

Market Insights

Sector Intelligence | U.S. Public Finance

May 4, 2023

This report does not constitute a rating action.

Key Takeaways

- There have been more than 700 rating actions in U.S. public finance (USPF) since the beginning of the year.
- Upgrades continue to outpace downgrades, except in the health care and public power sectors.
- In 2023, there has been an increase in rating actions related to lack of timely information. In April, we resolved CreditWatch actions on 34 local government ratings due to receipt of sufficient information. For more information see, [Various Local Government Ratings Removed From CreditWatch Negative; Outlook Stable](#)

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Recent Research

USBR Proposal Raises Water Supply Uncertainty For Lower Basin States; Impact May Trickle Down To Future Negotiations, April 27, 2023

U.S. Not-For-Profit Health Care Rating Actions, March And First Quarter 2023, April 25, 2023

U.S. Public Finance Housing Rating Actions, First-Quarter 2023, April 24, 2023

U.S. Not-For-Profit Health Care Outstanding Ratings And Outlooks As Of March 31, 2023, April 19, 2023

U.S. Higher Education Rating Actions, First-Quarter 2023, April 18, 2023

U.S. Charter Schools Rating Actions, First-Quarter 2023, April 18, 2023

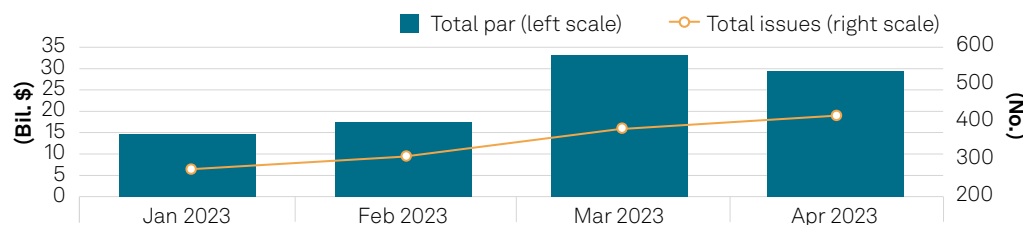
U.S. Local Governments Credit Brief: Maryland Counties And Municipalities Means And Medians, April 12, 2023

U.S. public finance at a glance

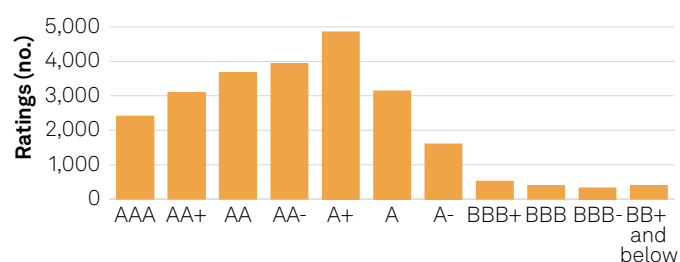
24,000+ Ratings 

Rating changes	April 2023 (no.)	2023 (no.)
Upgrades	123	276
Downgrades	30	91
Outlook and CW changes		
Favorable	15	102
Unfavorable	17	256

