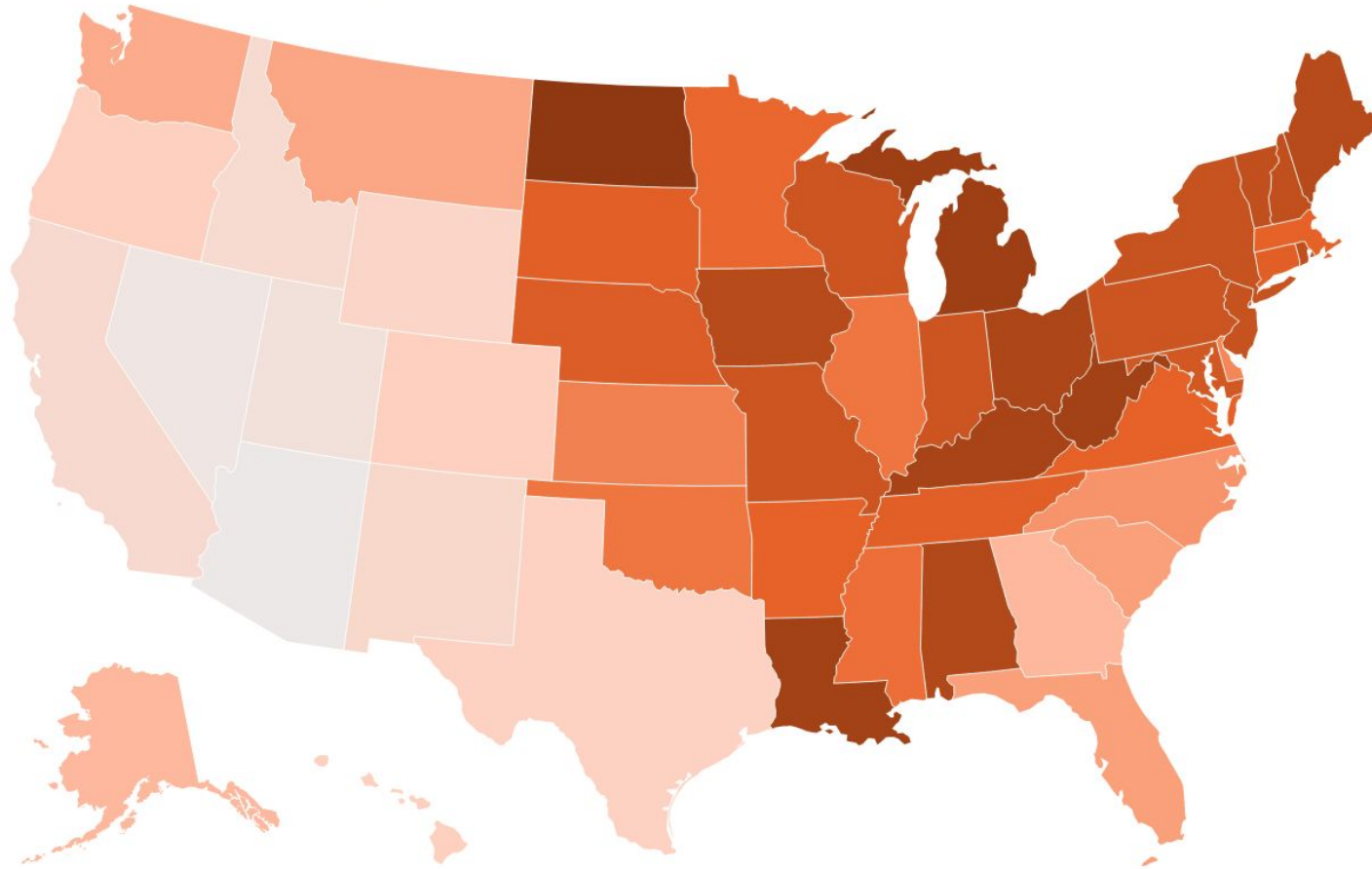
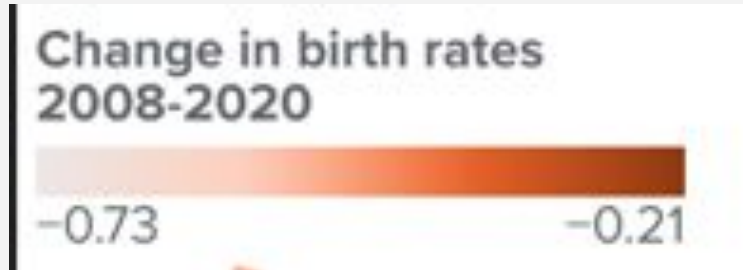


