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S&P U.S. Charter Schools Rating Actions, Second-Quarter 2021

During the second quarter of 2021 (April 1-June 30), S&P Global Ratings changed its rating or revised its outlook on 29 U.S. charter schools (seven of these were new ratings that were initially assigned) while maintaining 80 ratings. Rating actions spanned across all rating levels.

Positive rating actions matched negative rating actions in the second quarter, reflecting the mixed recovery picture as schools end an unprecedented 2020-2021 school year. Most of the ten negative rating actions, which included two downgrades and eight negative outlook revisions, were characterized by ongoing enrollment declines, often preceding, but perhaps exacerbated by, the pandemic. For charter schools, these demand pressures often translate to slimmer operations and weaker balance sheets.

The second quarter's ten positive rating actions tell a different story. These schools earned successful charter renewals, grew cash, strengthened coverage, or improved demand metrics. New charter school ratings in 2021 rival last year, with 13 new ratings assigned year-to-date, compared to 23 new ratings assigned in 2020. S&P Global Ratings revised the charter school sector view back to stable in March 2021 following the steady improvement in economic conditions and the third round of federal stimulus monies. We believe ESSER I, II, and III funds will likely bolster schools' operations in the coming fiscal years. Federal aid to states should also flow through to our rated charter schools, supporting steady-to-growing per-pupil funding in the near term, which we view positively.

The following tables summarize S&P Global Ratings' quarterly rating actions, outlook revisions, and maintained ratings for U.S. charter schools. The rating actions, outlook revisions, and maintained ratings are based on our "U.S. Public Finance Charter Schools: Methodology And Assumptions" criteria, published Jan. 3, 2017, on RatingsDirect.

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