

Florida's Threats Cause Blowback to Municipals, Debt Service Not Currently at Risk

- Local government or county school-related debt service is not immediately at risk as a result of the recent threats from Florida state officials. Immediate, however, is the operative word. We are unsure of the fluidity of Florida's situation. For now, the larger concern for the municipal bond market is blowback. The threats happening in Florida have a potential precedent-setting nature that could increase the possibility for similar tactics to be used directly and perhaps pressure bondholder security at a larger scale.
- The Florida Department of Education delivered a 48-hour ultimatum to the Florida county school boards that issued mask mandates. Some school boards have ignored the warnings and instituted mask mandates anyway. School aid and compensation could be at risk according to threats.
- Florida County schools can use Rescue Plan Act funds to counter any funds withheld by the state or the governor. Neither the governor nor the state's Department of Education has the ability to block or withhold Rescue Plan Act funds from local governments or schools. Rather than going through the state, these funds flow directly to the local governments and schools.

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