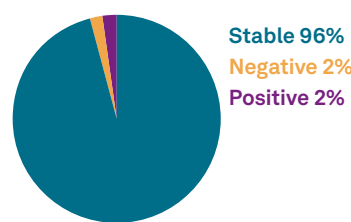
S&P Global Ratings rated new issuance



Rating distribution



Outlook distribution



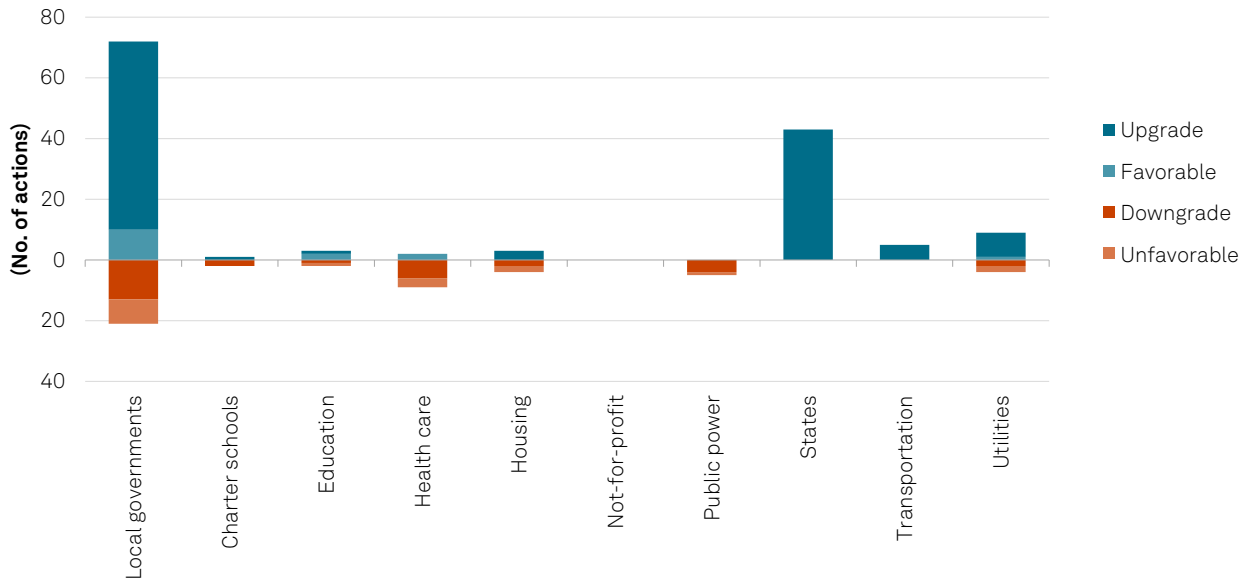
An Excel workbook containing a master list of rating actions by security type and by issues year to date can be downloaded [here](#).

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.

USPF Rating Activity

Chart 1

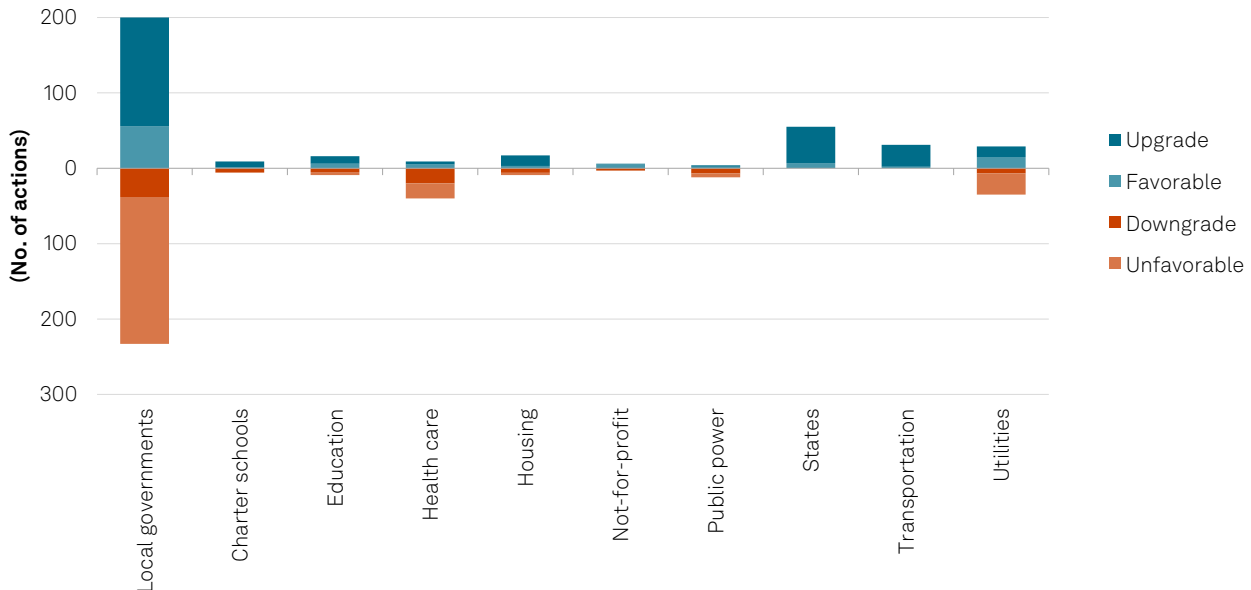
USPF April rating actions by sector



Source: S&P Global Ratings.

