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Moody's Publishes Combined Methodology for Rating Short-Term Debt of US States, Municipalities and Nonprofits.

New York, July 10, 2020 — Moody's Investors Service has published its methodology for rating short-term debt of US states, municipalities and nonprofits. The update combines and replaces the "US Bond Anticipation Notes and Related Instruments Methodology" published on October 7, 2019, the "Short-Term Cash Flow Notes" methodology published on April 4, 2013, and the "Municipal Bonds and Commercial Paper Supported by a Borrower's Self-Liquidity Methodology" published on October 7, 2019.

Moody's has retained the approach for short-term ratings based on its analysis of the borrower's own liquid resources (self-liquidity), but changed its approaches for rating bond anticipation notes (BANs) and short-term cash flow notes. The key revisions include the elimination of the scorecards for BANs, cash flow notes, and BANs financed by the US Department of Agriculture (USDA). For BANs and short-term cash flow notes, the issuer's long-term credit quality is a primary factor, and for USDA BANs, the long-term credit quality of the US Government is a primary factor. Short-term ratings for these instruments incorporate additional considerations. Moody's has also made editorial changes to enhance readability.

Moody's expects 2 ratings out of a universe of 366 to change as a result of the publication of the updated methodology.