

## U.S. Municipal Bond Market

# Florida Governor Threatens School Funding if Mask Mandates Remain

- The COVID-19 Delta variant is causing a rise in the total number of COVID-19 cases, hospitalizations, and deaths. As a result, last week the CDC last week issued new mask-related guidelines.
- Late last week, Florida Governor Ron DeSantis began the process of instituting policies to allow parents, and not local governments, to determine whether students should wear masks in schools.
- A July 30, 2021 [Florida Executive Order \(21-175\)](#) threatens the possibility that the Florida Commissioner of Education may withhold state funds from school boards requiring mask mandates.
- State sources make up nearly 40% of Florida school funding, so there could be a severe negative credit impact if funding is withheld. We will continue to follow closely to see how this develops.

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## CDC Guidelines Advise a Return to Masks, Even for Those Fully Vaccinated

The COVID-19 Delta variant is causing a rise in the total number of COVID-19 cases, hospitalizations, and deaths, according to [New York Times data](#). The number of cases has risen by 149% and hospitalizations have risen by 86% in the last two weeks. The number of new deaths has only risen by 14% during that same time period.

Risks to those fully vaccinated are very low, as new analysis shows. "Of the 164 million vaccinated Americans, around 125,000 people have tested positive for breakthrough infections and 0.001% have died, according to state data compiled from state dashboards by NBC and data from the Centers for Disease Control and Prevention," [per an Axios article](#). In the U.S., 49.4% of the population is considered fully vaccinated, [according to data from the New York Times as of July 30](#).

*A July 30, 2021 Florida Executive Order (21-175) threatens the possibility that the Florida Commissioner of Education may withhold state funds from school boards requiring mask mandates.*

Stricter mask-related guidance was [released by the Centers for Disease Control and Prevention \(CDC\) last week](#). The CDC noted that the new Delta variant is more contagious than previous versions of COVID-19 and that everyone in "substantial/high areas of transmission," even those vaccinated, should begin to wear a mask again.

## Sources of Funding for Florida School Districts

Source	Amount (%)
Local govt sources	48.79%
State govt sources	39.90%
Federal govt sources	11.31%
<b>Total</b>	<b>100.00%</b>

Source: Florida Department of Education and HilltopSecurities.

## Florida Governor to Withhold School Funding if Schools Require Masks

Two Florida county school systems (Broward and Gadsden) announced last week that they will require students to wear masks, a policy that would be in line with the aforementioned CDC guidelines. However, late last week Florida Governor Ron DeSantis began the process of instituting policies to allow parents, and not local governments, to determine whether or not students should wear masks in schools.

Governor DeSantis does not want Florida county school systems to require students to wear masks. "The question is, shouldn't this be something the parent is best to evaluate?" DeSantis said, contending mask wearing did not generate significantly different health outcomes in schools last year than in those that had no facial covering rules," per a Miami Herald article.

There could be negative financial ramifications for Florida county school systems that maintain policies that require masks according to this recent development. A July 30, 2021 Florida Executive Order (21-175) threatens the possibility that the Florida Commissioner of Education may withhold state funds from noncompliant school boards.

State funding sources make up nearly 40% of school district funding, according to Florida Department of Education data. If funds are, in fact, able to be withheld, it could have significant negative credit implications.

The Broward County School Board Chair already stated that if the governor implemented a law banning mask mandates that Broward would "follow the law." Under such a circumstance, it is unlikely that a mask mandate would stay and that the county school system would have its state funding withheld. However, we will continue monitoring this development because the withholding of state aid could have severe negative credit implications in Florida and tracking the spread of the Delta variant.

## Latest COVID-19 Numbers in Florida

Florida is second to only Louisiana in the number of daily cases per 100,000 people, and currently makes up about 20% of daily new cases nationally (15,818 out of 79,763).

Broward County, Florida Mayor Steve Gellar while addressing the increase in cases in his area said, "Unfortunately, Dade and Broward County lead the nation in hospitalizations. The numbers are doubling every 10 or 11 days. Geometric progression. This is horrifying."

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## County Trends Related to COVID-19 (Top Five Counties by Number of Daily Cases)

County	State	Cases Daily Avg.	Per 100k	14-day Change (%)	Hospitalized Avg Per 100k	14-day Change (%)
Los Angeles	CA	2,787	28	+90%	10	+95%
Miami-Dade	FL	2,226	82	+124	39	+111
Harris	TX	1,778	38	+491%	22	+111%
Broward	FL	1,297	66	+137%	43	+130%
Maricopa	AZ	1,242	28	+88%	15	+57%

Source: New York Times and HilltopSecurities.

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