June 2020

Aiming to Underachieve:

How a Federal Reserve Lending Program for Local Governments is Designed to Fall Short

Executive Summary

Local governments are facing an unprecedented public health and economic crisis as a result of the COVID-19 pandemic. In April 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which authorized the Federal Reserve (the Fed) to create a $500 billion municipal lending program. This municipal lending program was touted as a mechanism to provide vital assistance to struggling local governments and their residents. Unfortunately, the key findings in this white paper show that 97% of the 255 cities, states and counties named as eligible for the program are functionally excluded as a result of highly costly and restrictive loan terms set by the Fed. This will result in the municipal lending program being significantly underutilized, in spite of the fact that it was explicitly authorized by Congress to be an essential resource for avoiding damaging austerity-driven program cuts and layoffs. The failure of the municipal lending program also means that the Fed is allocating an even more unequal amount of CARES Act funding to private corporations than local governments. The harsh terms of the municipal lending program are not a standard procedure, and stand in stark contrast to the far more favorable terms the Fed is offering for lending to private corporations, including for junk-grade bonds. In order to stave off draconian cuts to local government services and save publicly funded jobs, Congress must fix this problem by passing existing legislation that lowers borrowing costs and mandates favorable terms for local governments in this Fed lending program.

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Background: The COVID-19 Crisis, the CARES Act and the Municipal Liquidity Facility

It is difficult to overstate the scale of the fiscal crisis that state and local governments across the country are facing as a result of revenue lost during the COVID-19 pandemic.[1] This fiscal crisis comes as states, cities, and counties find themselves on the front lines of a public health and economic emergency, with surging demand by residents needing both essential services to address an unprecedented health crisis and an economic lifeline to get through a historic recession. A growing consensus among economists has made clear that the worst thing local governments can do, both as a public health and as an economic response, would be to impose austerity-driven program cuts and widespread layoffs. These cuts would leave residents more vulnerable and deepen the economic crisis.[2]

But as local revenues plummet, local government spending is constrained by their general need to keep budgets in balance. Only the federal government, with its ability to deficit spend, and the Federal Reserve, with its ability to greatly expand its lending powers, has the scope and scale of resources necessary to support local governments through this crisis.

For this reason, Congress included historic new language in the April, 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act that explicitly authorized the Federal Reserve (the Fed) to create a lending facility to effectively support local governments.[3] Backstopped by $35 billion in Treasury Department Exchange Stabilization funds, the Fed was authorized to leverage up to $500 billion in lending to state, city and county governments. The lending facility created by the Fed for this purpose - the Municipal Liquidity Facility (MLF) – is only one part of the total Treasury/Fed rescue effort authorized by the CARES Act, which totaled $465 billion in Treasury backstop leveraging approximately $4.5 trillion in Fed lending.[4]

The MLF is, in concept, an important policy breakthrough for the Fed because it is the first time since the 1930's that the Fed has extended its lending support to state and local governments. In its usual course of business, the Fed regularly works to influence the economy through its standing powers as established by the Federal Reserve Act. This includes setting certain key interest rates, as well as buying and selling US government-backed debt such as treasury bills and federal housing-backed bonds.

In moments of "unusual and exigent circumstances," such as the 2008 financial crisis and resulting Great Recession, the Fed has invoked special authority under the Federal Reserve Act to lend directly and massively to private corporations. The Fed is again providing private corporations massive support during the current COVID-19 crisis. As a result, even with the MLF, the great majority of Fed lending facilities created to distribute the $4.5 trillion authorized by the CARES Act are for private corporations. These programs and their lending capacity as originally announced include:

- The Primary Market Corporate Credit Facility: $500 billion in lending capacity
- The Secondary Market Corporate Credit Facility: $250 billion in lending capacity
- The Main Street Lending Program: $600 billion in lending capacity
- The Terms Asset-Backed Securities Loan Facility: $100 billion in lending capacity[5]

The $500 billion MLF was an important victory - even with the continued imbalance of effort between private corporation and local public sector support - for members of Congress who wanted to bring Fed resources and support to a more direct and local level. Many of these Congress members expected the Fed to create a lending facility for state, city and county governments that would offer:

- Short-term bridge lending to fill immediate budget holes that are a result of revenue shortfalls caused by the crisis.
- Longer-term lending to finance public-health-related programs and other program and infrastructure spending that can serve as a fiscal stimulus to counter austerity-driven layoffs of workers and help revive the economy.

But members of Congress who expected the Fed to provide effective support to their communities and constituents are likely to be highly disappointed because of the failure of the MLF to provide relief to the communities it was intended to serve.

