S&P Global
Ratings

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Summary:

California; Appropriations; General Obligation; Joint Criteria; School State Program

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Summary:

California; Appropriations; General Obligation; Joint Criteria; School State Program

Credit Profile		
US$1400.0 mil various purp GO bnds due 10/01/2052		
Long Term Rating	AA-/Positive	New
US$1200.0 mil various purp GO rfdg bnds due 10/01/2042		
Long Term Rating	AA-/Positive	New
California GO		
Long Term Rating	AA-/Positive	Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'AA-' rating to the State of California's $1.4 billion various-purpose general obligation (GO) bonds, and $1.2 billion various-purpose GO refunding bonds.
- At the same time, S&P Global Ratings affirmed its 'AA-' rating on the state's $68.3 billion GO bonds outstanding (excluding higher-rated, double-barreled veteran's mortgage bonds) and 'A+' rating on $8.1 billion state appropriation-supported bonds, as well as its 'AA-' rating on a state aid school intercept program.
- In addition, S&P Global Ratings affirmed the long-term component of its 'AA+/A-1' and 'AAA/A-1+' ratings on California's GO variable-rate demand bonds outstanding. The long-term component of the dual ratings is based jointly on that on the obligor, California, and the various letter of credit (LOC) providers, under our "Methodology And Assumptions For Rating Jointly Supported Financial Obligations" criteria, published May 23, 2016, assuming low correlation. The short-term component of the ratings matches the ratings on the LOC providers.
- The rating outlook is positive on the state's GO, appropriation-supported, and state school aid intercept bonds and on all long-term state-supported bonds.

Security

The state's general fund serves as the source of all GO bond repayment, to which California has pledged its full faith and credit. State funding to the public kindergarten-to-grade 12 school systems and to higher education institutions is the only obligation that, according to the California Constitution, has a higher priority on general fund cash than GO debt service payments.

State payments supporting the state's lease-backed and appropriation-backed debt are among the priority payments that fall behind state GO bonds, as well as any required payments of internal fund borrowings, and certain other constitutionally required payments. We rate lease-supported obligations one notch lower than California's general creditworthiness (as reflected in the state GO rating) to account for the appropriation risk associated with pledged lease payments, which are derived, in part, from state general fund revenues.

The GO bond proceeds will be used to fund various voter-approved projects, pay down commercial paper notes outstanding, and refund outstanding GO bonds for debt service savings.

Credit overview

Our GO rating reflects California's strong income levels and diversified economy, as well as currently strong revenues and reserves, balanced against a history of cyclical state finances and moderately high long-term total liabilities.

California's history of cyclical financial results is due in part to the high proportion of general fund revenue attributable to capital gains tax and stock options tax from the state's top taxpayers, and, until recently, an historical tendency to use such cyclical revenue for increased ongoing spending during good economic times. The state's constitution mandates a floor on school spending and requires a legislative supermajority or popular referendum to raise taxes, which can impede financial recovery at the bottom of an economic cycle when revenues decline.

After a period of fiscal stress in fiscal 2021, when it had to defer $12.5 billion of school spending into "loans" due from future years, the state has reached a recent high point in its cyclical financial history, in part due to capital gains taxes that were more than 12% of general fund revenue, as well as one-time COVID-19 pandemic-related federal revenue.

Revised estimated revenues and prior-year accounting adjustments in fiscal 2022 came in much higher than budgeted amounts, leaving estimated total available reserves at $75.3 billion, or what we view as an extremely strong 33.9% of general fund expenditures on a budgetary basis of accounting (the state had originally budgeted for reserves of 12.8% at fiscal year-end 2022). The fiscal 2023 budget would have reduced these reserves to $37.2 billion, or 15.9%, which we still consider very strong. Instead, the governor's fiscal 2024 executive budget proposal estimates total fiscal year-end 2023 reserves will come in higher at $47.7 billion, or a still very strong 19.9% of estimated general fund expenditures, including the budget stabilization account (BSA) and other reserves, as well as undesignated balances.

