School District Credit Quality is Strong, Former Mayor Bloomberg is Overreaching

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- Former mayor of New York City Michael Bloomberg's analysis suffers from selection bias, and his conclusion that classrooms will be "half-empty" is an overreach.
- We still have a "Positive" outlook on the school district sector. We continue to expect public finance, and school district rating upgrades will outpace downgrades in 2022.
- The substantial amount of federal aid to public finance entities, including schools, will allow a softer landing during this and near-term budget planning. However, we are on the look-out to make sure that individual entities do not lose structural balance.

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