

# **Bond Case Briefs**

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## **S&P's 2015 Upgrades Nearly Doubled Downgrades.**

Standard & Poor's made nearly twice the number of upgrades as downgrades in United States Public Finance in 2015.

It was the fourth consecutive year and the 13th consecutive quarter that S&P's upgrades outnumbered its downgrades in the sector, S&P senior director Lawrence Witte and associate Jason Ontko wrote in their report.

Every subsector except higher education and charter schools saw more upgrades than downgrades. S&P downgraded 69 higher education ratings and upgraded 29 in that group. It downgraded 25 and upgraded nine charter school ratings.

"Puerto Rico and other organizations in the commonwealth accounted for more downgrades - 115, including four defaults - and more multiple notch downgrades than any other entity," Witte and Ontko wrote. The Puerto Rico rating changes were 7% of all of S&P's U.S. public finance rating changes in the year.

S&P's upgrade of California to AA-minus from A-plus in July affected 97 ratings, according to the S&P report, "U.S. Public Finance Records Nearly Twice as Many Upgrades as Downgrades in 2015."

Witte and Ontko cited improved issuer finances as the primary reason for upgrades outnumbering downgrades.

On the other hand, S&P's rated issuers had 12 defaults in 2015, the third highest since 1986.

In a similar year-in-review release Moody's Investors Service last week reported its ratio of upgrades to downgrades in the year was 1.067. This compares to S&P's 1.94 ratio.

The Moody's report indicated that Moody's had downgraded more par value than upgraded it in 2015. S&P's report didn't provide a comparison of upgrades versus downgrades by par value.

THE BOND BUYER

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