Despite a very substantial budgeted drawdown in reserves (albeit to still-strong levels) in fiscal 2023, California has preserved near-structural budget balance by using the surge in revenues primarily for one-time spending, which we consider prudent.

The state estimates $32.4 billion of budgeted one-time spending in fiscal 2023, higher than the fiscal 2024 executive budget gap projection of $22.5 billion for fiscal years 2023-2024, or 10.0% of proposed fiscal 2024 expenditures. The primary driver behind the 2024 projected budget gap is lower capital gains tax. The budget gap projection, forecast in the January 2024 executive budget proposal, is likely to widen when the governor announces his updated May budget revision--the California Legislative Analyst's Office (LAO) estimated in mid-February that the budget gap was likely to be $7 billion greater the executive budget forecast. Neither the 2024 executive budget proposal nor the LAO project a recession, which could substantially widen the budget gap further--potentially, a $20 billion-$60 billion revenue decline from the current projection, depending on whether a mild or severe recession occurs, according to the state.

The fiscal 2024 governor's executive budget proposal would close the estimated $22.5 billion budget gap through a combination of decreased one-time spending, spending deferrals, and fund shifts (see "California’s Fiscal 2024 Executive Budget Proposal Closes A Projected $22.5 Billion Budget Gap," published Feb. 7, 2023, on RatingsDirect). The 2024 executive budget proposal would actually add to the state's restricted BSA, which would remain at its cap of 10% of expenditures, and end fiscal 2024 with total reserves of $35.6 billion, or 15.9% of expenditures, which we consider very strong. In its multiyear forecast, the executive budget projects outyear reserves at current program levels to fall to 6.7% of expenditures by fiscal 2027, while preserving what we view as near-structural budget balance between ongoing revenues and spending once one-time spending is excluded.

The most recent monthly revenue figures from the state department of finance for January 2023 (representing December economic activity) show one-month general fund revenue falling 10.0% lower than the budget forecast and 3.2% lower on a cumulative fiscal year-to-date basis. However, some of this is due to the state's deferral of certain required tax filings to October because of recent floods and storms. The state estimated an earlier announced filing delay to May could shift about $20.9 billion of combined January-April tax revenue into May (including a $19.3 billion shift in personal income tax [PIT]), compared with the $2 billion January one-month revenue shortfall. The extension into October will result in a larger temporary disruption to cash flow that will cross fiscal years, although deferred tax payments will ultimately be paid. The state will release an updated cash flow analysis when the governor releases his executive budget revision in May. We anticipate that California's currently very strong liquidity position--it had $93.4 billion of unused internally borrowable resources at the end of February 2023--and the ability to issue external cash flow notes, if necessary, should enable the state to weather the filing delay. Recent tech industry layoffs may also be modestly contributing to shortfalls in withholding tax payments.

High state reserves offset, to some degree, the risk we see from the state's historically volatile revenues. The top 1% of taxpayers paid 49% of PIT revenue in tax year 2020, while PIT is projected to contribute 61% of fiscal 2023 general fund revenue. Capital gains tax has led to revenue volatility because of California's progressive income tax and the large proportion of income that top taxpayers derive from volatile capital gains. While boosting state revenue when capital markets shoot up, it works to the state's disadvantage when they turn down. We consider California to be the state most exposed to capital gains tax volatility (see "Market Volatility Has Varying Impact On U.S. States' Capital Gains Tax Exposure," published March 10, 2020). The state projects capital gains tax will represent 8.3% of total general fund revenue in fiscal 2024, down from 12.3% in 2021 (in 2009, it was at a low of only 3.4% of total revenue), while its outyear projections assume capital gains tax will trend back down to historically average levels by fiscal 2027. This does not include income from volatile stock options taxes, which we believe to be similarly concentrated among top taxpayers.