Chart 2

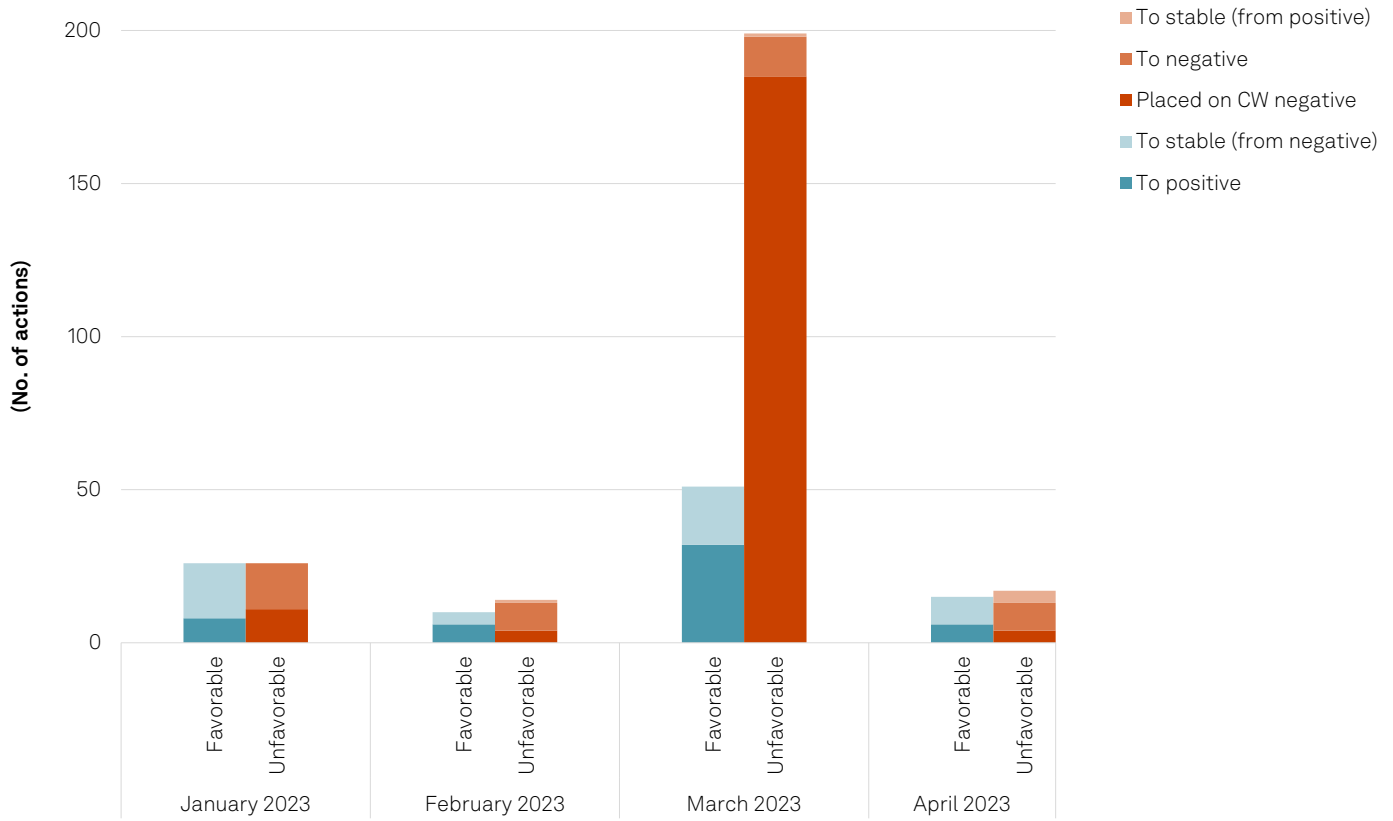
USPF rating actions by sector YTD 2023



Source: S&P Global Ratings.

