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S&P: The Opioid Crisis Is A Credit Risk For U.S. Local Governments, Especially After COVID-19

Key Takeaways

- Prescription opioids, illicit opioids such as heroin, and synthetic opioids such as fentanyl, have contributed to the sharp spike in overdoses that have led to a quadrupling of overdose deaths since 2009.
- The opioid epidemic continues to demand spending from local governments that may be struggling to maintain structural budgetary balance amid the pressures resulting from COVID-19.
- Dealing with the opioid crisis can create local government budgetary pressure at the same time it weakens economic metrics.
- We have assigned negative outlooks to municipal entities facing budget stability challenges due in large part to opioid cost drivers, and we expect opioid cost pressures to slow economic recovery post-recession.

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