Providing some cushion against capital gains tax volatility, California's Proposition 2, passed in 2014, requires a transfer of capital gains tax in excess of 8% of general fund revenue, split between a budget stabilization fund, which is now projected to rise to its cap of 10% of revenue, and an extra paydown of long-term liabilities. The state projects paydowns of unfunded other postemployment benefits (OPEB) and pension liabilities through fiscal 2027 amounting to a modest 1%-2% per year of total unfunded liabilities. However, steady small paydowns can accumulate to larger sums over time. The state estimates total pension and OPEB liability Proposition 2 payments will lead to paydowns of $1.9 billion in fiscal 2024 and $1.7 billion in fiscal 2025, in addition to statutorily required pension and OPEB payments.

California's unemployment rate, which had been below the national level pre-pandemic, averaged 10.1% in 2020, compared with 8.1% for the U.S., and 7.3% in 2021, compared with 5.3% for the U.S. It has since fallen further to a preliminary 4.1% as of December 2022. California's per capita income improved to 119% of the national average in 2021, up from 118% in 2020 and 115% in 2019, as unemployment was concentrated in low-wage industries, as opposed to well-paid tech workers who could work from home during the pandemic. S&P Global Market Intelligence forecasts 0.6% real gross state product growth in calendar 2023 and 1.5% in 2024, comparable with national GDP growth of 0.6% and 1.6%, respectively.

We view our calculation of the state's net tax-supported debt (2.7% of personal income) at fiscal year-end 2022 and proportionate share of combined net pension liabilities (3.0% of income) at fiscal year-end 2022 as moderate, and the proportionate share of net OPEB liabilities (3.2% of income) as moderately high. Liabilities are likely to remain relatively stable or decrease, with the 2023 state surplus allowing some substitution of pay-as-you-go capital funding for lease revenue bond financing in the 2023 budget, and as OPEB prefunding contributions ramp up (fiscal 2021 employer OPEB contributions were 66% of actuarially determined contributions), with a goal of fully prefunding OPEB liabilities by 2046.

One credit constraint includes the state's chronically late release of financial audits, using generally accepted accounting principles (GAAP). California does not expect to release its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021, until possibly after March 2023 and did not release its fiscal 2020 ACFR until February 2022, which we consider very late. However, the state has continued to release timely unaudited monthly agency cash revenue reports and controller's monthly reports on cash receipts and disbursements, although these are not reported on a GAAP basis and lack the ACFR's required supplementary financial notes regarding pensions, OPEB, and other disclosures. We believe timely release of ACFRs would aid California in reporting transparency and help validate budgetary basis disclosures and improvements in revenues and fund balances.

The GO rating reflects our view of California's:

- Strong economy, with high income levels (per capita income was 119% of the U.S. average in 2021), and good economic diversity, as might be expected in a state encompassing about 12% of the total U.S. population;
- Currently very strong financial reserves, partially due to the constitutional requirements of Proposition 2 passed in 2014;
- Strong overall liquidity, with substantial internally borrowable nongeneral funds; and
- Moderate and stable net debt ratios.

Somewhat offsetting these strengths, in our opinion, are the state's:

- Volatile revenues, due to a reliance on a highly progressive PIT structure and a dependence on the top 1% of taxpayers and their capital gains tax, which has historically created large deficits during periods of recession. The California LAO has estimated the $22.5 billion fiscal 2024 executive budget gap forecast could rise by $7 billion;
- High cost of housing and high social service spending, which pose threats to long-term economic growth prospects, particularly if high-paid tech workers consider telecommuting from, or migrating to, lower-cost states. Approximately one-third of California's population is on Medicaid, with federal Medicaid reimbursement rates scheduled to decline to pre-pandemic levels; and
- Current minimal prefunding of large retiree health care benefits (OPEB), although the state has reached agreements with its labor unions to phase in normal cost contributions over several years, and continued moderately high pension liabilities, which could be affected by recent investment losses.

For more information, please refer to our full analysis on the state's GO debt, published March 1, 2023.

On a four-point scale, with 1.0 being the strongest and 4.0 the weakest, we have assigned a composite score of 2.0 to California under our state rating criteria, indicative of a 'AA' rating. However, we have notched down to 'AA-', as allowed as per our state rating methodology, due to California's cyclical fiscal history and potential outyear spending pressures, which could affect future structural financial balance, as well as issues of financial transparency regarding timely release of financial audits.

