S&P Global
Ratings

RatingsDirect®

Summary:

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

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Credit Profile		
US$1300.0 mil var purp GO bnds ser 2022 due 09/01/2052		
Long Term Rating	AA-/Positive	New
US$1200.0 mil var purp GO rfdg bnds ser 2022 due 09/01/2042		
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 $2.5 billion general obligation (GO) bonds, consisting of $1.3 billion various purpose 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 $69.2 billion of GO bonds outstanding (excluding higher-rated, double-barreled veteran's mortgage bonds) and 'A+' rating on $8.4 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 ratings is based jointly on that of 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 outlook is positive on the state's GO, appropriation-supported, and state school aid intercept 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.

The GO bond proceeds will be used to fund various capital projects, pay down commercial paper notes outstanding used for previous capital projects, and to refund various GO bonds outstanding.

Credit overview

Our 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.

Cyclical finances are in part due to the high proportion of general fund revenue attributable to capital gains tax from the state's top taxpayers, and an historical tendency to use such cyclical revenue for increased ongoing spending when times are good. At the same time, 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.

Fiscal 2022 revenues came in well above budgeted amounts, leaving total available reserves at an estimated $46.7 billion, or what we view as a very strong 19.2% of general fund expenditures on a budgetary basis of accounting (the state had originally budgeted for reserves of 12.8%). The fiscal 2023 budget would modestly bring these reserves down to $37.2 billion, or a still very strong 15.9%. California estimates that about 93% of new discretionary general fund revenue in the adopted fiscal 2023 budget will be spent on one-time items, in order to match abnormally high capital gains tax and other revenue that the state views as of a temporary nature, which we view as a positive step to maintain structural balance. As a result, the state's multiyear forecast projects near structural balance through fiscal 2026 and maintenance of sizable reserves (see "California's Structural Balance Hinges On The State's Ability To Restrain Ongoing Expenses," published Aug. 11, 2022, on RatingsDirect). However, the 2023 budget uses the governor's May 2022 revenue forecast, before subsequent stock market declines occurred that might affect important capital gains tax collections from top taxpayers. The California Legislative Analyst's Office recently published an estimate that there was a 70% chance fiscal 2023 revenues could come in below budget. The department of finance's agency cash revenues were 12.1% off the budget forecast for the month of July, primarily due to estimated income and withholding tax payments, although monthly revenues often fluctuate.

California's finances held up well during the recent pandemic-related recession, a result of cautious budgeting, a surge of income tax from large taxpayers who fared relatively well during the imposition of economic restrictions compared with lower-income individuals, and the receipt of extraordinary federal aid. The state did not even need to issue seasonal cash flow notes during the recession, as it did in previous downturns, although it did defer a sizable $12.5 billion of aid to local school districts into fiscal 2022 from fiscal 2021 that totaled about 7.5% of fiscal 2021 general fund expenditures.

High reserves offset to some degree the risk we see from the state's historically volatile revenues. The top 1% of taxpayers contributed 49% of state personal income tax (PIT) revenue in tax year 2020, while PIT is projected to contribute 63% of fiscal 2023 total budgeted general fund revenue and transfers. This revenue structure 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 the stock market shoots up, it works to the state's disadvantage when capital markets 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 comprise about 12% of total general fund revenue in fiscal 2022 and 11% in fiscal 2023 (in 2009 it was at a low of only 3.4% of total revenue), while its out-year projections assume capital gains tax will trend back down to historically average levels by fiscal 2026.

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 at its cap of 10% of revenue, and an extra paydown of long-term liabilities. The state projects paydowns of unfunded other postemployment benefit (OPEB) and pension liabilities through fiscal 2026 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 Proposition 2 pension and OPEB liability will lead to paydowns of $3.29 billion in fiscal 2023 and $2.83 in fiscal 2024 (not including repayment of a prior pension loan), which is in addition to statutorily required pension and OPEB payments, as capital gains have remained strong since calendar 2014. California also received $2.7 billion of direct federal CARES Act money in fiscal 2021, and $27 billion of federal American Rescue Plan Act money (of which $9.2 billion was originally budgeted to replace lost general fund revenue in fiscal 2022, and $6.1 billion was budgeted for replacement in fiscal 2023), providing a temporary surge in federal aid.

