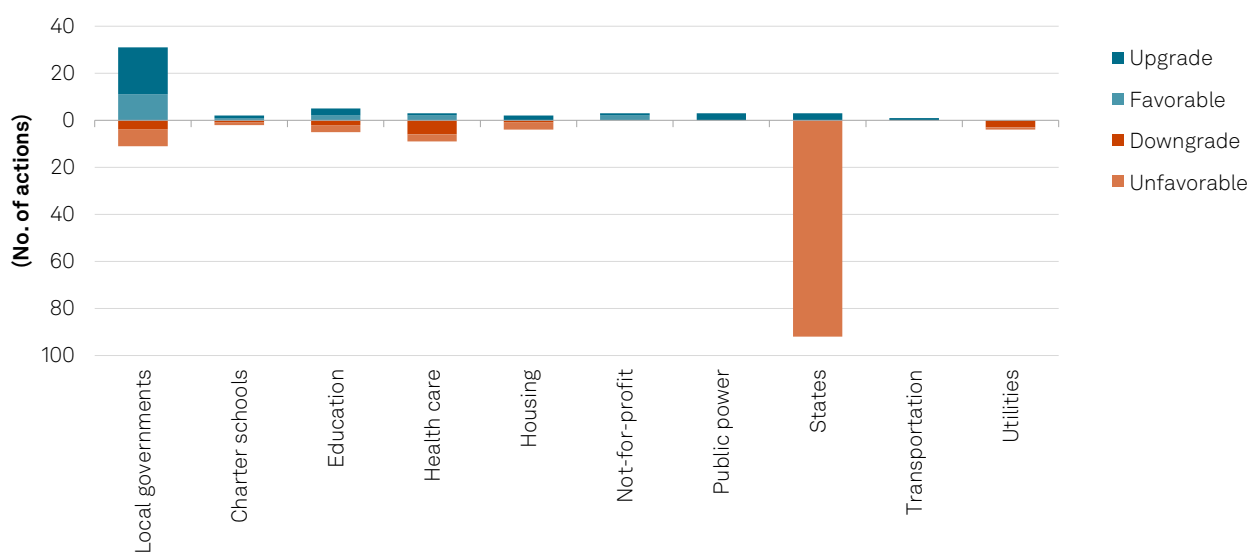
An Excel workbook containing a
master list of rating actions by
security type and by issues year to
date can be downloaded [here](#).

Note: In this report, we define "rating changes" as rating upgrades and downgrades; "rating actions" as rating changes, in addition to outlook changes and CreditWatch assignments or resolutions; "favorable" actions as outlook changes to stable from negative and to positive from stable, or placement of a rating on CreditWatch with positive implications; and "unfavorable" actions as outlook changes to negative from stable and to stable from positive, or placement of a rating on CreditWatch with negative implications. For local governments, we exclude school program rating actions tied to state rating actions. As of May 2023, community college districts are now reported under the education sector coinciding with the release of our revised criteria for [Global Not-For-Profit Education Providers](#), published April 24, 2023.

