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Philadelphia Charter Schools: Unexecuted Charter Contracts Are A Unique Risk

Key Takeaways

- Brick-and-mortar charter schools in Pennsylvania are authorized by local school districts. Among our rated charter schools that are authorized by the School District of Philadelphia (SDP), 70% currently have unexecuted charter contracts, compared with 11% for the schools operating elsewhere in the commonwealth.
- Unresolved charter agreements have historically been driven by a range of disagreements around charter contract terms, which have included: enrollment caps, academic standards, and relationships between schools and third-party management organizations.
- Though risks persist, we have not taken rating action for most of the schools, given that charter schools in Pennsylvania can legally continue to operate pursuant to the most recently executed charter contract, as long as the school remains in compliance with its terms.
- Frequent and ongoing conversations with the SDP Charter School Office (CSO) support S&P Global Ratings' view that compliant charter schools are not presently at risk simply for having unsigned and/or unexecuted charter contracts.

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