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S&P Default, Transition, and Recovery: 2025 Annual U.S. Public Finance Default And Rating Transition Study.

Key Takeaways

- The U.S. public finance default tally fell to two in 2025, down from eight in 2024.
- Credit quality within U.S. public finance remained positive last year, with upgrades (828) outnumbering downgrades (654).
- Appropriation-backed debt was the U.S. public finance sector with the highest upgrade rate in 2025, followed by transportation. Health care and charter schools had the highest downgrade rates.

Credit quality continued to be positive within U.S. public finance in 2025, with upgrades by S&P Global Ratings surpassing downgrades. The 828 upgrades included 62 upgrades in the housing sector and 766 upgrades in nonhousing sectors; the 654 downgrades included 11 in the housing sector and 643 in nonhousing sectors (see table 1).

In 2024, there were fewer total upgrades (743) and fewer total downgrades (490).

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