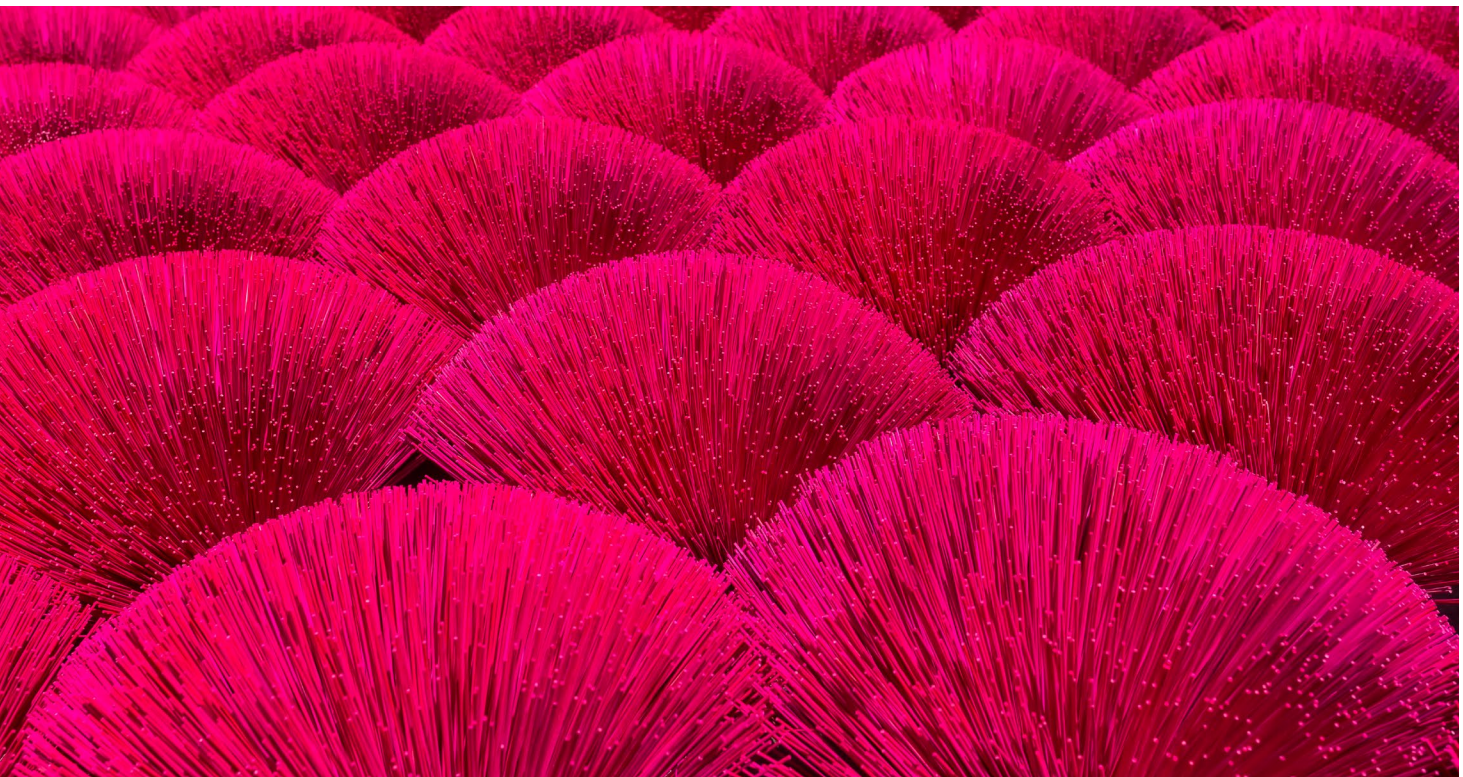# Automating the Credit Scoring and Data Collection

U.S. Local Governments, Utility Systems,
Not-for-Profit Healthcare Entities

The US Public Finance sector comprises tens of thousands of rated and unrated issuers. Many institutions, governments, and corporations need to assess the credit quality of these issuers, but often spend more time gathering the necessary data than conducting a robust credit risk analysis.

This is where the PFAST automated credit scoring and data solution comes in. The solution is comprised of: PFAST Scores, Credit Assessment Scorecards, and a Batch Scoring capability.