# Birth Rates Have Declined Across the Country

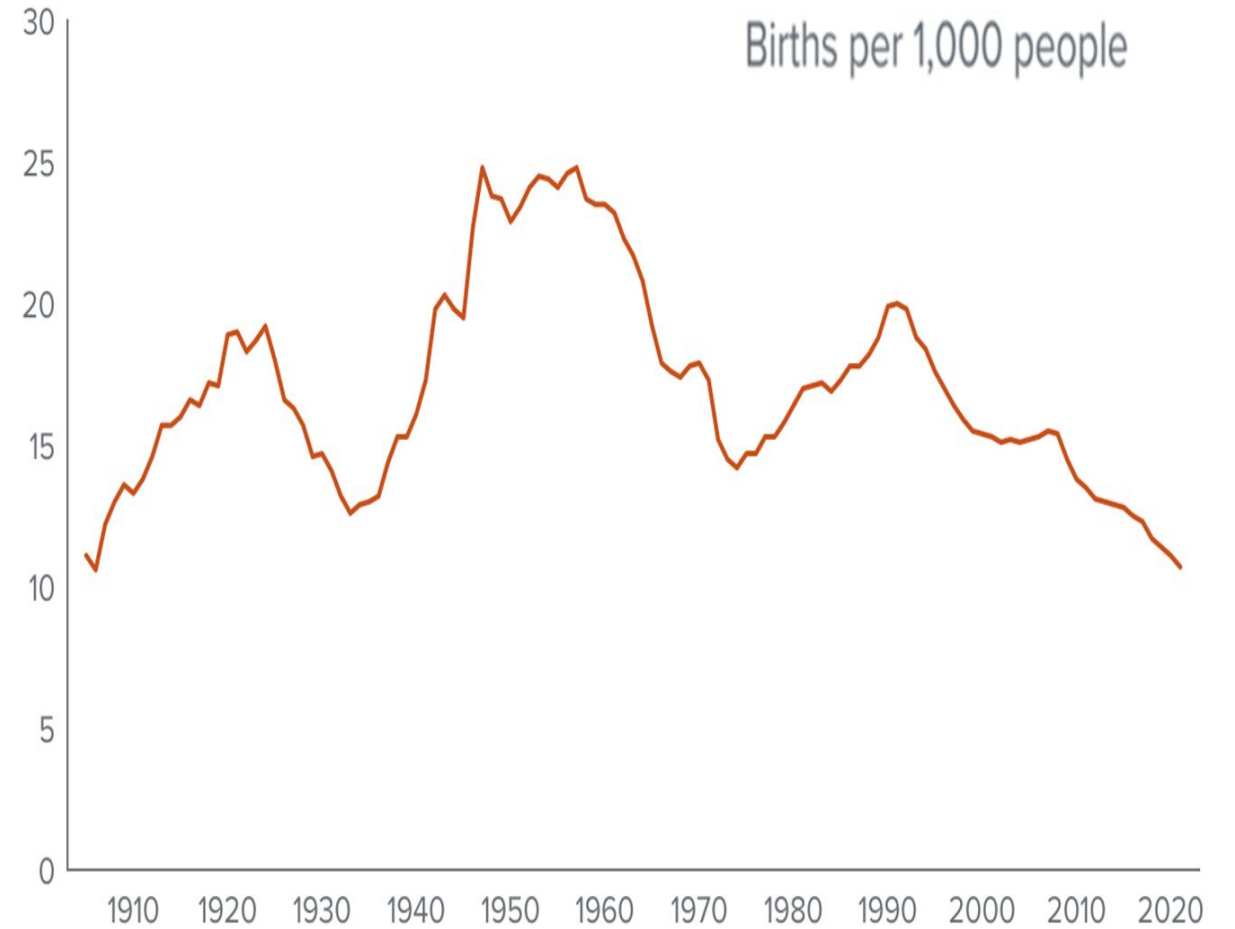


•Source: PPIC Blog, January 2023, Centers for Disease Control and Prevention, National Vital Statistics Reports, Fitch Ratings

# CA Birth Rates Are At Record Lows

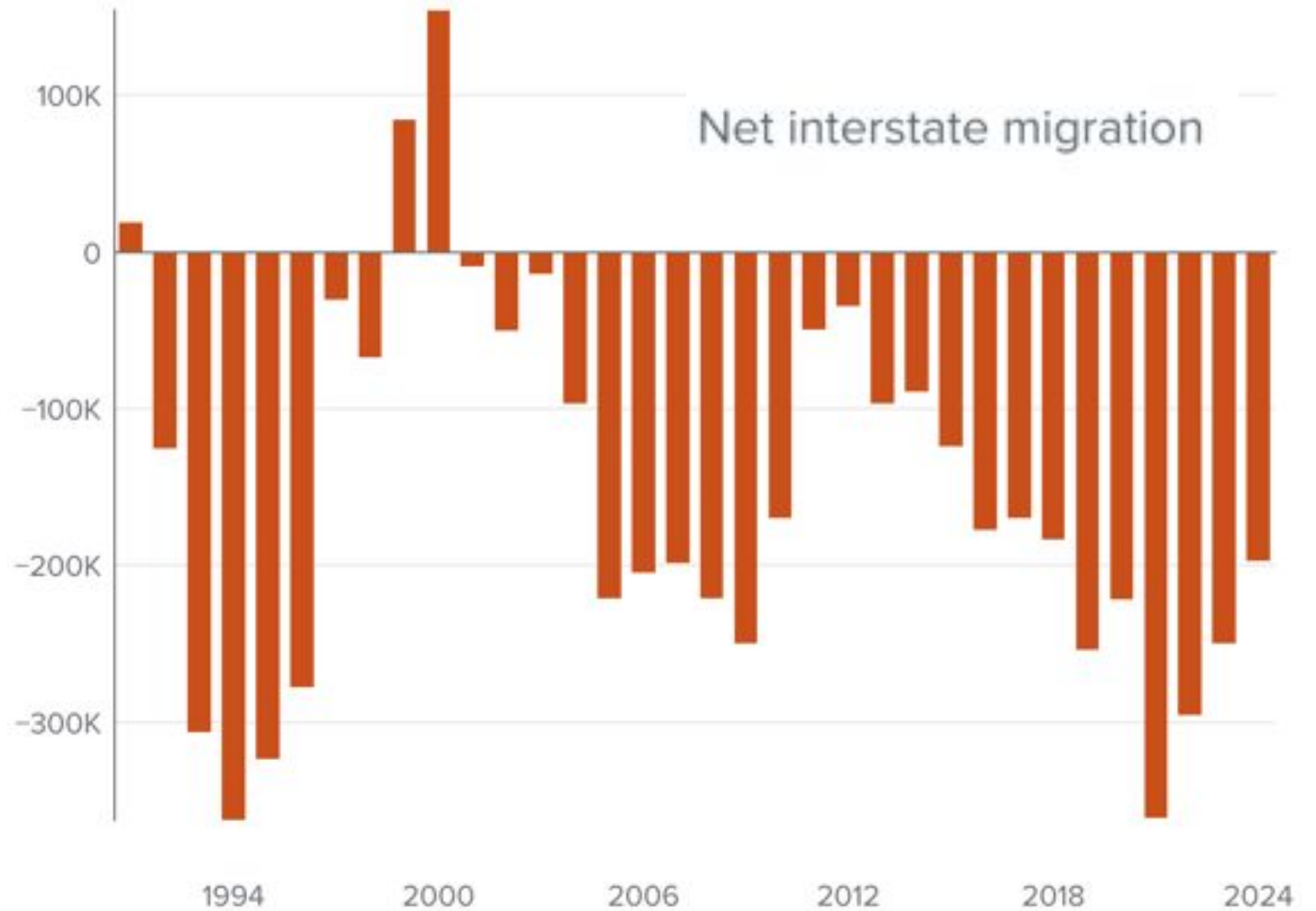


•Source: PPIC Blog, January 2023, Centers for Disease Control and Prevention, National Vital Statistics Reports, Fitch Ratings



