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Charter-School Stress Breaks Record With Pandemic Aid Ending.

- **Fifty-five charter schools are actively impaired on debt**
- **Gauge of high-yield education debt has slumped this year**

The number of distressed charter schools rose to a record in the beginning of 2024 as the sector struggles with the end of pandemic assistance and rising costs.

So far this year, five charter schools have become impaired, meaning a borrower has defaulted on their debt, broken a covenant or used some emergency means to make a payment. The impairments bring the total to 55 schools, according to a report by Municipal Market Analytics, a record that eclipsed the previous peak set during the early months of the pandemic in 2020.

Charter schools, which are privately run and publicly funded, have grown in popularity since the pandemic as some families sought alternatives to traditional public education. The number of public charter schools in the US increased by nearly 50% between 2011 and 2021, according to the National Center for Education Statistics. That growth has ramped up competition between schools for students, with shrinking class populations having the most-painful impact on smaller schools with thinner margins.

Continue reading.

Bloomberg Markets

By Melina Chalkia and Nic Querolo

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