Introducing PFAST Scores

A powerful new credit score covering nearly all U.S. local governments, Water & Sewer and non-for profit healtchare entities
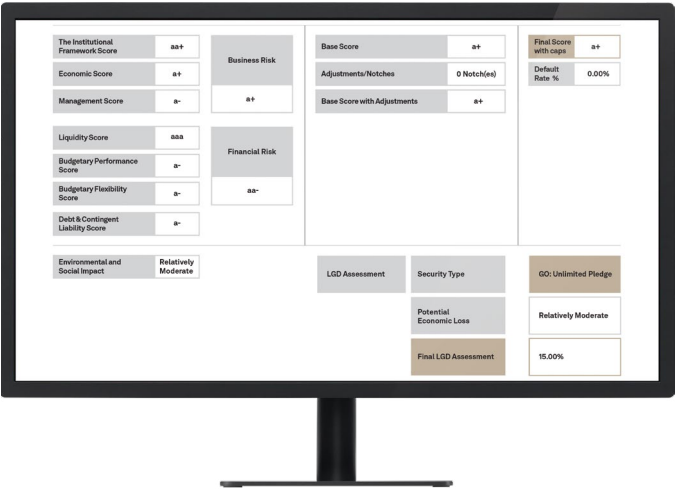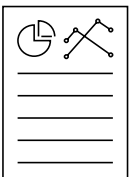
S&P Global Market Intelligence provides you with quantitatively derived scores for nearly all local governments including: cities, counties, and school districts , Waterworks, sanitary sewers, and drainage utility systems and not-for-profit acute-care stand-alone hospitals and healthcare systems in the U.S. PFAST Scores are generated by leveraging key financial and economic risk factors. These scores are updated on a regular basis using the latest financial and economic data.

PFAST Scores Development Process

Gather financial & economic data

Input data into PFAST Scores Model

Model outputs PFAST Scores

The Institutional Framework Score	aa+
Economic Score	a+
Management Score	a-

Business Risk	a+

Liquidity Score	aaa
Budgetary Performance Score	a-
Budgetary Flexibility Score	a-
Debt & Contingent Liability Score	a-

Financial Risk	aa-

Environmental and Social Impact	Relatively Moderate

Base Score	a+
Adjustments/Notches	0 Notch(es)
Base Score with Adjustments	a+

Final Score with caps	a+
Default Rate %	0.00%

LGD Assessment	Security Type	GO: Unlimited Pledge
	Potential Economic Loss	Relatively Moderate
	Final LGD Assessment	15.00%

bbb+

Source: PFAST, S&P Global Market Intelligence, May 2022 For illustrative purposes only.

Credit Assessment Scorecards

Our Local Government PD and LGD Scorecard undergoes a rigorous development process to test/maintain its predictive power

Complementing the simplicity of the PFAST Scores are our Credit Assessment Scorecards. These Scorecards provide a prospective credit risk assessment that combines qualitative risk factors with quantitative risk indicators. S&P Global Market Intelligence has collected the three most current years of financial and economic data-points on all rated and unrated Local Governments. These data points are automatically spread in an Excel file. To further refine your assessment, you then have the option to review eight qualitative risk factors. Scorecard numerical score outputs are broadly aligned with S&P Global Ratings' criteria and further supported by historical default data dating back to 1981.

Sample Local Government Scorecard Output

The Institutional Framework Score	aa+	**Business Risk**		Base Score	a+	**Final Score with caps** — a+
Economic Score	a+			Adjustments/Notches	0 Notch(es)	**Default Rate %** — 0.00%
Management Score	a-	a+		Base Score with Adjustments	a+	
Liquidity Score	aaa	**Financial Risk**				
Budgetary Performance Score	a-					
Budgetary Flexibility Score	a-	aa-				
Debt & Contingent Liability Score	a-					

Environmental and Social Impact	Relatively Moderate

LGD Assessment	Security Type	GO: Unlimited Pledge
	Potential Economic Loss	Relatively Moderate
	Final LGD Assessment	15.00%

Source: PFAST Credit Assessment Scorecards, S&P Global Market Intelligence, 2022. For illustrative purposes only.