USPF Rating Activity

Chart 1

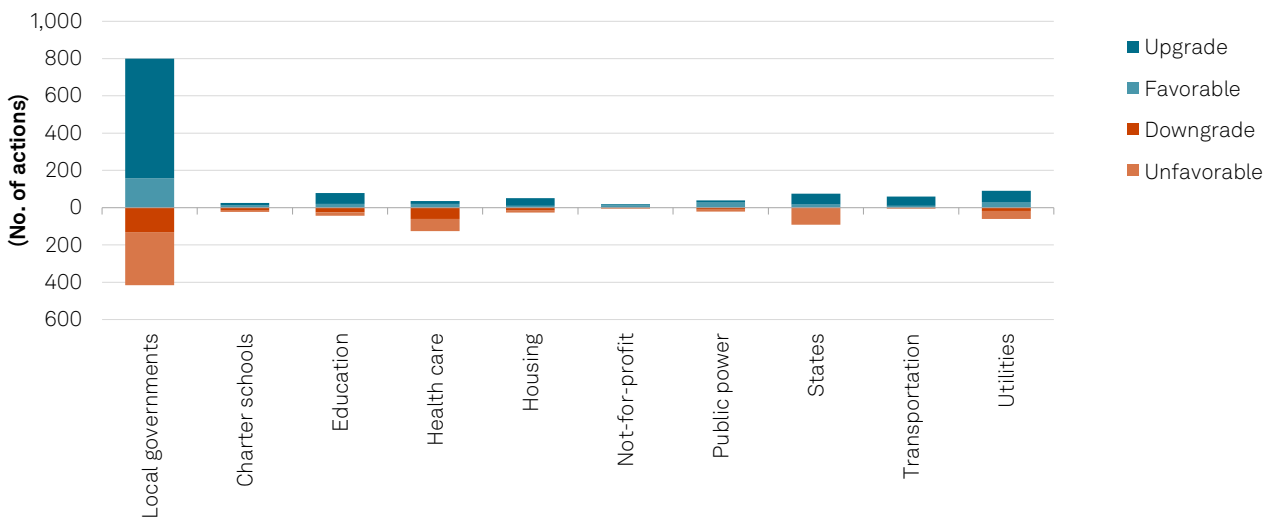
USPF December rating actions by sector



Source: S&P Global Ratings.

Chart 2

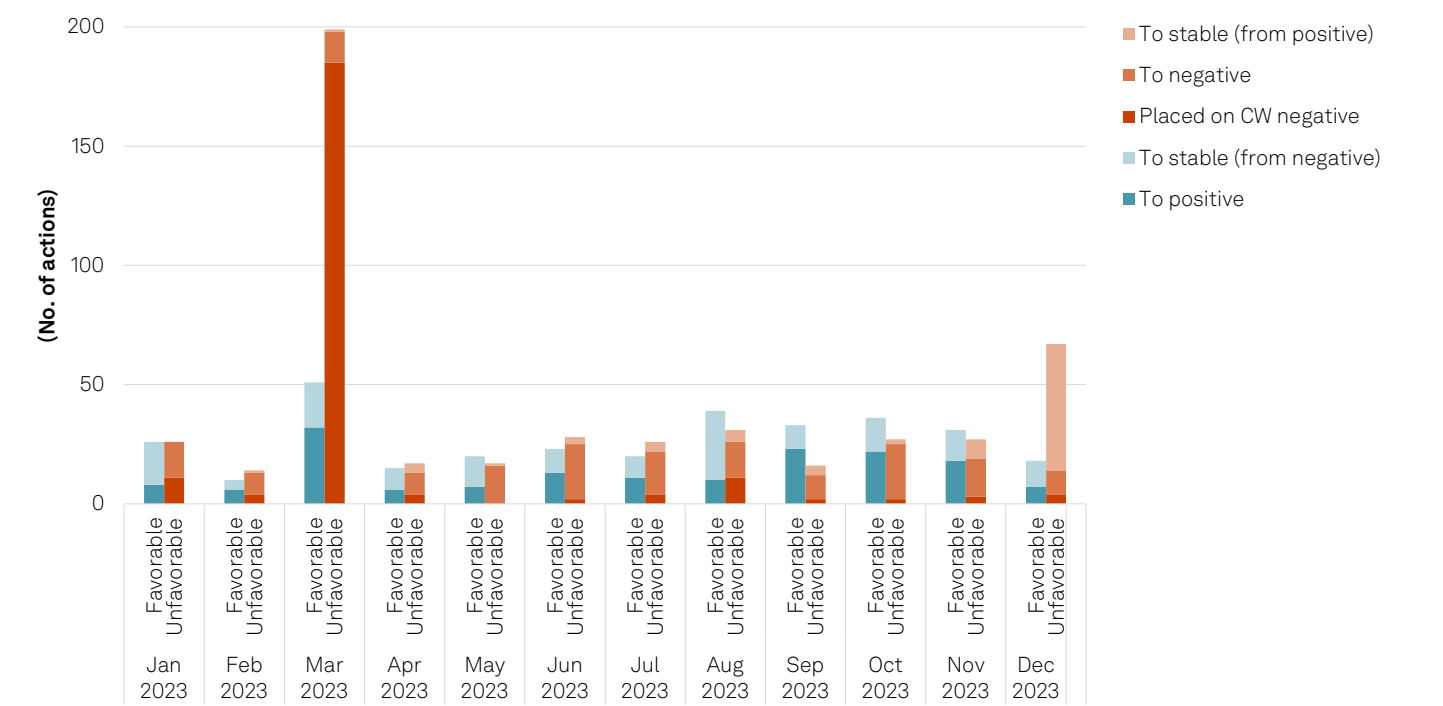
USPF rating actions by sector YTD 2023



Source: S&P Global Ratings.

