

# Bond Case Briefs

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## S&P Outlook For Charter Schools: State Revenue Weakness May Test Credit Quality

### **Sector View: Negative**

***While there are several factors that could influence credit quality over the next year, revenue pressures caused by cuts, delays, or deferrals to per-pupil funding have the most potential to bring on credit deterioration.*** We do not expect all credits will weaken in 2021 and beyond, but in the current environment we still expect downgrades to outpace upgrades. Any major policy changes negatively affecting school choice could also cause disruption. Schools with relatively stronger enrollment trends and greater financial reserves are likely to fare better, while lower rated schools in challenged states will have less operating flexibility.

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