

## SECTOR PROFILE

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 Rate this Research

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## K-12 Public School Districts – US

# Medians - US K-12 public school districts under new methodology

US K-12 public school districts saw most credit metrics remain stable between 2018 and 2019, according to our fiscal 2019 medians data. On January 26, 2021, we published an updated [methodology](#) applicable to US K-12 public school districts which uses several familiar credit metrics and introduces some new ones.

- » **Economic metrics include resident income, full value per capita and enrollment.** The median resident income was 108.4% of the US in 2019. The full value per capita and enrollment trend medians were \$93,277 and -0.3%, respectively, in 2019.
- » **Financial metrics include available fund balance and net cash balance ratios.** The median available fund balance ratio was 23.1% in 2019 and the median net cash balance ratio was 27.9% in 2019.
- » **Leverage metrics include fixed-cost and long-term liabilities ratios.** In 2019 the median long-term liabilities ratio was 289.6% and the median fixed-cost ratio amounted to 12.3%.

Exhibit 1

### Median credit metrics for K-12 public school district remained stable Table covers 2018 and 2019

School Districts	2018	2019
Resident income	108.6%	108.4%
Full Value per capita	93,959	93,277
Enrollment trend	-0.1%	-0.3%
Available fund balance ratio	22.7%	23.1%
Net cash ratio	27.9%	27.8%
Long-term liabilities ratio	310.3%	289.6%
Fixed-costs ratio	12.6%	12.3%

These median values are based on a sample of approximately 2,700 US K-12 public school districts and exclude 637 school districts with ratings that were placed on review in conjunction with the publication of the new methodology. The table above shows the 2018 and 2019 data for seven scorecard metrics.

Source: Moody's Investors Service

### Basis for medians

On January 26, 2021, we published an updated methodology applicable to US K-12 public school districts which uses several familiar credit metrics and introduces some new ones. As such, the medians presented here are based on the key metrics outlined in the methodology and the associated scorecard. Our sample size consists of approximately 2,700 districts which comprise approximately 80% of the rated K-12 universe. The sample excludes 637 K-12 districts with ratings that were placed on review in conjunction with the publication of the new methodology. Appendix A in this report provides additional metrics broken out by rating category.

The ratings used in this report are based on each district's Issuer Rating or its equivalent.

We use data from a variety of sources to calculate the medians, many of which have differing reporting schedules. Whenever possible, we calculated these medians using available data for fiscal year 2019. However, there are some exceptions. Population data and median family income are derived from US Census Bureau American Community Survey estimates. Appendix B in this report includes a glossary which defines each metric in the tables and shares the typical sources for it.

Our ratings reflect our forward-looking opinion derived from forecasts of financial performance and qualitative factors, as opposed to strictly historical quantitative data. Our expectation of future performance combined with the relative importance of certain metrics on individual local government ratings account for the range of values that can be found within each rating category.

## Appendix A: Medians

Exhibit 2

### Medians by year

School Districts	2018	2019
<b>Economy</b>		
Resident income	108.6%	108.4%
Full value (\$000)	2,226,087	2,338,067
Population	22,722	19,801
Full Value per capita	93,959	93,277
Enrollment	3,250	3,228
Enrollment trend	-0.1%	-0.3%
<b>Financial performance</b>		
Operating revenue (\$000)	47,099	49,557
Available fund balance (\$000)	10,588	11,413
Net cash (\$000)	13,071	13,934
Available fund balance ratio	22.7%	23.1%
Net cash ratio	27.9%	27.8%
<b>Leverage</b>		
Debt (\$000)	31,678	33,892
ANPL (\$000)	69,704	67,874
OPEB (\$000)	9,212	7,926
Long-term liabilities ratio	310.3%	289.6%
Implied Debt Service (\$000)	2,309	2,334
Pension Treadwater (\$000)	2,132	2,321
OPEB Contributions (\$000)	325	354
Fixed-costs ratio	12.6%	12.3%

Source: Moody's Investors Service

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

Exhibit 3

**Medians by rating**

School Districts	Aaa	Aa	A	Baa	Ba and below
<b>Economy</b>					
Resident income	168.9%	121.7%	97.0%	87.6%	82.8%
Full value (\$000)	11,986,069	3,848,156	1,102,651	954,072	762,876
Population	45,044	29,777	10,946	12,049	20,973
Full Value per capita	191,404	104,849	76,753	72,174	38,279
Enrollment	5,139	4,489	1,922	1,871	2,479
Enrollment trend	0.3%	-0.1%	-0.5%	-1.3%	-2.3%
<b>Financial performance</b>					
Operating revenue (\$000)	130,775	73,583	28,791	24,678	44,925
Available fund balance (\$000)	37,896	18,249	6,246	1,888	1,135
Net cash (\$000)	47,670	22,186	6,998	2,412	1,845
Available fund balance ratio	26.8%	25.4%	21.5%	9.2%	3.6%
Net cash ratio	38.6%	30.4%	25.9%	10.4%	8.6%
<b>Leverage</b>					
Debt (\$000)	44,922	49,675	22,054	22,230	30,813
ANPL (\$000)	163,293	96,635	43,073	54,628	28,777
OPEB (\$000)	26,023	12,399	4,504	6,122	5,460
Long-term liabilities ratio	220.4%	284.4%	296.7%	346.8%	260.8%
Implied Debt Service (\$000)	3,605	3,456	1,516	1,772	2,437
Pension Treadwater (\$000)	4,321	3,192	1,410	1,881	1,151
OPEB Contributions (\$000)	1,041	507	211	295	234
Fixed-costs ratio	9.9%	11.6%	13.1%	16.5%	9.9%

Source: Moody's Investors Service

## Appendix B: Metrics glossary

Exhibit 4

	Definition	Typical Source*
<b>Economy</b>		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau) RPP: US Bureau of Economic Analysis
Full value (\$000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Investors Service
<b>Financial performance</b>		
Operating revenue (\$000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance (\$000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash (\$000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
<b>Leverage</b>		
Debt (\$000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL (\$000)	District's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
OPEB (\$000)	District's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Investors Service
Implied debt service (\$000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Investors Service
Pension tread water (\$000)	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Investors Service
OPEB contributions (\$000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of metrics listed above please refer to the [K12 Methodology](#).  
Source: Moody's Investors Service

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