Chart 3

USPF outlook and CreditWatch actions by month



CW—CreditWatch. Source: S&P Global Ratings.

Sector Spotlight--Retail Electric Sector Update And Medians

Nearly 60% of S&P Global Ratings' not-for-profit retail electric utility ratings are in the 'A' category, with a median and modal rating of 'A+', reflecting our view of healthy operations and finances amid utility-specific and industrywide challenges.

Largely stable outlooks reflect our expectation that most issuers are well positioned to manage the challenges facing the sector, yet we are seeing that inflationary pressures are affecting some utilities where retail rates are not increasing in lockstep with cost increases or are exhibiting rising delinquent accounts.

Median financial metrics for fixed-charge coverage and debt to capitalization have held for the past three years, which we attribute to widespread rate-setting autonomy, the general practice of passing through power and fuel costs to ratepayers, and credit-supportive management policies and practices.

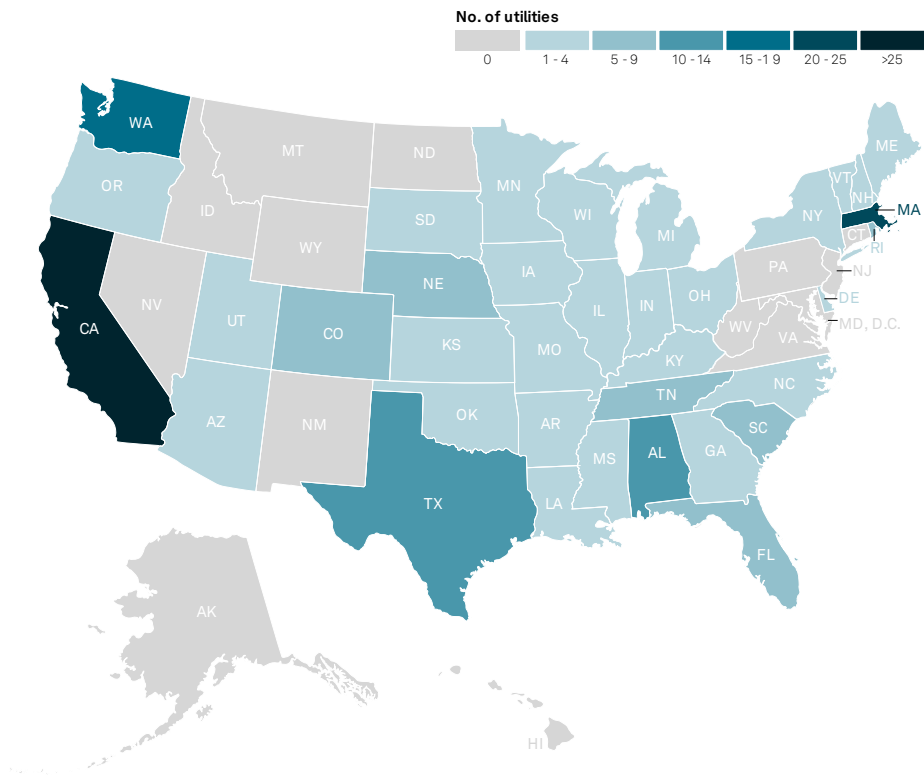
However, even as the median nominal amount of available financial reserves has increased over the past three years, median days' liquidity has slightly declined as utility operating expenses have increased.

We lowered nine ratings and raised three ratings through December 2023. We revised four outlooks to negative from stable and two to positive from stable. These actions largely reflected a weaker alignment among revenues, expenses, and debt service where retail rates did not keep pace with rising costs.