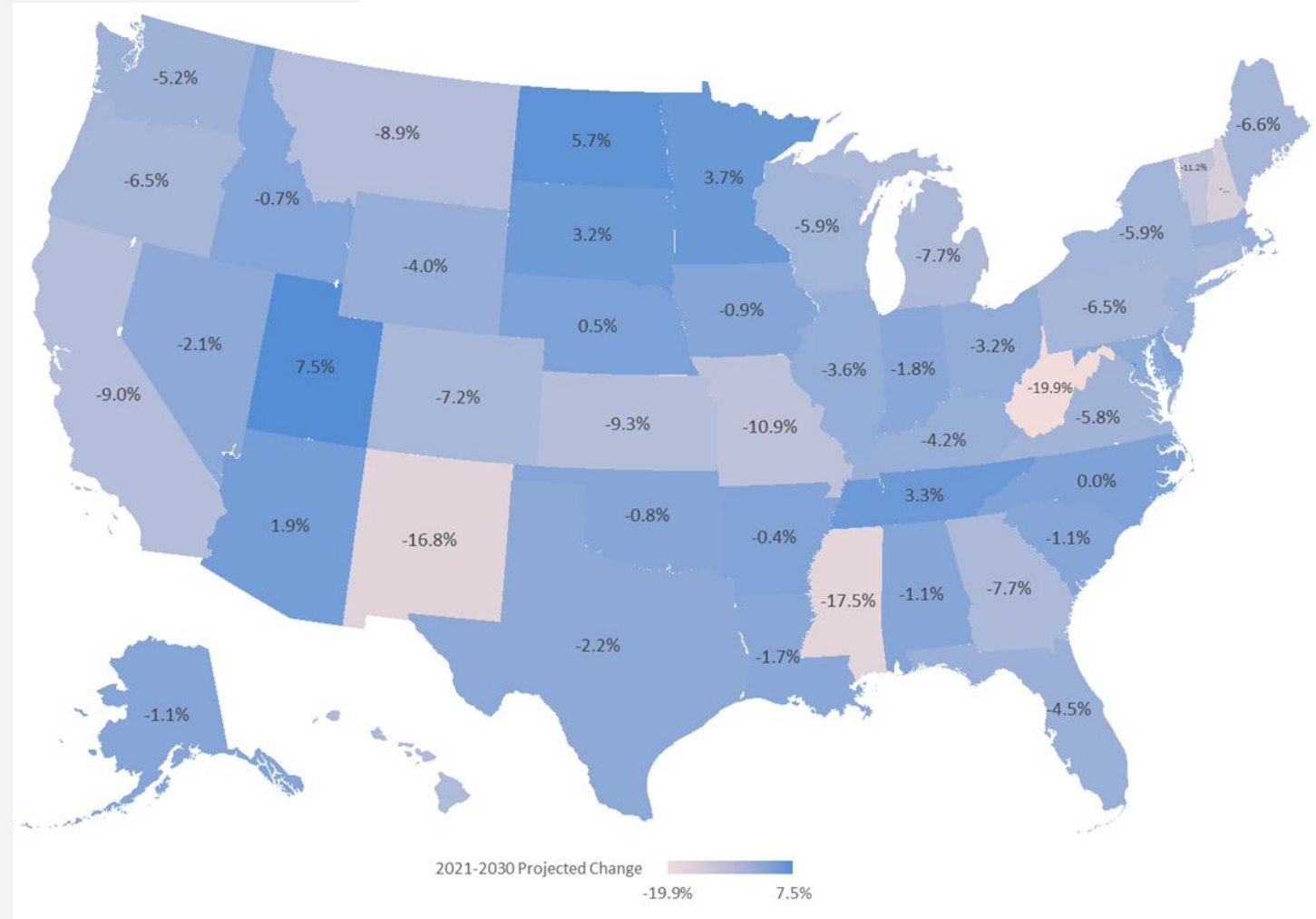
# CA Has Been Losing Residents to Other States

Year ↕	In-migrants ↕	Out-migrants ↕	Net ↕
2010	444,749	573,988	-129,239
2011	468,428	562,343	-93,915
2012	493,641	566,986	-73,345
2013	485,477	581,679	-96,202
2014	513,968	593,308	-79,340
2015	514,477	643,710	-129,233
2016	514,758	657,690	-142,932
2017	523,131	661,026	-137,895
2018	501,023	691,145	-190,122
2019	480,204	653,551	-173,347
2021	433,402	841,065	-407,663
2022	475,803	817,669	-341,866
2023	422,075	690,127	-268,052