Chart 3

USPF outlook and CreditWatch actions by month



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

Sector Spotlight—U.S. States

As the dust settles on the pandemic and expectations for another recession amplify, states are dealing with significant uncertainty as they navigate the 2024 budget session. However, S&P Global Ratings believes most are well-positioned in this legislative cycle to address the economic uncertainty ahead and are focused on strategies for long-term growth.

Chart 4

By the numbers: state budgets



1.5%
Average percentage decline in reserves



40
States with structurally balanced proposal



28
States proposing tax relief



0.7%
Baseline forecast growth in GDP for 2023



21
States with population declines in 2022

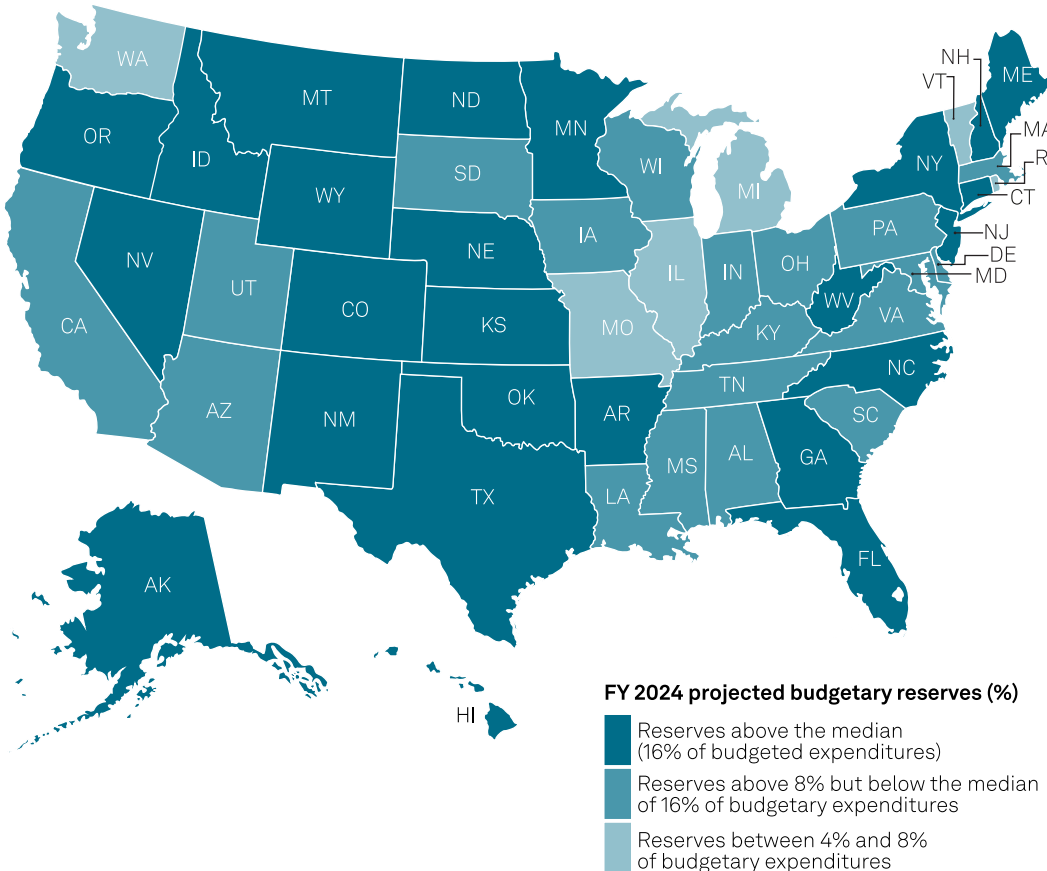


4.7%
Consumer Price Index growth 2023

Source: S&P Global Ratings.

Chart 5

State budget reserves for fiscal 2024



Source: S&P Global Ratings.