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 nation. However, the state's preliminary unemployment rate of 3.9% in July 2022 is now lower than its pre-pandemic rate. California estimates it has recovered 97% of its pre-pandemic jobs lost in March and April of 2020. Many of the jobs lost disproportionately affected lower-income workers, and California's per capita income compared with the national average actually improved to 120% of that of the nation in 2021, up from 118% in 2020, and 115% in 2019. S&P Global Market Intelligence forecasts 2.2% real gross state product growth in calendar 2022 and 0.8% in 2023, compared with GDP growth of 1.5% and 1.1%, respectively, for the nation.

We view our calculation of the state's net tax-supported debt (2.7% of personal income) and proportionate share of combined net pension liabilities (2.5% of income) as moderate, and proportionate share of net OPEB liabilities (3.2% of income) as moderately high. Liabilities are likely to remain relatively stable or decrease, with the state surplus allowing some substitution of pay-as-you-go capital funding for lease revenue bond financing in the 2023 budget, and as OPEB pre-funding contributions ramp up (fiscal 2021 employer OPEB contributions were 66% of actuarially determined contributions), with a goal of fully pre-funding OPEB liabilities over 25 years.

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 after November 2022, and did not release its fiscal 2020 ACFR until February 2022, a delay that we consider very late. However, the state has continued to release timely unaudited monthly agency cash revenue reports and controller's 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 120% 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 non-general 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 Legislative Analyst's Office has estimated a 70% chance that tax revenues will come in below fiscal 2023 budgeted levels;
- 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 (OPEBs), 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, that could be affected by recent investment losses.

On a four-point scale, with '1.0' being the strongest and '4.0' as the weakest, we have assigned a '2.0' composite score 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 out-year spending pressures, which could affect future structural financial balance, as well as issues of financial transparency regarding timely release of financial audits.

Environmental, social, and governance

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

Environmental, social, and governance factors are a moderately negative consideration in our credit rating analysis for California. The exposure to various climate-related events such as wildfires and drought 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 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 beyond November 2022.

Outlook

The positive outlook reflects the state's projection of a near 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 spend these cyclical revenues primarily to support increased ongoing spending or should reserves drop to the point where liquidity is stressed as a result of large downward revenue variations from budgeted levels, we could return the outlook to stable. In addition, we could lower the long-term ratings based on bank joint support if we lowered the bank ratings.

Upside scenario

Should the state release its fiscal 2021 ACFR to verify recent gains and continue to project future long-term structural balance within the remaining year 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 revenues to pay down long-term liabilities, we could raise our rating.

Credit Opinion

For more detailed information on California, see our full GO analysis published March 1, 2022, or our commentary on the state's adopted budget published Aug. 11, 2022.

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 August 29, 2022)		
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

Ratings Detail (As Of August 29, 2022) (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		
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
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

Ratings Detail (As Of August 29, 2022) (cont.)		
California GO (ASSURED GTY) (SECMKT)		
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)		
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	AA+/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	AA+/A-1	Affirmed
Unenhanced Rating	AA-(SPUR)/Positive	Affirmed

Ratings Detail (As Of August 29, 2022) (cont.)		
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	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 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		

Ratings Detail (As Of August 29, 2022) (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

Ratings Detail (As Of August 29, 2022) (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 August 29, 2022) (cont.)		
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		
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)		
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)		

Ratings Detail (As Of August 29, 2022) (cont.)		
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		
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
Oakland St Bldg Auth, California		
California		
Oakland St Bldg Auth (California) APPROP		
Long Term Rating	A+/Positive	Affirmed
Riverside Cnty Pub Fing Auth, California		
California		

Ratings Detail (As Of August 29, 2022) (cont.)		
Riverside Cnty Pub Fing Auth (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.