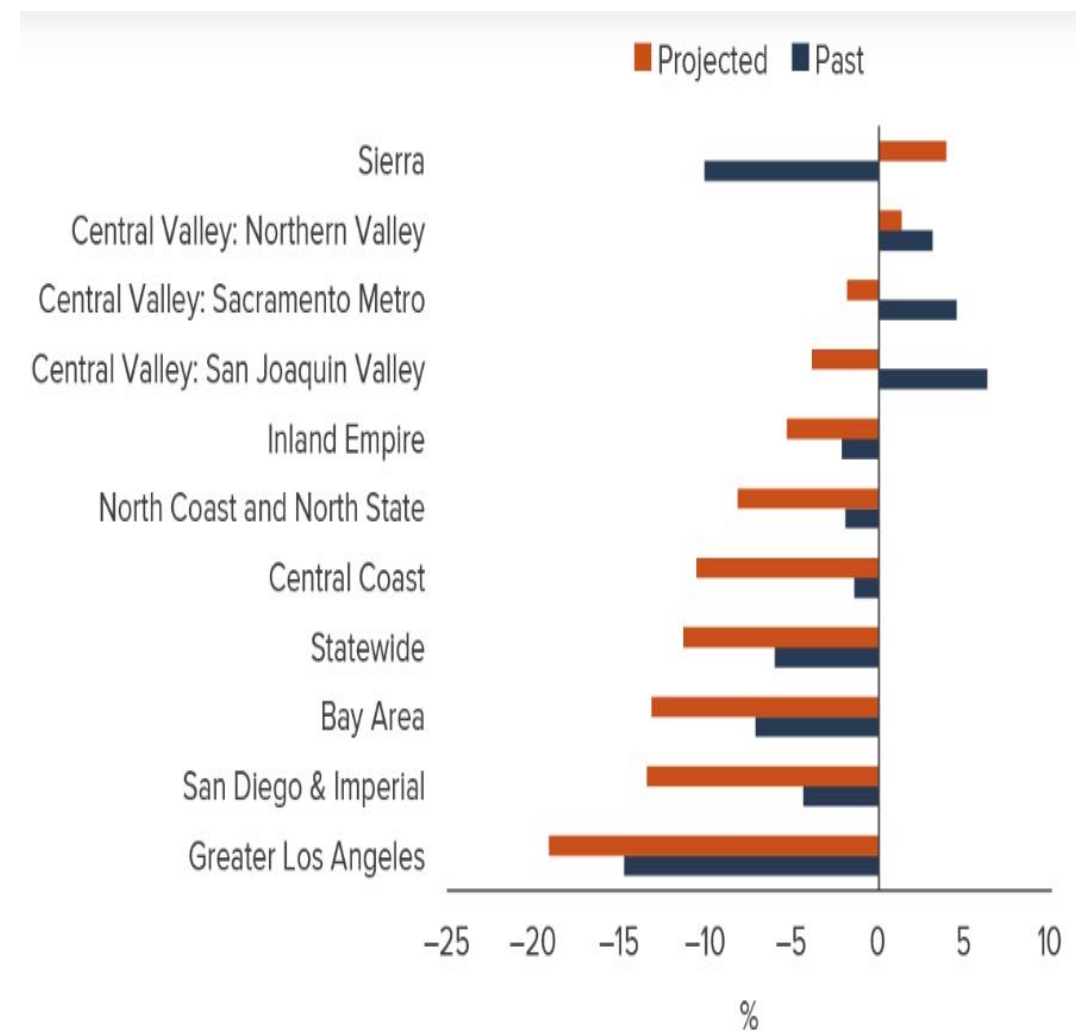
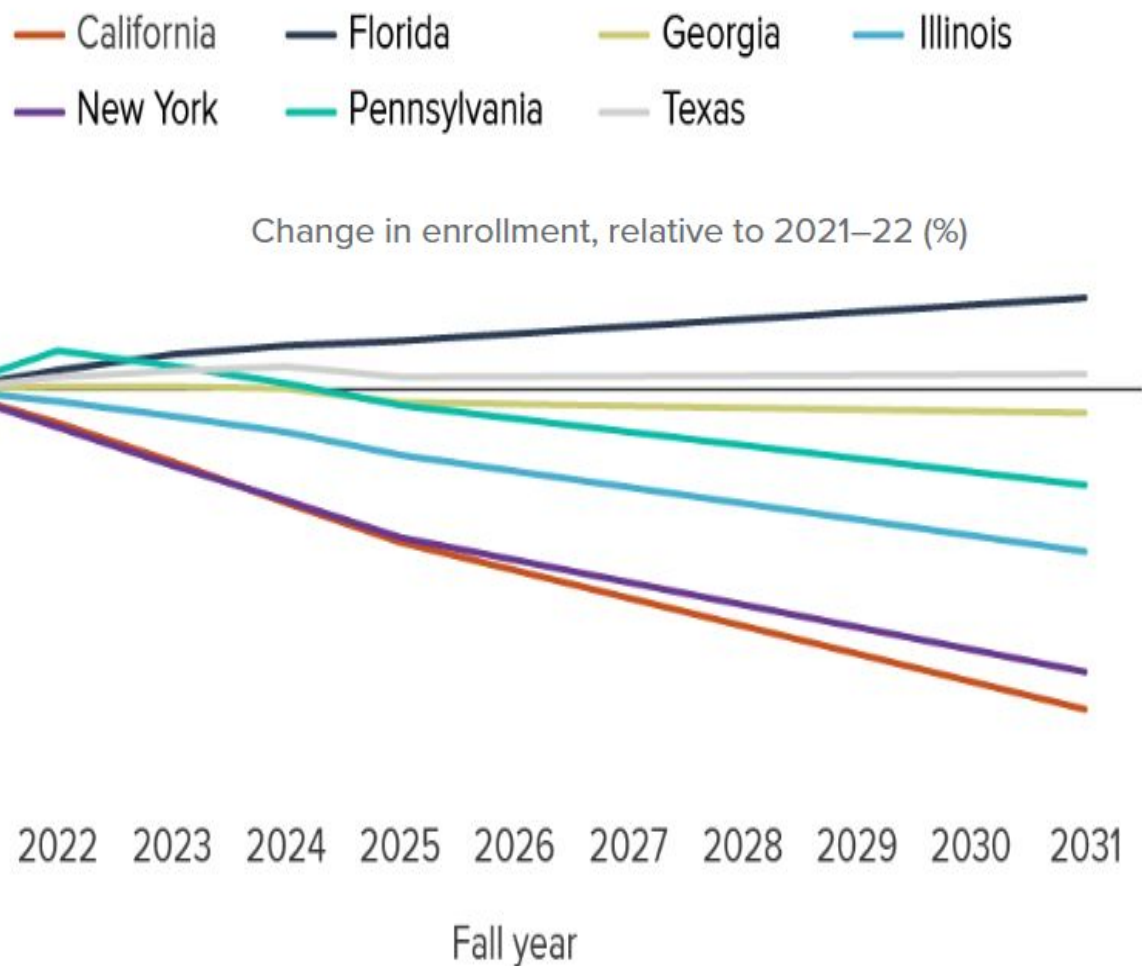
# Projected Change in K-12 Enrollment, 2021-30