Recent Research

[U.S. States' Fiscal 2024 Budgets Expected To Weather Economic Uncertainty, April 27, 2023](#)

[California's Fiscal 2024 Executive Budget Proposal Closes A Projected \\$22.5 Billion Budget Gap, February 7, 2023](#)

[Five U.S. Public Pension And OPEB Credit Points To Watch In 2023, January 31, 2023](#)

[Outlook For U.S. States: Rainy Day Funds Will Support Credit In A Shallow Recession, January 5, 2023](#)

[Market Swings Could Signal Contribution Volatility For U.S. State Pensions And OPEBs, August 3, 2022](#)

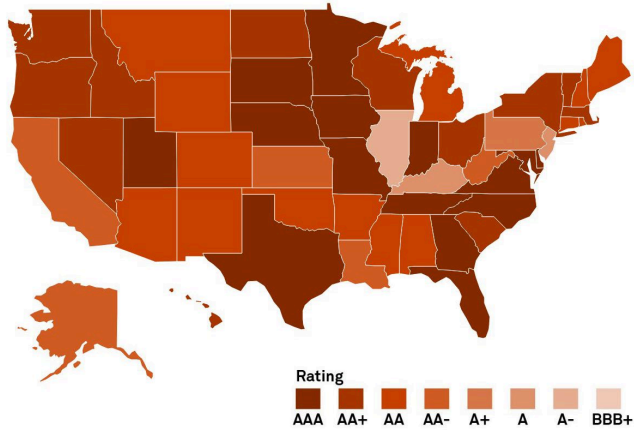
[Increase In U.S. State Debt Levels In 2021 Was Likely A Blip, July 6, 2022](#)

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](#), published Apr. 14, 2023, and [U.S State Ratings And Outlooks: Current List](#), published Apr. 14, 2023.

Chart 6

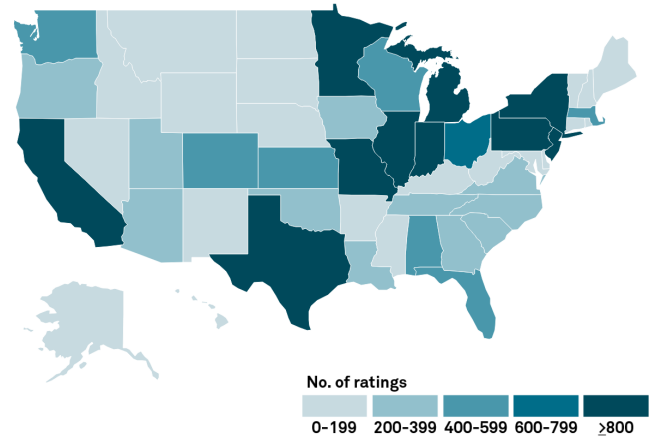
U.S. state ratings



The chart includes all sectors. 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
Massachusetts	Upgrade	Outlook to stable	AA+	AA	Stable	Positive	Apr. 14, 2023
New Jersey	Upgrade	Outlook to stable	A	A-	Stable	Positive	Apr. 12, 2023
Louisiana	Affirmation	Outlook to positive	AA-	AA-	Positive	Stable	Mar. 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

Source: S&P Global Ratings.

Appendix

Table 2

Number of rating actions by sector April 2023

Sector	Rating changes		Outlook changes			CW changes	
	Upgrade	Downgrade	Outlook to positive	Outlook to negative	Outlook to stable	Placed on CW negative	Removed from CW
Charter schools	1	2					
Education	1	1	1	1	1		
Health care		6	1	1	2	1	2
Housing	3	2			2		
Local governments	62	13	4	5	7	2	63
Not-for-profit							
Public power		4		1			1
States	43						
Transportation	5						
Utilities	8	2		1	1	1	7

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

Table 3

Number of rating actions by sector YTD 2023

Sector	Rating changes		Outlook changes			CW changes	
	Upgrade	Downgrade	Outlook to positive	Outlook to negative	Outlook to stable	Placed on CW negative	Removed from CW
Charter schools	8	5		1	1		1
Education	10	5	2	4	4		
Health care	4	20	4	15	3	3	3
Housing	14	6			5	1	1
Local governments	146	38	28	15	29	179	75
Not-for-profit	1	3	2		3		
Public power	2	7	1	3	1	2	2
States	48		7				
Transportation	29		1		1		
Utilities	14	7	7	8	9	19	8

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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