To date, most public criticism of the MLF has been focused on the issue of geographic eligibility, and lawmakers have consistently and successfully pushed to extend eligibility for MLF lending to smaller geographies.[6] For example, the original MLF term sheet issued by the Fed on April 9th[t], 2020 limited MLF eligibility to all 50 states, the small number of cities with a population exceeding 1 million, and counties with a population exceeding 2 million.[7] This would have included only 10 cities and 15 counties.

In response, members of Congress who did not want to see residents of smaller cities and counties discriminated against cried "foul" and strongly encouraged the Fed to extend support to a broader range of areas.[8] They were successful in their advocacy. An April 27th Fed update to the term sheet and expanded eligibility to include cities with a population exceeding 250,000 and counties with a population exceeding 500,000 residents.[9] This extended eligibility to 83 cities and 122 counties, for a total of 255 states, cities and counties named by the Fed.[10] However, this white paper's key findings show that widespread Congressional and press criticism of size restrictions have missed a more fundamental, unlerlying problem with the Fed's terms for the MLF.

Key Findings

This white paper provides a new analysis of how the lending terms of the MLF actually play out across the states, cities and counties that are eligible. This analysis shows that the program is unlikely to fulfill Congress' expectations because the Fed has set terms for the lending that are unusually and unnecessarily restrictive. It also finds that the lending terms for private corporations are not as restrictive as those for state and local governments.

Key Finding: 97% of Eligible Cities, States and Counties are Functionally Excluded from the Fed's Municipal Lending Facility Because of the Pricing.[11]

The overwhelming majority of states, cities and counties that are technically eligible for the MLF will be functionally excluded from receiving any support because of the unusually and unnecessarily high pricing of the lending, which is based on the credit rating of the eligible local government.[12]

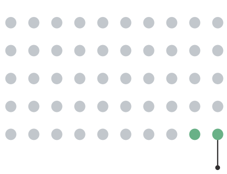
The MLF term sheet updated by the Fed on May 11th sets the pricing of the lending by taking a standard industry price index - the overnight index swap rate (OIS) - for a comparable product, and adding an additional cost in the form of an interest rate spread on top. This additional interest rate is measured in basis points (bps), which are equal to 1/100th of a percent. [13] For each state, city and county that is technically eligible, their actual price of the lending - the spread on top of the OIS rate - is determined by the credit ratings that agencies such as Fitch, Moody's, and Standard and Poor's assign to each geography. These credit rating/price terms can be found in the table on the right.

Rating	Spread (bps)
AAA/Aaa	150
AA+/Aa1	170
AA/Aa2	175
AA-/Aa3	190
A+/A1	240
A/A2	250
A-/A3	265
BBB+/Baa1	325
BBB/Baa2	340
BBB-/Baa3	380
Below Investment Grade	590

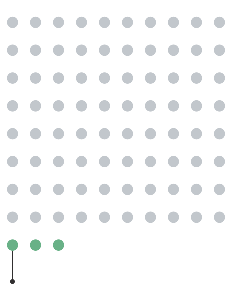
Under these terms, any state, city or county that is technically size eligible to apply to the MLF would only benefit if the pricing offered by the MLF is lower than the pricing available on the private market for an entity with that credit rating.

In order to conduct an analysis of which eligible state, cities and counties would be able to make actual use of the MLF, we analyzed publicly available information to estimate that any government entity with a credit rating that is single-A or above will find a better price on the private market. To arrive at this estimate, we reviewed a financial analysis conducted for the City of Nashville, Tennessee by Hilltop Securities in May 2020.[14] This analysis evaluated the cost of the MLF for Nashville at its current credit rating compared to the cost of the private market. Because it has an Aa2/AA rating, the private analysis finds that the MLF would cost Nashville an extra $4,449,500 over the cost of the private markets for a hypothetical $200,000,000 borrowing note. Based on the pricing model presented in the Hilltop Securities anslysis, we estimate that any state, city or county with a credit rating of single-A or above should not consider using the MLF, and is functionally excluded from receiving help from that Fed facility. Market prices and conditions change, so this analysis, while conservative, reflects broad assumptions.

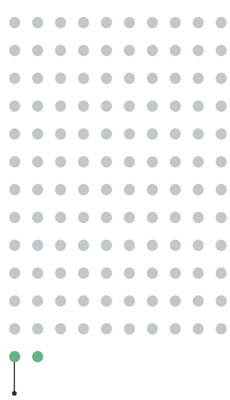
A detailed analysis of credit ratings of the 255 states, cities and counties named by the Fed as eligible for the Municipal Liquidity Facility shows that very few have credit ratings at or below the single-A minus rating threshold.



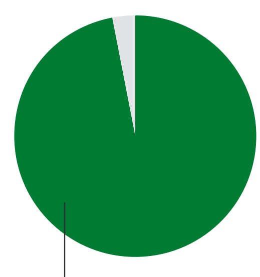
Of the 50 states, only 2 have credit ratings that would allow them to benefit from the MLF.



