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S&P Credit FAQ: An Overview Of S&P Global Ratings' Proposed Methodology For Rating U.S. Governments

On Jan. 11, 2024, S&P Global Ratings published a request for comment (RFC) on its proposed Methodology For Rating U.S. Governments. The proposed criteria apply to U.S. states, counties, municipalities, school districts, and special government districts. S&P Global Ratings believes it will be useful to provide additional context about the proposed criteria and to address questions on it, including scope, expected rating impacts, and key differences between the proposed and existing criteria. For the full proposed framework, see "Request For Comment: Methodology For Rating U.S. Governments."

Key Takeaways

- The proposed criteria, when finalized, will fully supersede "U.S. State Ratings Methodology," "U.S. Local Governments General Obligation Ratings: Methodology And Assumptions," "GO Debt," "Financial Management Assessment," "Debt Statement Analysis," and "Key General Obligation Ratio Credit Ranges."
- The proposal would consolidate criteria to analyze credit risks of U.S. governments using one comprehensive scored framework. We believe bringing government entities under the same analytic framework increases transparency of our methodology, improves consistency and alignment of ratings across these government types, and enhances global comparability.
- Across all ratings in scope of these proposed criteria, we expect approximately 95% will remain unchanged. For U.S. state and territories, we expect all ratings will remain unchanged.

Continue reading.

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