The 'AAA' rating on bonds backed by the joint support of credit facilities and the state's GO is eligible to be rated above the sovereign because we believe the state can maintain better credit characteristics than the U.S. in a stress scenario. Under our criteria "Ratings Above The Sovereign: Corporate And Government Ratings--Methodology And Assumptions" (published Nov. 19, 2013), U.S. states are considered to have moderate sensitivity to country risk. State-derived revenues are the sole source of revenue to repay state GO bonds, and the institutional framework in the U.S. is predictable with significant state autonomy, and flexibility is demonstrated by independent sources or venue, serial bond amortization, and independent treasury management.

Environmental, social, and governance

ESG credit indicators: E-3, S-3, G-3

Environmental, social, and governance (ESG) factors are a moderately negative consideration in our credit rating analysis for California. The exposure to various physical risks, such as wildfires, drought, floods, and natural disasters such as earthquakes, can affect the state's economy and disrupt population migration should these areas become undesirable. California incorporates increased spending in response to these risks within its long-term financial and capital planning. Furthermore, the shortage of affordable housing, high social service costs, and income disparity have challenged demographic trends. In addition, about one-third of the state's population relies on Medicaid. However, we believe California is addressing these concerns through increased funding for various social programs, such as bond-financed programs for housing of the homeless and mentally ill, changes to residential zoning laws, and increased social service spending. Finally, the state has persistently provided audited results well after the end of the fiscal year. For the fiscal year ended June 30, 2020, audited results were released Feb. 2, 2022, which we consider very late, and the fiscal 2021 audit is not expected to be released until March 2023, or possibly later.

Outlook

The positive outlook reflects the state's projection of close to long-term structural balance and high reserves, even assuming currently high capital gains tax and federal aid revert to historically lower levels in later years. Surging capital gains tax and extensive pandemic-related federal aid have led to high fund balances, but the fiscal 2023 budget spends these mostly one-time revenues primarily on one-time expenses.

Downside scenario

We believe spending revenues above trend for one-time uses and long-term liability paydowns help offset the state's historically volatile income tax receipts, due to California's high dependence on the state's largest taxpayers and their cyclical capital gains. Should future state budgets use these cyclical revenues primarily to support increased ongoing spending, or should reserves drop to a level where liquidity is stressed as a result of large downward revenue variations from budgeted levels, or if the recent extension of tax filing deadlines to October creates the need for external cash financing, we could return the outlook to stable. In addition, if we lower the ratings on the LOC providers, we could lower the long-term ratings based on bank joint support.

Upside scenario

Should the state release its fiscal 2021 ACFR to verify recent gains and continues to project future long-term structural balance within the remaining six months of our two-year positive outlook horizon, including an assumption that capital gains tax and federal aid will recede to historical norms and be spent primarily on one-time expenditures, while preserving a high level of reserves and continued use excess of revenues to pay down long-term liabilities, we could raise our rating.

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Ratings Detail (As Of March 16, 2023)		
California federally taxable var purp GO bnds ser 2022 due 10/01/2032		
Long Term Rating	AA-/Positive	Affirmed
California federally taxable var purp GO rfdg bnds		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed

Ratings Detail (As Of March 16, 2023) (cont.)		
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO		
Long Term Rating	AA-/Positive	Affirmed
California GO bnds (daily interest rate) ser 2003 A-1 thru A-3 dtd 04/15/2003 RMKT dtd 12/01/2009 due 05/01/2033		
Long Term Rating	AA+/A-1	Affirmed
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (wrap of insured) (MBIA) (National) (ASSURED GTY) (SECMKT)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (AGC & Syncora)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (AGM)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (AMBAC)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (ASSURED GTY) (SECMKT)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed

Ratings Detail (As Of March 16, 2023) (cont.)		
California GO (BAM)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (BAM)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (BAM)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (BAM)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (BAM) (SECMKT)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (BAM) (SECMKT)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (BAM) (SECMKT)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (BAM) (SECMKT)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (BAM) (SECMKT)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (FGIC) (National)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (MBIA) (National)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (MBIA) (National) (SECMKT)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (MBIA) (National) (SECMKT)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California GO (Syncora Gty)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California JOINTCRIT		
Long Term Rating	AAA/A-1+	Affirmed
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California JOINTCRIT		
Long Term Rating	AA+/A-1	Affirmed
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California JOINTCRIT		
Long Term Rating	AA+/A-1	Affirmed
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California JOINTCRIT		
Long Term Rating	AA+/A-1	Affirmed
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed

Ratings Detail (As Of March 16, 2023) (cont.)		
California JOINTCRIT		
Long Term Rating	AAA/A-1+	Affirmed
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California JOINTCRIT		
Long Term Rating	AAA/A-1+	Affirmed
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California JOINTCRIT		
Long Term Rating	AAA/A-1+	Affirmed
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California JOINTCRIT		
Long Term Rating	AAA/A-1+	Affirmed
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California JOINTCRIT		
Long Term Rating	AAA/A-1+	Affirmed
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California JOINTCRIT		
Long Term Rating	AAA/A-1+	Affirmed
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California Infrastructure & Econ Dev Bnk, California		
Oakland Unif Sch Dist, California		
California Infra & Econ Dev Bank (California) SCHSTPR		
Long Term Rating	AA-/Positive	Affirmed
California Infrastructure & Econ Dev Bnk, California		
South Monterey Cnty Jt Un High Sch Dist, California		
California Infrastructure & Econ Dev Bnk (South Monterey Cnty Jt Un High Sch Dist) SCHSTPR		
Long Term Rating	AA-/Positive	Affirmed
California Infrastructure & Econ Dev Bnk, California		
Vallejo City Unif Sch Dist, California		
California Infrastr & Econ Dev Bank (California) (Vallejo City Unif Sch Dist Fincg) SCHSTPR (FGIC) (MBIA of Illinois)		
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed
California State Pub Wks Brd, California		
California		
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed

Ratings Detail (As Of March 16, 2023) (cont.)		
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed

Ratings Detail (As Of March 16, 2023) (cont.)		
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
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California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
Unenhanced Rating	NR(SPUR)	
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		

Ratings Detail (As Of March 16, 2023) (cont.)		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
California State Pub Wks Brd (California) APPROP (wrap of insured) (FGIC & BHAC) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
California State Pub Wks Brd (California) APPROP (AGM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
California State Pub Wks Brd (California) APPROP (AGM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
California State Pub Wks Brd (California) APPROP (ASSURED GTY) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
California State Pub Wks Brd (California) APPROP (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
California State Pub Wks Brd (California) APPROP (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
California State Pub Wks Brd (California) APPROP (BAM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
California State Pub Wks Brd (California) APPROP (MBIA of Illinois)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
California State Pub Wks Brd (California) APPROP (MBIA) (MBIA of Illinois)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
California State Pub Wks Brd (California) APPROP (Syncora Gty)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Golden State Tobacco Securitization Corp, California		
California		
Golden State Tobacco Securitization Corp (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
Golden State Tobacco Securitization Corp (California) APPROP		

Ratings Detail (As Of March 16, 2023) (cont.)		
Long Term Rating	A+/Positive	Affirmed
Golden State Tobacco Securitization Corp (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
Golden State Tobacco Securitization Corp (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
Golden State Tobacco Securitization Corp (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
Golden State Tobacco Securitization Corp (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
Golden State Tobacco Securitization Corp (California) APPROP (wrap of insured) (AMBAC & AGM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Golden State Tobacco Securitization Corp (California) APPROP (AGM)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Golden State Tobacco Securitization Corp (California) APPROP (AGM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Golden State Tobacco Securitization Corp (California) APPROP (AGM) (SECMKT)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Golden State Tobacco Securitization Corp (California) APPROP (AMBAC)		
Unenhanced Rating	A+(SPUR)/Positive	Affirmed
Sacramento City Financing Authority, California		
California		
Sacramento City Fincg Auth (California) APPROP		
Long Term Rating	A+/Positive	Affirmed

Many issues are enhanced by bond insurance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.