Of the 83 cities, only 3 have credit ratings that would allow them to benefit from the MLF.



Of the 122 counties, only 2 have credit ratings that would allow them to benefit from the MLF.[15]



In fact, **97%** of the states, cities and counties that are named by the Fed as eligible are functionally excluded from benefiting from the Fed program because of the harsh terms that the Fed has set.

Of the 255 states, cities, and counties that are named by the Fed as eligible for Municipal Liquidity Facility (MLF) lending, very few have credit ratings at or below the single-A minus rating threshold that would enable them to actually benefit. The rest are functionally excluded.

Refer to this table to identify:

1) Whether your state is incentivised by its credit rating to apply for support
2) How many cities and counties in your state are named by the Fed as eligible for Fed support
3) How many cities and counties in your state are incentivised by their credit rating to apply for Fed support

	Eligible for MLF support?	Incentivized to apply?
Alabama		No
Cities	0	–
Counties	1	0
Alaska		No
Cities	1	0
Counties	0	–
Arizona		No
Cities	6	0
Counties	2	0
Arkansas		No
Cities	0	–
Counties	0	–
California		No
Cities	15	1
Counties	15	1
Colorado		No
Cities	3	0
Counties	4	0
Conneticut		No
Cities	0	–
Counties	1	0
Delaware		No
Cities	0	–
Counties	1	0
Florida		No
Cities	5	0
Counties	11	0
Georgia		No
Cities	1	0
Counties	4	0

	Eligible for MLF support?	Incentivized to apply?
Hawaii		No
Cities	1	–
Counties	0	–
Idaho		No
Cities	0	–
Counties	0	–
Illinois		Yes
Cities	1	1
Counties	5	0
Indiana		No
Cities	2	0
Counties	0	–
Iowa		No
Cities	0	–
Counties	0	–
Kansas		No
Cities	1	0
Counties	2	0
Kentucky		No
Cities	0	–
Counties	3	0
Louisiana		No
Cities	1	0
Counties	0	1
Maine		No
Cities	0	–
Counties	0	–
Maryland		No
Cities	1	0
Counties	4	0

	Eligible for MLF support?	Incentivized to apply?
Massachusetts		No
Cities	1	0
Counties	1	0
Michigan		No
Cities	1	1
Counties	4	1
Minnesota		Yes
Cities	2	0
Counties	2	0
Mississippi		No
Cities	0	–
Counties	0	–
Missouri		No
Cities	2	0
Counties	2	0
Montana		No
Cities	0	–
Counties	0	–
Nebraska		No
Cities	2	0
Counties	1	0
Nevada		No
Cities	3	0
Counties	1	0
New Hampshire		No
Cities	0	–
Counties	0	–
New Jersey		Yes
Cities	2	0
Counties	9	0

	Eligible for MLF support?	Incentivized to apply?
New Mexico		No
Cities	1	0
Counties	1	0
New York		No
Cities	2	0
Counties	5	0
North Carolina		No
Cities	4	0
Counties	3	0
North Dakota		No
Cities	0	–
Counties	0	–
Ohio		No
Cities	4	0
Counties	5	0
Oklahoma		No
Cities	2	0
Counties	2	0
Oregon		No
Cities	1	0
Counties	2	0
Pennsylvania		No
Cities	2	0
Counties	6	0
Rhode Island		No
Cities	0	–
Counties	0	–
South Carolina		No
Cities	0	–
Counties	1	0

	Eligible for MLF support?	Incentivized to apply?
South Dakota		No
Cities	0	–
Counties	0	–
Tennessee		No
Cities	1	0
Counties	3	0
Texas		No
Cities	11	0
Counties	12	0
Utah		No
Cities	0	–
Counties	2	0
Vermont		No
Cities	0	–
Counties	0	–
Virginia		No
Cities	1	0
Counties	1	0
Washington		No
Cities	1	0
Counties	4	0
West Virginia		No
Cities	0	0
Counties	0	0
Wisconsin		No
Cities	2	0
Counties	2	0
Wyoming		No
Cities	0	–
Counties	0	–

A lists of the most recent credit rating for each of the 255 states, cities and counties named as eligible for the MLF by the Federal Reserve are attached as Appendix A, B and C.

As of the beginning of May, 2020, public reports have indicated only two states, cities, or counties that are planning to apply to the MLF.[16] This is consistent with the overall findings of this analysis. But it is important to note that the MLF pricing is still relatively expensive for those applicants. Illinois recently announced their interest in applying for $5 billion in funding from the MLF.[17] New Jersey recently announced they are considering the same amount.[18] Each will pay a high premium for the borrowing from the MLF that, even if it is lower than what they would pay borrowing in the markets, is still unnecessarily expensive. The Fed has made the cost of borrowing sufficiently expensive for all applicants that it will discourage poor-credit states from seeking the level of funds they need to avoid drastic program cuts and layoffs and siphon off resources from eligible states through the high borrowing costs.