US Total: -5.1%



•Source: National Center for Education Statistics, Fitch Ratings

# CA Decline Projected to be Largest Among Large States, and in Most All Regions



•Source: PPIC Blog, California Department of Finance, Fitch Ratings



## Percent Change in Total School Enrollment, 2019-2024



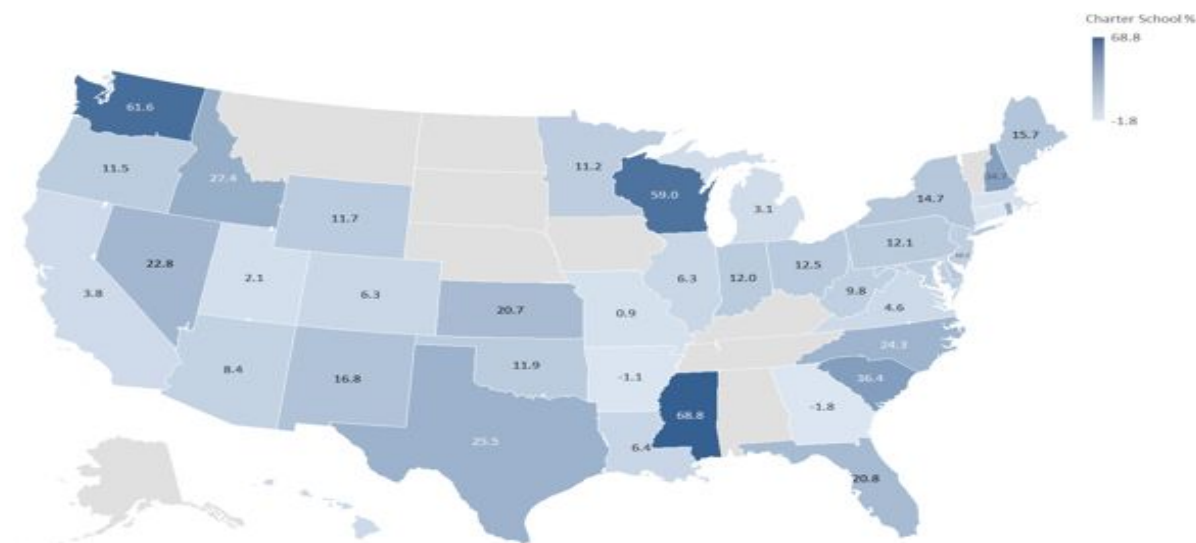
**Charter Schools:**  
**+11.7%**



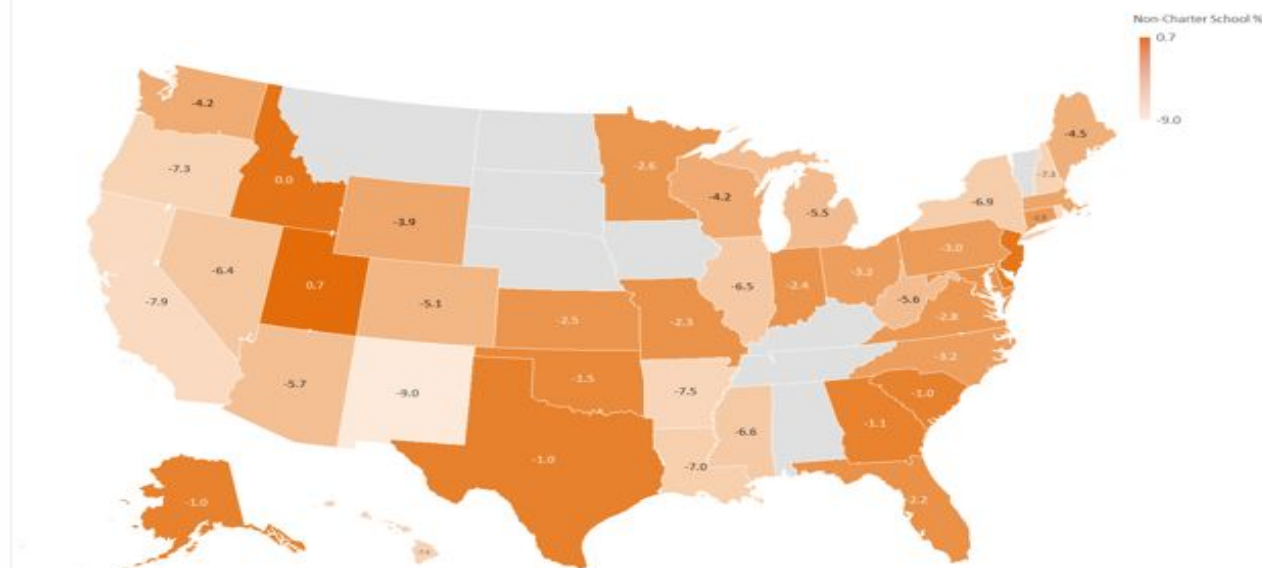
**District Schools:**  
**-3.9%**

Source: NCES, National Alliance for Public Charter Schools, 2024

Five-Year Change in Charter School Enrollment  
2019-20 to 2023-24