Chart 4

Retail public power utilities by state

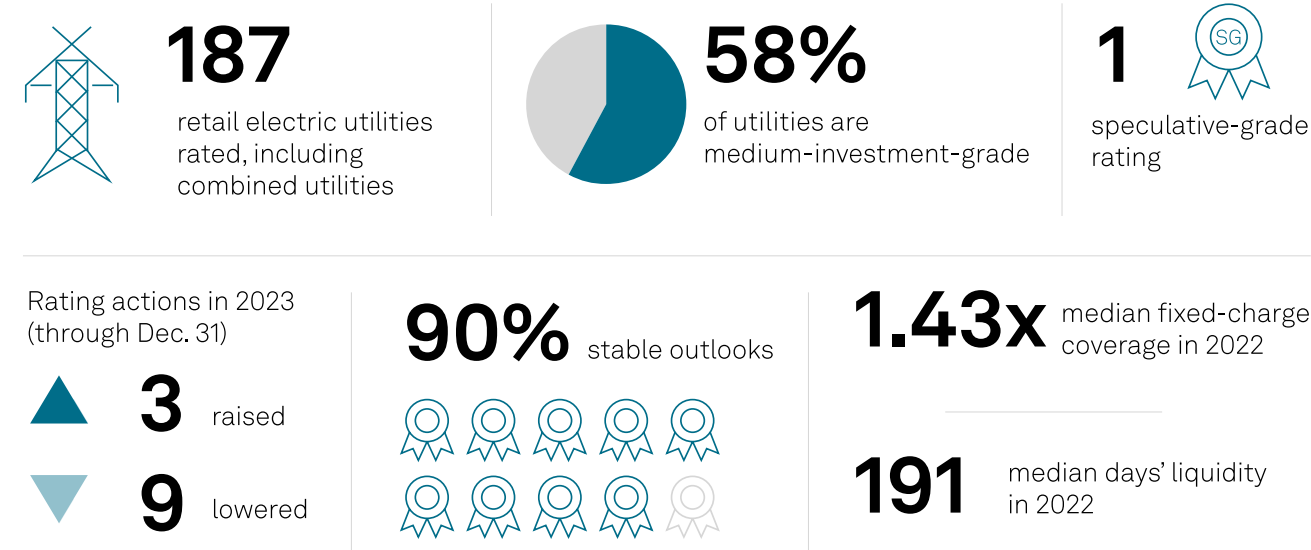
As of December 2023



Note: We also rate the Guam Power Authority. Of the 187 utilities, some are combined utilities that provide other services besides electricity, such as natural gas, water, or wastewater. The combined utilities included have historically obtained most of their net revenue from their electric systems. Source: S&P Global Ratings.

Chart 5

Not-for-profit retail electric utilities: By the numbers

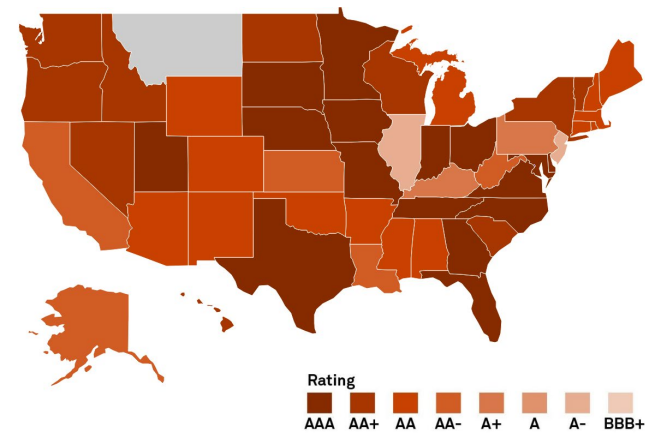


U.S. State Ratings

Ratings represented in table 1 are the state general obligation debt ratings or issuer credit ratings. Ratings on other debt issued by the state will vary based on the security backing the bonds. For more information, see our [History Of U.S. State Ratings](#), and [U.S. State Ratings And Outlooks: Current List](#).