As a result, much of the MLF's $500 billion lending capacity may go unused. This is counter to the intended policy goals of the MLF, and cannot be understood as a neutral matter. The explicit intent of the MLF for many Congress members and many economists is to provide local governments with the financing they need in order to avoid austerity-driven program cuts and drastic layoffs that will deepen the public health crisis and prolong the recession. The fact that the Fed has set terms for the MLF that intentionally restrict its use and limit the amount of money that will be distributed will significantly undermine the benefit to local governments, their constituents, and the country as a whole that the program was intended to bring.

Key Finding: The Fed Has a Double Standard, Lending to Private Corporations on Better Terms Than to States, Cities and Counties

It is notable that the Fed's highly restrictive terms for the MLF do not reflect a standard operating procedure for the Fed, but are a result of unusual choices. Many of the Fed's lending facilities for private corporations have significantly better terms then the Fed's lending to local governments. In fact, the pricing for investment grade municipal debt is higher than for some junk grade private debt.[19]

The MLF terms include:

- A maturity length of three years, which is a relatively short period of time for lending that restricts the ways in which the facility can be used.
- The pricing for investment-grade bonds rated from AAA to BBB-minus, lending is at the Overnight Index Swap Rate standard index (OIS) plus 150 to 380 basis points. For sub-investment-grade bonds rated below BBB – minus, lending is at OIS+ 590 basis points. This is a significantly costly interest rate premium charged by the Fed on top of the market index for bonds that are rated as investment grade and therefore highly safe. This is an even more significantly costly interest rate premium charged by the Fed for bonds that are rated as below investment-grade and therefore potentially risky, especially because the risk of default for a local government entity is understood to be far less than a private corporation with a similar credit rating. This impact of this pricing is to discourage use of the facility as all but a last resort.
- The Treasury Department is providing a 7% backstop to the facility. Because the Fed considers that it should not lose money on any loans that it makes, the Treasury Department provides a loss backstop to the lending authorized under the CARES Act. A 7% backstop for this facility is relatively low, indicating that either the lending is not very risky, or that the Treasury and the Fed are not willing to assume very much risk in order to encourage borrowing where it is needed.

In contrast to those harsh terms:

- The Secondary Corporate Credit Facility will lend with five-years maturity on private corporate debt at junk-bond status, while offering a 30% Treasury Department funding backstop to actively encourage the facility to lend on risky corporate debt.[20]
- The Main Street Lending Facilities, with terms updated on June 8th[21], will lend to businesses with fewer than 15,000 employees or annual revenues under five billion dollars, and is offering exceptionally forgiving terms that are far more flexible than any to be found on the private market. These terms include a five year maturity with payment of the principal deferred for two years, then phased in slowly in years three, four, and five. Interest payments are deferred for one year. These loans are offered at the London Interbank Offered Rate (LIBOR) plus 300 basis points, and the terms recommend but do not require the business to retain its employees.
- The Term Asset Lending Facility will lend at the Secured Overnight Lending Rate (SOFR) standard index plus 125 basis points for many types of asset-backed private securities of all credit quality. This includes, for example, bonds backed by private commercial mortgages.[22]

Conclusion: The Fed's Approach to the MLF is Damaging and Must be Fixed in the Heroes Act

The Fed's stated purpose for the MLF is to "enhance the liquidity of the primary short-term municipal securities market …[and] help restore confidence in the municipal securities market." The Fed has made it clear that they view the MLF as a last resort for municipal borrowing, not a first resort.[23] And, they have argued off-the-record that the MLF is doing its job, even if little money is actually lent out, because the fact that the MLF exists as an option acts as an effective floor for municipal bond markets. The claim is that the MLF has calmed the volatility that existed in municipal bond markets earlier in the crisis, and has restored the health of municipal lending markets to pre-crisis conditions.