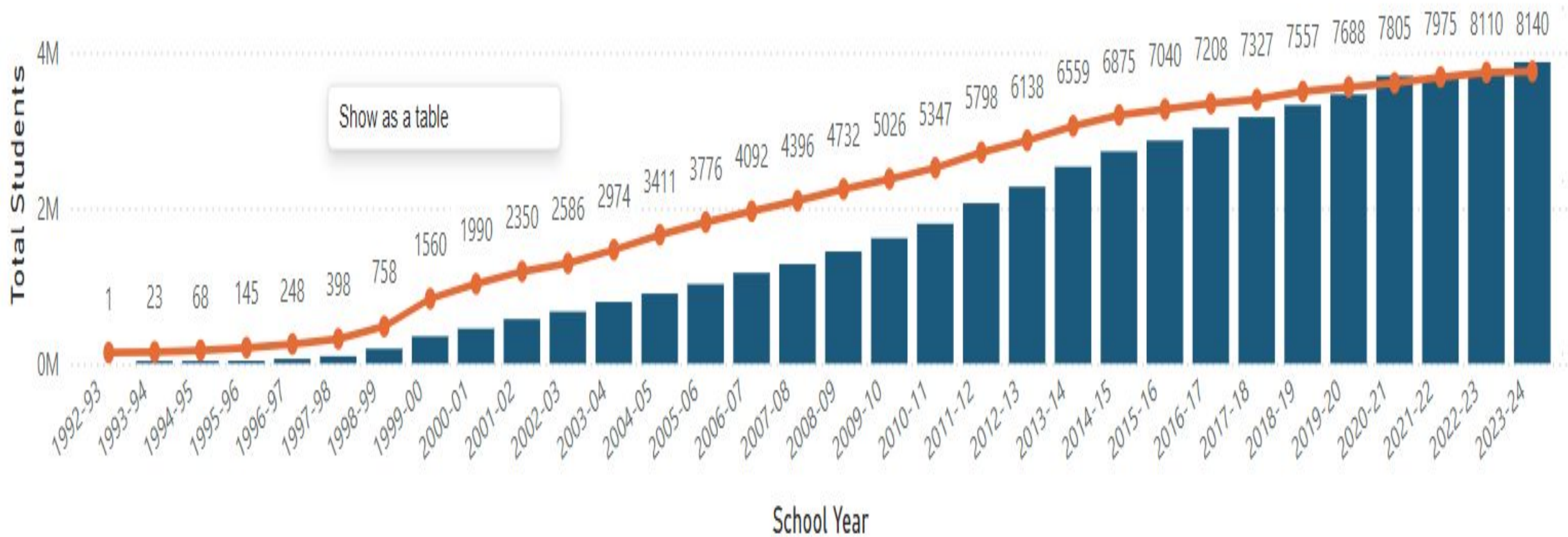


Five-Year Change in District School Enrollment  
2019-20 to 2023-24



# Charter School Students and Campus Count

● Total Students ● Charter School and Campus Count

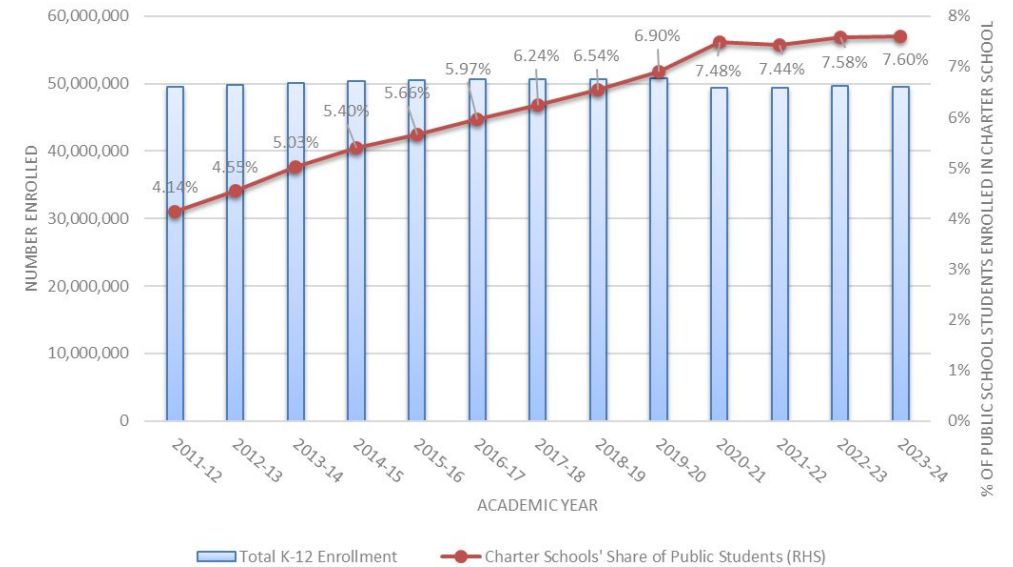


# Charter School Share of Total K-12 Enrollment

Top 10 States with the largest share of public school students in a charter school

State	Percent Enrolled in Charter Schools
District of Columbia	45.3%
Arizona	20.5%
Florida	13.3%
Louisiana	11.21%
Colorado	12.26%
Delaware	11.01%
California	11.9%
Utah	11.4%
Michigan	10.8%
New Mexico	9.9%

