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S&P Criteria | Governments | U.S. Public Finance: U.S. Public Finance Long-Term Municipal Pools: Methodology And Assumptions

(EDITOR'S NOTE: —On July 26, 2024, we released this criteria article following the publication of "[Methodology For Determining Ratings-Based Inputs](#)." See the "Revisions And Updates" section for details.)

For information about the initial publication of this article as of July 26, 2024, including key changes made following the publication of "[Methodology For Determining Ratings-Based Inputs](#)" on July 26, 2024, the impact on ratings, and superseded criteria, see "[Criteria Released To Clarify Method For Determining Ratings-Based Inputs](#)."

1. This criteria article describes S&P Global Ratings' methodology and assumptions for rating U.S. public finance issues and issuers backed by long-term municipal pools.
2. This article is related to our criteria article "[Principles Of Credit Ratings](#)," published Feb. 16, 2011.
3. Long-term municipal pool programs (hereafter referenced as municipal pool programs) vary in structure, funding, and purpose. Examples of municipal pool programs range from government-supported state revolving funds and bond bank programs to more localized private sector-related economic development programs and pool programs that enjoy only a tangential relationship with a quasigovernmental organization. Most programs operate only in a single state.
4. The criteria reference criteria for municipal and corporate collateralized debt obligations (CDOs), reflecting the similarities in structure and purpose. The use of the other criteria reflects a desire to further illustrate comparability across sectors. Accordingly, readers should also reference the following articles:
 - "[CDOs And Pooled TOBs Backed By U.S. Municipal Debt: Methodology And Assumptions](#)" July 26, 2024 (the Muni CDO criteria)
 - "[Global Methodology And Assumptions For CLOs And Corporate CDOs](#)," published June 21, 2019 (the corporate CDO criteria)
5. While the criteria reference these similarities, they also recognize that the public purpose nature of municipal pool programs affect credit quality. Public-sector objectives of funding infrastructure improvements and recycling this money in a sustainable manner can result in different risk-taking behavior relative to the goals of maximizing yield return or profit. The methodology therefore uses a public finance enterprise framework to assess both enterprise and financial risk, consistent with other types of municipal enterprises.

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