This approach is problematic for a number of reasons:

- **The Crisis Demands an Increase In Lending to Local Governments:** The public health and economic needs of local governments are immeasurably greater now than they were before the crisis, so simply restoring the municipal lending market to pre-crisis conditions doesn't accomplish the intended purpose of the Facility. To provide state, city and county governments with the financial resources they need to push back against an unprecedented collapse in local revenues, and the austerity-driven program cuts and layoffs they will be forced to make, the Fed must structure the MLF to allow a major increase in borrowing, not simply a restoration of prior borrowing conditions. The Fed has sometimes made a similar argument about private corporate lending facilities, and in some cases this can be a valid point of view. But there is a very different case to be made for the outcome sought, and the public value created, in restoring health to certain markets for private debt, and for supporting local government to avert unprecedented program cuts and layoffs in the face of a cascading crisis.
- **The Fed is Treating Private Corporations Better than Local Governments:** Some Fed lending facilities for private corporations are priced to actively encourage borrowing, not simply act as a lender of last resort. This troubling double standard in the Fed's undermining of municipal lending indicates that the terms for the MLF are not simply standard procedure for the Fed.
- **Municipal Markets Are Not Meeting the Need:** While the municipal bond market has become less jittery since the early days of the crisis and yields on municipal bonds are low, current volume in the municipal bond is only consistent with the five-year volume average.[24] This indicates that, in spite of the relatively low cost that is currently available to municipal borrowers with high-quality credit ratings, the municipal bond market has not increased its lending activity to meet the dramatic increase in need.
- **The Fed is Undermining the Intent of Congress:** In setting unusually and unnecessarily harsh terms for the MLF, the Fed has created a municipal lending facility in name and appearance. But, the highly restrictive terms set by the Fed are intentionally handicapping the lending facility and directly undermining the intent of Congress when it authorized an expansion of Fed lending to municipalities specifically because it saw the need to increase fiscal support for states, cities and counties in the face of the crisis.

The fact that the Fed is handicapping the MLF may be a result of a longstanding institutional bias by the Fed against using their tools to support local government. As recently as February, 2020, Chair Powell said at a hearing before Congress that "The Fed has a particular role and particular authorities, and lending to state and local governments...that's not part of our mandate[25]." Given this resistance to supporting local governments, the Fed may be setting harsh terms for the MLF in order to create a self-fulfilling prophecy and demonstrate to Congress that the MLF will not actually be used and therefore is not part of the Fed's proper role.

Congress can fix the MLF by passing the language proposed in the Heroes Act. Division K, Title VIII of the Heroes Act includes urgent and essential fixes to the MLF by lowering borrowing costs and mandating more favorable terms that are in-line with other Fed facilities. These fixes include:

- Extending the maturity term to 10 years.
- Requiring below-market pricing equal to the Federal Funds Rate.
- Eliminating the requirement that states and cities prove they cannot get private financing before they go to the MLF.
- Reducing the population threshold for local cities and counties to be eligible.

In this moment of unprecedented crisis, our leaders in Congress cannot allow the Fed to undermine desperately needed municipal lending. By adopting more favorable terms, the Fed's municipal lending facility can play a pivotal role in addressing the public health and economic crises in communities around the country. Congress should pass the provisions of Heroes Act that will make this happen.

Methodology

The credit rating analysis presented in this white paper evaluates the 255 states, cities and counties that are explicitly listed by the Fed as eligible for the MLF because of their population size. This total reflects eligible geographies under the Fed's updated April 27th term sheet.[26] A recent MLF term sheet update issued by the Fed on June 3rd uses the same core list of 255 named states, cities and counties that were eligible based on the May 11th population size criteria.[27] But, under the new terms, 14 states have been designated for expanded eligibility by allowing them to designate either the most populous or the second most populous city or county in the state. The June 3rd term sheet also extends eligibility to a new class of applicant – Revenue Bond Issuers - defined as entities that issue bonds secured by revenue from a specific source that is owned by a government entity. This Revenue Bond Issuer category might include, for example, public transportation authorities and other similar structures.

For purposes of this analysis, any additional cities or counties that may be eligible because of the June 3rd term sheet update are not included because they are not explicitly named by the Fed at this time. The credit ratings of Revenue Bond Issuers are also not included in this analysis because there is no comprehensive list provided by the Fed.

To determine probable credit ratings for each of the 255 states, cities and counties listed as eligible by the Fed, we reviewed the Electronic Municipal Market Access (EMMA) database compiled by the Municipal Securities Rulemaking Board. For each city and country we searched for the ratings placed on the most recent general obligation-type bond issued. If there was no general obligation-type bond, we relied on the most recent long-term issuer rating provided by either Fitch or Moody's. For the state credit ratings, we used the California State Treasurer's comparison of all 50 states' general obligation bond ratings issued by Fitch Ratings, Moody's, and Standard & Poor's.[28]

The following geographies had no general obligation bond and no active ratings with Fitch or Moody's and were therefore not included in the analysis: Irvine City, CA; Stanislaus County, CA; Fairfield County, CT; and Tulsa County, OK. The following general obligation bond records on EMMA reflected a joint City-County bond which were used to determine credit ratings: City and County of San Francisco; City and County of Denver; and City and County of Honolulu. The general obligation bond for Jefferson County, KY is reflected in the credit rating of a joint Louisville-Jefferson County Metro Government general obligation bond. Similarly, Davidson County, TN is reflected in the credit rating for the Nashville-Davidson County Metro Government general obligation bond. For the five counties without a general obligation bond or a long-term issuer rating, we relied on the senior most tax or revenue-based credit ratings by Moody's or Fitch.