Total K-12 Enrollment, Charter Schools' Share Over Time





# Charter Schools Nationwide and California



## Nationwide

Total Charter Schools

8,140

Total Charter Students

3,874,452

New Charter Schools Opened

211

2023-24

## California

Total Charter Schools

1,313

Total Charter Students

710,344

New Charter Schools Opened

14

2023-24

**Fitch**Ratings

# Fitch Ratings is Changing the Way We Rate Charter School Bonds

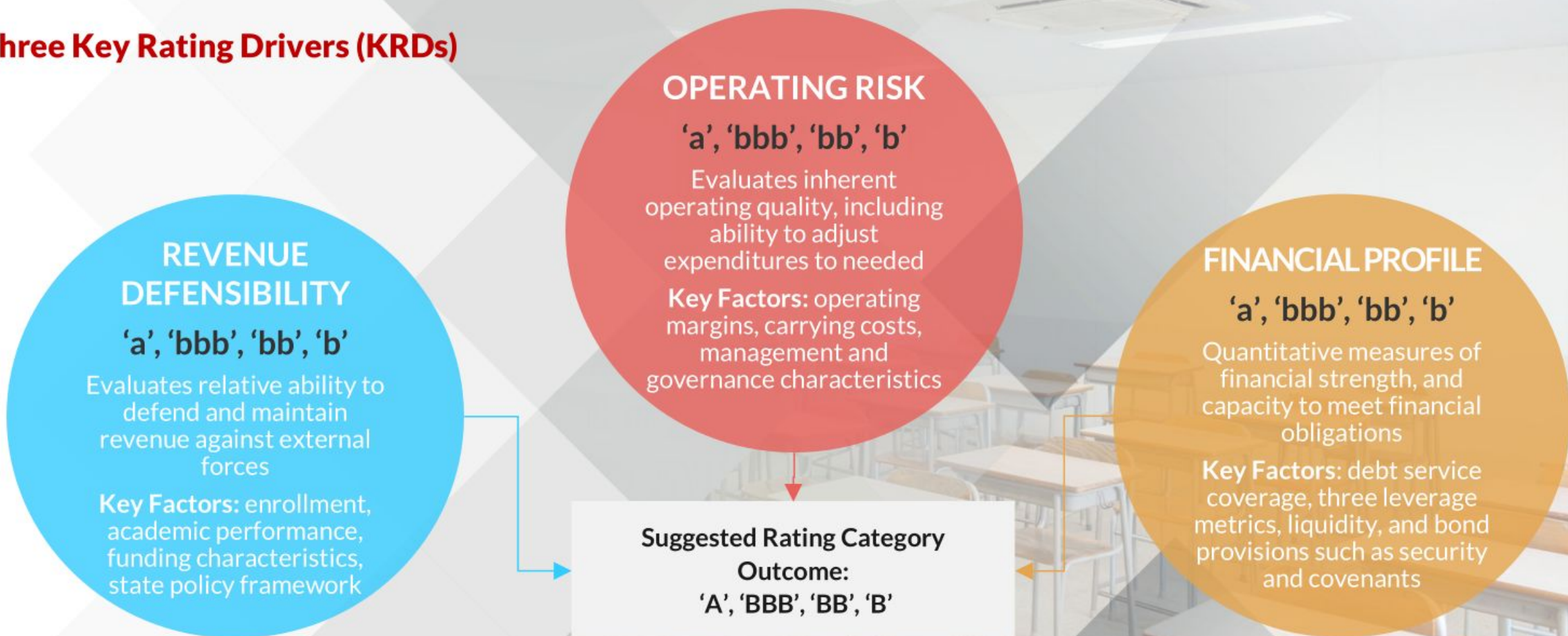
SCAN FOR MORE  
INFORMATION





# Proposed U.S. Public Finance Charter School Criteria

## Three Key Rating Drivers (KRDs)



# Rationale and Scope of Proposed Criteria

## What are the main enhancements of the proposed criteria?

- Greater granularity across assessments, to four levels from three
  - align intuitively to final ratings, at 'a', 'bbb', 'bb', 'b'
- Shift in view on renewal risk drivers, from a downside-only asymmetric to a variety of bi-directional factors
- New management framework as a critical input to our assessment of operating risk
- Move from one to three leverage metrics: debt service coverage, EBIDA leverage, and cash/debt
- Explicit consideration of debt structure and bond provisions such as covenants, disclosure, security
- New weighting methodology to improve consistency and transparency in deriving assessments



# Criteria Changes in Detail – New Management Framework

a

bbb

bb

b

## What is the new management framework, and how will it be used?

- The range of types of management and governance structures has widened significantly over time
- Methodical approach to assessing the management and governance factors that contribute to the health of a charter school's operations

Robust financial planning process, with clear and measurable targets clearly tied to strategic goals

Consistent performance within or above budgeted expectations

Financial and operating reports are timely and complete, and conform with accounting standards and exhibit best practice

Robust track record of implementing and achieving strategic, financial and operating goals

Experienced board with representatives from each of the following key fields: education, business, legal, finance, government, fundraising

Solid financial planning process, with some targets tied to strategic goals

Performance on average meets or exceeds budgeted expectations

Financial and operating reports are timely and complete, consistent with most sector reporting

Solid track record of achieving most strategic, financial and operating goals

Experienced board with representatives from most key fields

Adequate financial planning process, with some targets, but lacking clear tie to strategic goals

Performance on average meets or falls short of budgeted expectations

Financial reports are adequate, but with some instances of failings in terms of timeliness or completeness

Adequate or inconsistent track record of implementing or achieving strategic, financial and operating goals

Board has some representation across key fields, but also some gaps

Limited or inadequate financial planning process, lacking measurable targets

Performance is consistently below budgeted expectations

Financial and operating reports are late, incomplete or inaccurate, or do not conform with accounting standards

Weakness or instances of failure to implement or achieve strategic, financial or operating goals

Limited breadth and/or depth of board experience, numerous gaps



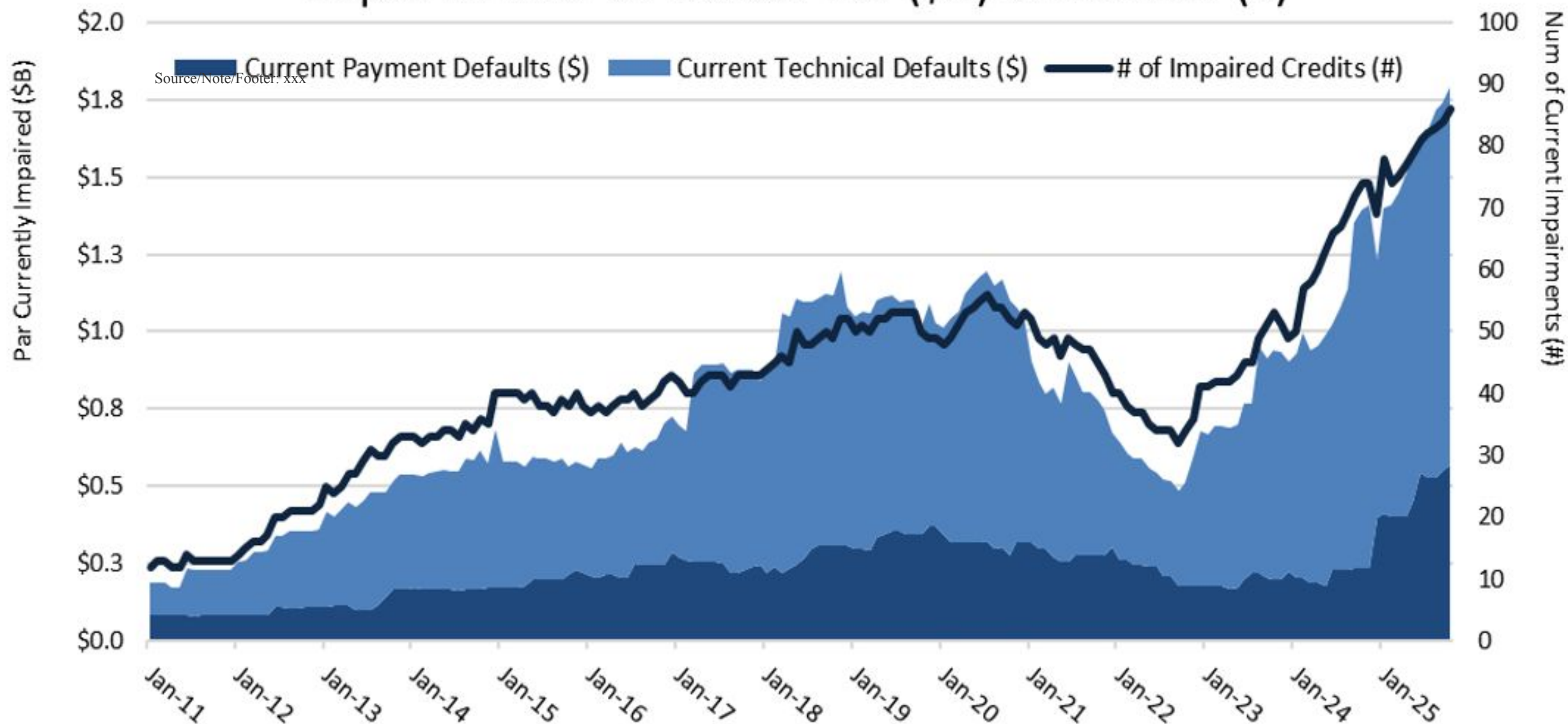
# Criteria Changes in Detail – Debt Structure and Bondholder Provisions

