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[Charter Schools, College Muni Debt Sees Worst Year for Distress.](#)

- **Muni distress is rare with annual default rate of 0.11%**
- **Defaults across the muni market hit levels not seen since 2021**

Municipal bonds sold by colleges and charter schools became distressed at record levels in 2024, as the amount of defaulted state and local government debt hit a three-year high.

Last year was the “worst year for municipal defaults since 2021, breaking a three-year streak of sector-wide credit improvement,” wrote Matt Fabian and Lisa Washburn at Municipal Market Analytics in a report published Tuesday. Inclusive of the defaults, borrowers recorded 185 impairments, the most since the coronavirus pandemic roiled credit markets. Impairments can be a missed debt-service payment or an indicator of financial stress, like a broken covenant or the use of emergency means to pay investors.

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