Acknowledgements

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About the Contributors

Fed Up is a coalition of community organizations and labor unions across the country fighting for full employment, rising wages, and a more accountable Federal Reserve. Fed Up is calling on the Federal Reserve to reform its governance and adopt policies that build a strong economy for working people. We believe that the Federal Reserve should prioritize the needs Main Street, not Wall Street in the as it works for an economic recovery, and should focus on long-term policy goals of genuine full employment and rising wages.

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Appendix A: States

State	Single-A minus rating or below?	Rating Agengy		
		Fitch	Moody's	S&P
Alabama		AA+	Aa1	AA
Alaska		A+	Aa3	AA-
Arizona		NR	Aa1	AA
Arkansas		NR	Aa1	AA
California		AA	Aa2	AA-
Colorado		NR	Aa1	AA
Connecticut		A+	A1	A
Delaware		AAA	Aaa	AAA
Florida		AAA	Aaa	AAA
Georgia		AAA	Aaa	AAA
Hawaii		AA+	Aa1	AA+
Idaho		AA+	Aa1	AA+
Illinois	Yes	BBB-	Baa3	BBB-
Indiana		AA+	Aaa	AAA
Iowa		AAA	Aaa	AAA
Kansas		NR	Aa2	AA-
Kentucky		AA-	Aa3	A
Louisiana		AA-	Aa3	AA-
Maine		AA	Aa2	AA
Maryland		AAA	Aaa	AAA
Massachusetts		AA+	Aa1	AA
Michigan		AA	Aa1	AA
Minnesota		AAA	Aa1	AAA
Mississippi		AA	Aa2	AA
Missouri		AAA	Aaa	AAA
Montana		AA+	Aa1	AA
Nebraska		NR	NR	AAA
Nevada		AA+	Aa1	AA+
New Hampshire		AA+	Aa1	AA
New Jersey	Yes	A-	A3	A-
New Mexico		NR	Aa2	AA
New York		AA+	Aa1	AA+
North Carolina		AAA	Aaa	AAA
North Dakota		NR	Aa1	AA+
Ohio		AA+	Aa1	AA+
Oklahoma		AA	Aa2	AA
Oregon		AA+	Aa1	AA+
Pennsylvania		AA-	Aa3	A+
Rhode Island		AA	Aa2	AA
South Carolina		AAA	Aaa	AA+
South Dakota		AAA	Aaa	AAA
Tennessee		AAA	Aaa	AAA
Texas		AAA	Aaa	AAA
Utah		AAA	Aaa	AAA
Vermont		AA+	Aa1	AA+
Virginia		AAA	Aaa	AAA
Washington		AA+	Aaa	AA+
West Virginia		AA	Aa2	AA-
Wisconsin		AA+	Aa1	AA
Wyoming		NR	NR	AA+

Appendix B: Cities

City	State	Single-A Minus Rating or Below?	Most Recent General Obligation Bond or Long-Term Issuer Rating			
			Agency: Fitch	Agency: Moody's	Agency: S&P	Long Term Issuer Rating
Anchorage Municipality	Alaska		AA+		AAA	
Chandler City	Arizona		AAA	Aaa	AAA	
Glendale City	Arizona		AAA		AA-	
Mesa City	Arizona			Aa2	AA	
Phoenix City	Arizona		AAA	Aa1	AA+	
Scottsdale City	Arizona		AAA	Aaa	AAA	
Tucson city	Arizona		AA+	Aa3	AA	
Stockton City	California	Yes				A3
Anaheim City	California					AA+
Bakersfield City	California					Aa3
Chula Vista City	California					Aa2
Fresno City	California					A
Irvine City	California					
Long Beach City	California					Aa2
Los Angeles City	California			Aa2	AA	
Oakland City	California			Aa1	AA	
Riverside City	California					A1
Sacramento City	California					Aa2
San Diego City	California					Aa2
San Francisco City	California			Aaa	AAA	
San Jose City	California		AA+	Aa1	AA+	
Santa Ana City	California		A+	Aa3		
Aurora City	Colorado					Aaa
Colorado Springs City	Colorado					Aa2
Denver City	Colorado		AAA	Aaa	AAA	
Jacksonville City	Florida					AA
Miami City	Florida					Aa2
Orlando City	Florida		AAA	Aa1	AA+	
St. Petersburg City	Florida					AA+
Tampa City	Florida					AA+
Atlanta City	Georgia		AA+	Aa1	AA+	
Honolulu City	Hawaii		AA+	Aa1		
Chicago City	Illinois	Yes	BBB-		BBB+	
Fort Wayne City	Indiana					Aa1
Indianapolis City	Indiana					AAA
Wichita City	Kansas			Aa1	AA+	
New Orleans City	Louisiana		A	A2	AA	
Baltimore City	Maryland			Aa2	AA	
Boston City	Massachusetts			Aaa	AAA	
Detroit City	Michigan	Yes		Ba3	BB-	
Minneapolis City	Minnesota		AA+		AAA	
St. Paul City	Minnesota		AAA		AAA	
Kansas City City	Missouri			Aa2	AA	
St. Louis City	Missouri				AA	
Lincoln City	Nebraska			Aaa	AAA	
Omaha City	Nebraska			Aa2	AA+	