Chart 6

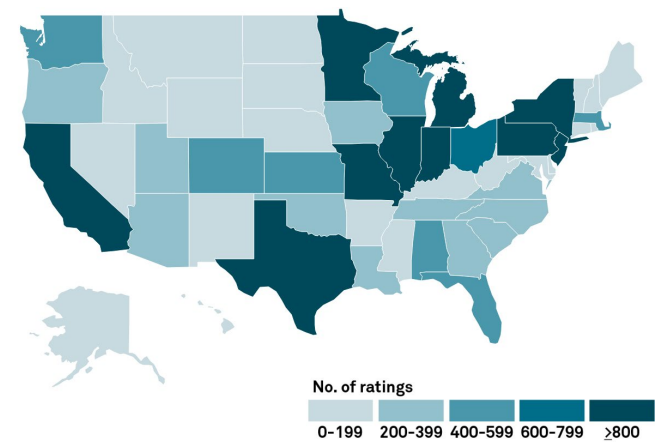
U.S. state ratings



Unrated states are in grey.
Source: S&P Global Ratings.

Chart 7

No. of ratings by state



The chart includes all sectors. Source: S&P Global Ratings.

Table 1

U.S. state rating actions in 2023

State	Rating action	Outlook action	Current rating	Previous rating	Current outlook	Previous outlook	Date of rating action
California	Affirmation	Outlook to stable	AA-	AA-	Stable	Positive	Dec. 15, 2023
Ohio	Upgrade	No change	AAA	AA+	Stable	Stable	Dec. 8, 2023
Montana*	Withdrawn	Stable to N.M.	NR	AA	N.M.	Stable	Nov. 14, 2023
Pennsylvania	Affirmation	Outlook to positive	A+	A+	Positive	Stable	Sept. 22, 2023
Oklahoma	Affirmation	Outlook to positive	AA	AA	Positive	Stable	July 20, 2023
Kentucky	Upgrade	Outlook to stable	A+	A	Stable	Positive	June 29, 2023
Massachusetts	Upgrade	Outlook to stable	AA+	AA	Stable	Positive	April 14, 2023
New Jersey	Upgrade	Outlook to stable	A	A-	Stable	Positive	April 12, 2023
Louisiana	Affirmation	Outlook to positive	AA-	AA-	Positive	Stable	March 31, 2023
Kansas	Affirmation	Outlook to positive	AA-	AA-	Positive	Stable	Feb. 28, 2023
Illinois	Upgrade	No change	A-	BBB+	Stable	Stable	Feb. 23, 2023

*We withdrew our rating on Montana's debt because of debt defeasance. N.M.--Not meaningful. NR--Not rated.
Source: S&P Global Ratings.

Appendix

Table 2

Number of rating actions by sector December 2023

	Rating changes		Outlook changes			CW changes	
Sector	Upgrade	Downgrade	Outlook to positive	Outlook to negative	Outlook to stable	Placed on CW negative	Removed from CW
Charter schools	1	1	1		1		
Education	3	2	1	3	1		
Health care	1	6	1	1	2	1	1
Housing	2	1				3	
Local governments	20	4	3	5	10		5
Not-for-profit	1		1		1		1
Public power	3						
States	3				49		
Transportation	1						
Utilities		3		1			

CW—CreditWatch. Source: S&P Global Ratings.

Table 3

Number of rating actions by sector YTD 2023

	Rating changes		Outlook changes			CW changes	
Sector	Upgrade	Downgrade	Outlook to positive	Outlook to negative	Outlook to stable	Placed on CW negative	Removed from CW
Charter schools	13	12	8	6	8	1	2
Education	57	25	10	16	12	1	1
Health care	15	60	14	47	16	9	12
Housing	41	15	3	4	9	5	2
Local governments	641	130	81	74	95	193	133
Not-for-profit	6	4	8		6		1
Public power	8	11	3	7	28	2	3
States	58		17		6		
Transportation	50	3	5	2	5		
Utilities	60	18	14	21	17	21	14

CW—CreditWatch. Source: S&P Global Ratings.

Editor’s note

In this report we present rating actions at the debt type level (e.g., general obligation, sales tax, parking revenue, etc.) rather than at the issuer level. Therefore, an issuer may have multiple rating actions associated with it in different sectors in the tables and charts. Because we present the rating actions at the debt level, the metrics presented in this above may not be comparable to other research published by S&P Global Ratings or by other S&P Global divisions.

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