Batch Scoring

Proactively manage your municipal exposures for portfolio management

PFAST enables you to access a unique dataset of financial and economic data through our Batch Scoring process. Through this process, you can score your municipal portfolio in minutes by simply inputting a CUSIP or S&P Capital IQ identifier, and you can generate risk scores for each city, county, and school district, Water & Sewer and non-for profit healthcare entities. In addition, you can monitor the performance of your portfolio as new financials and economic data are made available.

Sample PFAST Batch Scoring Output

CUSIP 9 or CIQID	Financial Year	Municipal Entity Type	State	Economic Score	Business Risk	Liquidity Score	Budgetary Performance	Budgetary Flexibility Score	Debt and Contingent Liabilities Score	Financial Risk Profile	Base Score	Adjustments/ Notches	Base Score with Adjustments	Final Score (w/caps)	Environmental and Social Impact	Potential Economic Loss	LGD
03442MBP3	2020	Lake School District	NY	aa-	aa-	a-	aaa	aaa	aa-	aa-	aa		aa	a-	Relatively High	Relatively Moderate	15%
357171A47	2020	River School District	CA	aa+	aa+	a-	aa-	aa-	ccc+ and below	aa-	aa+	1 Notch Down	aa	a-	Relatively Moderate	Relatively High	15%
45712MC4	2020	Pond School District	MN	a-	aa-	aa+	aa-	aa-	aa-	aa+	aa		aa	aa	Relatively Low	Relatively High	20%
6589897LD1	2020	Bay City	LA	aa-	aa	aaa	aa-	aa-	aa+	aa+	aa+	2 Notches Down	aa-	aa-	Relatively Low	Very High	20%
054724LD2	2020	Ocean City	OH	a-	aa-	a-	aaa	aaa	a-	aa+	aa	1 Notch Down	aa-	aa-	Relatively Low	Relatively High	25%
46556DM0	2020	Gulf County	MI	aa+	aa+	aa+	aa-	aa-	aa+	aa-	aa+	2 Notches Down	aa-	aa-	Very High	Relatively High	20%
2454524LI9	2020	Creek School District	MO	ccc+ and bellow	a-	aa-	aa+	aa+	aa-	aa	a+		a+	a+	Very Low	Very Low	20%
45712MC4	2020	Sea City	IL	a+	aa-	ccc+ and below	aa+	aa+	ccc+ and below	a+	aa-	3 Notches Down	a	bb+	Relatively Moderate	Relatively Moderate	15%

Source: PFAST, S&P Global Market Intelligence, December 22, 2022. Simplified version. For illustrative purposes only.

PFAST Benefits

One solution, multiple business applications

Our PFAST solution facilities multiple business applications, including: investment opportunities, portfolio surveillance, customer finance, loan origination, insurance, bond pricing, and more.

– For unrated, high credit quality investment opportunities and distressed credit in the municipal space, PFAST Scores provide a quick and reliable understanding of the creditworthiness of individual cities, counties and school districts.

– For loan origination involving in depth analysis, leverage our Credit Assessment Scorecard. PFAST provides a granular, transparent, and consistent framework, helping to meet regulatory needs around internal risk rating systems.

– For customer finance scenarios, PFAST Scores assist users to identify new creditworthy customers and monitor the credit risk of municipal counterparties.

– For bond pricing, factor in the credit quality of your public finance exposures through our predetermined PFAST Scores.

– PFAST Batch Scoring and Scenario Analysis tools help you proactively manage your municipal portfolio.

About S&P Global Market Intelligence

At S&P Global Market Intelligence, we understand the importance of accurate, deep and insightful information. We integrate financial and industry data, research and news into tools that help track performance, generate alpha, identify investment ideas, perform valuations and assess credit risk. Investment professionals, government agencies, corporations and universities around the world use this essential intelligence to make business and financial decisions with conviction.

S&P Global Market Intelligence is a division of S&P Global (NYSE: SPGI), the world's foremost provider of credit ratings, benchmarks and analytics in the global capital and commodity markets, offering ESG solutions, deep data and insights on critical business factors. S&P Global has been providing essential intelligence that unlocks opportunity, fosters growth and accelerates progress for more than 160 years. For more information, visit www.spglobal.com/marketintelligence.

CONTACT US

The Americas	**EMEA**	**Asia-Pacific**
+1-877-863-1306	+44-20-7176-1234	+852-2533-3565

spglobal.com/marketintelligence