City	State	Single-A Minus Rating or Below?	Most Recent General Obligation Bond or Long-Term Issuer Rating			
			Agency: Fitch	Agency: Moody's	Agency: S&P	Long Term Issuer Rating
Henderson City	Nevada			Aa2	AA+	
Las Vegas City	Nevada			Aa2	AA	
Reno City	Nevada					A1
Jersey City City	New Jersey			Aa3	AA-	
Newark City	New Jersey		AA+		AA	
Albuquerque City	New Mexico		AA+		AAA	
Buffalo City	New York			A1	A+	
New York City	New York		AA	Aa1	AA	
Charlotte City	North Carolina		AAA	Aaa	AAA	
Durham City	North Carolina		AAA	Aaa	AAA	
Greensboro City	North Carolina			Aaa	AAA	
Raleigh City	North Carolina		AAA	Aaa	AAA	
Cincinnati City	Ohio			Aa2	AA	
Cleveland City	Ohio			A1	AA+	
Columbus City	Ohio		AAA	Aaa	AAA	
Toledo City	Ohio			A2	AA	
Oklahoma City City	Oklahoma			Aaa	AAA	
Tulsa City	Oklahoma			Aa1	AA	
Portland City	Oregon			Aaa		
Philadelphia City	Pennsylvania		A-	A2	A	
Pittsburgh City	Pennsylvania		AA-		AA-	
Memphis City	Tennessee			Aa2	AA	
Arlington City	Texas			Aa1	AAA	
Austin City	Texas		AAA	Aaa	AAA	
Corpus Christi City	Texas		AA		AA	
Dallas City	Texas		AA		AA-	
El Paso City	Texas		AA		AA	
Fort Worth City	Texas		AA	Aa3	AA	
Houston City	Texas			Aa3	AA	
Laredo City	Texas			Aa2	AA	
Lubbock City	Texas		AA+		AA+	
Plano City	Texas			Aaa		
San Antonio City	Texas		AA+	Aaa	AAA	
Virginia Beach City	Virginia		AAA	Aaa	AAA	
Seattle City	Washington		AAA	Aaa	AAA	
Madison City	Wisconsin			Aaa		
Milwaukee City	Wisconsin		AA-		AA-	

Appendix C: Counties

County	State	Single-A Minus or Below?	Most Recent General Obligation Bond or Long-Term Issuer Rating			
			Agency: Fitch	Agency: Moody's	Agency: S&P	Current Long Term Issuer Rating
Jefferson County	Alabama		AA-	A3	AA-	
Maricopa County	Arizona					AAA
Pima County	Arizona		AAA		AA	
Sacramento County	California	Yes				A-
Alameda County	California		AAA	Aaa	AAA	
Contra Costa County	California					Aa2
Fresno County	California					AA-
Kern County	California					AA-
Los Angeles County	California					AA+
Orange County	California					AAA
Riverside County	California					AA-
San Bernardino County	California					Aa1
San Diego County	California					AAA
San Joaquin County	California					Aa2
San Mateo County	California					Aaa
Santa Clara County	California		AA+		AAA	
Stanislaus County	California					
Ventura County	California					AA+
Adams County	Colorado					Aa1
Arapahoe County	Colorado					Aa1
El Paso County	Colorado					AA
Jefferson County	Colorado					AA+
Fairfield County	Connecticut					
New Castle County	Delaware		AAA	Aaa	AAA	
Brevard County	Florida					AA+
Broward County	Florida					AAA
Hillsborough County	Florida					AAA
Lee County	Florida					AA
Miami-Dade County	Florida		AA		AA	
Orange County	Florida					AAA
Palm Beach County	Florida		AAA	Aaa	AAA	
Pasco County	Florida		AA	Aa2		
Pinellas County	Florida					Aa1
Polk County	Florida					AA
Volusia County	Florida					AA
Cobb County	Georgia		AAA	Aaa	AAA	
DeKalb County	Georgia					AA-
Fulton County	Georgia		AA	Aa1	AA+	
Gwinnett County	Georgia					AAA
Cook County	Illinois					A+
DuPage County	Illinois					AA+
Kane County	Illinois				AA+	
Lake County	Illinois			Aaa	AAA	
Will County	Illinois					Aa1
Johnson County	Kansas		AAA	Aaa	AAA	
Sedgwick County	Kansas				AAA	