## How will bond provisions and debt structures be factored into final ratings?

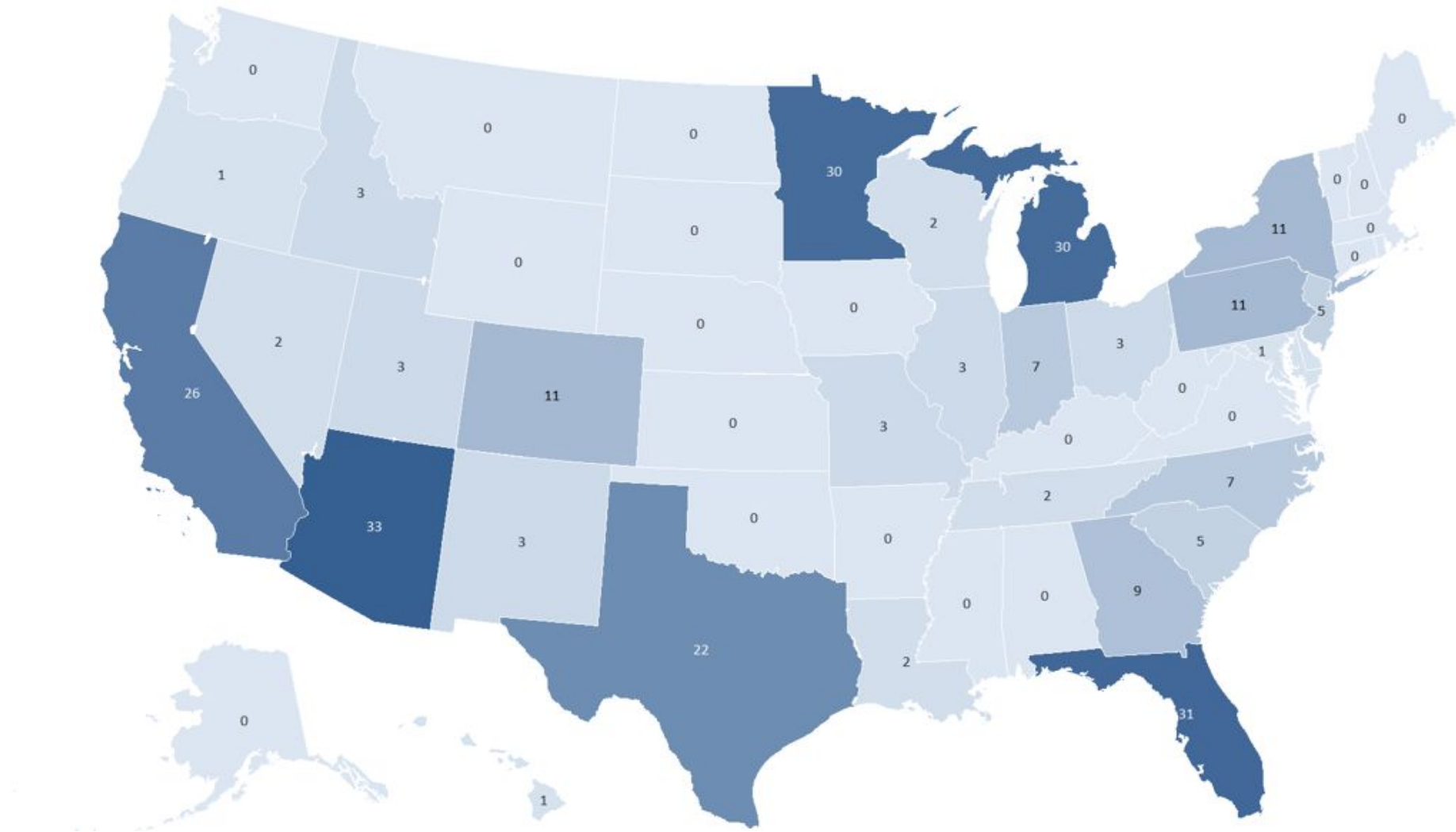
- Certain security features can aid solvency and be will be considered in financial profile assessment.
- Timely, robust disclosure, meaningful covenant thresholds, and effective remedies (with demonstrated headroom to covenants) support solvency and are considered favorably.
- Examples also include the presence of debt service reserve funds (DSRFs) to MADS, additional bonds tests, liquidity and coverage covenants
- Ratings focus still on likelihood of default; recovery prospects aren't incorporated
- Neutral or weaker consideration (asymmetric, or downside-only in nature)



# Impaired Charter School Par (\$B) & Number (#)



# Charter School Bond Impairments by State





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