County	State	Single-A Minus or Below?	Most Recent General Obligation Bond or Long-Term Issuer Rating			
			Agency: Fitch	Agency: Moody's	Agency: S&P	Current Long Term Issuer Rating
Jefferson County	Kentucky					
Lexington-Fayette Urban County Government	Kentucky			Aa2	AA	
Louisville-Jefferson County Metro Government	Kentucky			Aa1	AA+	
Anne Arundel County	Maryland			Aa1	AAA	
Baltimore County	Maryland		AAA	Aaa	AAA	
Montgomery County	Maryland		AAA	Aaa	AAA	
Prince George's County	Maryland		AAA	Aaa	AAA	
Norfolk County	Massachusetts			Aa3		
Wayne County	Michigan	Yes				BBB+
Kent County	Michigan			Aaa	AAA	
Macomb County	Michigan			Aa1		
Oakland County	Michigan			Aaa	AAA	
Hennepin County	Minnesota		AAA		AAA	
Ramsey County	Minnesota			Aaa	AAA	
Jackson County	Missouri					Aa2
St. Louis County	Missouri					AAA
Douglas County	Nebraska			Aaa	AAA	
Clark County	Nevada			Aa1	AA+	
Bergen County	New Jersey			Aaa		
Camden County	New Jersey					Aa2
Essex County	New Jersey		AA+	Aaa		
Hudson Count	New Jersey				AA	
Middlesex County	New Jersey				AAA	
Monmouth County	New Jersey		AAA	Aaa	AAA	
Ocean County	New Jersey		AAA	Aaa		
Passaic County	New Jersey			Aa1	AA	
Union County	New Jersey			Aaa		
Bernalillo County	New Mexico		AAA	Aaa	AAA	
Suffolk County	New York		BBB+		AA	
Erie County	New York				AA-	
Monroe County	New York				AA	
Nassau County	New York		A	A2	A+	
Westchester County	New York		AA+	Aa1	AA+	
Guilford County	North Carolina		AAA	Aaa	AAA	
Mecklenburg Count	North Carolina		AAA	Aaa	AAA	
Wake County	North Carolina		AAA	Aaa	AAA	
Cuyahoga County	Ohio					AA+
Franklin County	Ohio			Aaa	AAA	
Hamilton County	Ohio			Aa2		
Montgomery County	Ohio					Aa1
Summit County	Ohio			Aa1	AA+	
Oklahoma County	Oklahoma			Aa1		
Tulsa County	Oklahoma					
Multnomah County	Oregon					Aaa
Washington County	Oregon			Aaa		
Allegheny County	Pennsylvania			Aa3	AA-	
Bucks County	Pennsylvania			Aaa	AAA	
Chester County	Pennsylvania		AAA	Aaa	AAA	
Delaware County	Pennsylvania			Aa1	AA	

County	State	Single-A Minus or Below?	Most Recent General Obligation Bond or Long-Term Issuer Rating			
			Agency: Fitch	Agency: Moody's	Agency: S&P	Current Long Term Issuer Rating
Lancaster County	Pennsylvania			Aa2		
Montgomery County	Pennsylvania			Aaa		
Greenville County	South Carolina				AAA	
Davidson County	Tennessee					
Nashville-Davidson County Metropolitan Government	Tennessee			Aa2	AA	
Shelby County	Tennessee		AA+	Aa1	AA+	
Bexar County	Texas		AAA	Aaa	AAA	
Collin County	Texas			Aaa	AAA	
Dallas County	Texas					Aaa
Denton County	Texas			Aaa	AAA	
El Paso County	Texas		AA	Aa2		
Fort Bend County	Texas			Aa1		
Harris County	Texas		AAA	Aaa		
Hidalgo County	Texas			Aa2	AA-	
Montgomery County	Texas			Aaa	AA+	
Tarrant County	Texas			Aaa	AAA	
Travis County	Texas			Aaa	AAA	
Williamson County	Texas		AAA		AAA	
Salt Lake County	Utah		AAA	Aaa	AAA	
Utah County	Utah					Aa1
Fairfax County	Virginia		AAA	Aaa	AAA	
King County	Washington		AAA	Aaa	AAA	
Pierce County	Washington			Aa1	AA+	
Snohomish County	Washington			Aa1	AA+	
Spokane County	Washington			Aa1	AA+	
Dane County	Wisconsin				AAA	
Milwaukee County	Wisconsin		AA	Aa2	AA	

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