

Research Update:

Kansas City Public Schools, MO Series 2025B GO Improvement Bonds Assigned 'AA-' Rating

October 2, 2025

Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to the [Kansas City Public Schools](#), Mo.'s anticipated \$50 million series 2025B general obligation (GO) improvement bonds.
- The outlook is stable.

Rationale

Security

The district's full faith and credit and GO pledge to levy ad valorem property taxes without limitation as to rate or amount secures the series 2025B bonds. Voters approved \$474 million in GO authorization during the April 2025 election. The series 2025B bond proceeds will be used for capital improvements to certain charter schools within the district.

Credit highlights

The rating reflects the district's healthy financial position, supported by a \$21 billion tax base; steady population growth; and stable economy anchored in finance, insurance, and business services. Conservative budgeting and proactive management have sustained average operating surpluses of 5.5% over the past three years, even after capital transfers. Reserves remain robust at 40% (\$129 million) in fiscal 2024, and state aid reliance is low at under 5%, providing significant financial flexibility. Unlike many Missouri districts, Kansas City Public Schools uses accrual accounting, enhancing transparency and clarity on reserve availability.

Officials estimate that fiscal 2025 results reflect a \$39 million increase to reserves across all funds given facilities improvement projects not yet completed and fewer purchased services, representing positive variances from the district's initial deficit budget. The fiscal 2026 budget is balanced, and officials expect favorable operating results at fiscal year-end given conservative assumptions. Kansas City Public Schools targets balanced budgets and reserves within the 20%-25% policy range but is likely to align closer to 30% under its five-year plan. Recent surpluses stem from salary savings due to vacancies, with ongoing staffing evaluations. A 5% salary

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increase under the latest labor agreement was offset by a reduction in full-time employees as federal pandemic funds phase out.

Kansas City Public Schools identified additional capital needs of \$826 million beyond what has already been issued and the voter-authorized amount. For fiscal year 2026, the district allocated an additional 35 cents to its capital projects levy to fund \$16.2 million in capital needs. Officials indicate that there could be a need in future years to seek additional GO bond approval to improve building conditions that have gone unfunded for nearly 60 years. Although the district's debt burden will increase with this issuance, it remains manageable given the large population base and relatively low existing debt compared with Kansas City Public Schools' budget size. Despite financial strengths, local income levels remain below Jackson County averages, which could constrain revenue growth and tax affordability. Enrollment trends show slight long-term decline, but minimal state aid reliance mitigates the fiscal impact.

Although the district's financial position is a key strength, challenges related to local income levels, long-term enrollment, and future capital needs will require ongoing attention. Strategic planning, disciplined budgeting, and formal reserve policies position Kansas City Public Schools to maintain financial strength while addressing long-term priorities. Overall, we anticipate credit stability over the two-year outlook.

Credit fundamentals supporting the 'AA-' rating include the following:

- The district is located within the growing Kansas City economy, which is supported by stable industries such as finance, insurance, and business services. Despite this, local incomes are below national averages, presenting a credit weakness. Kansas City Public Schools benefits from a large tax base, with a total market value of \$21 billion and serves parts of Missouri's largest population base, with steady local population growth.
- Kansas City Public Schools consistently balances its operating budget by including sufficient contingencies, allowing it to regularly outperform expectations. Reserves are nominally robust, supported by a 20%-25% policy requirement.
- A financial management framework that includes standard budget assumptions with regular monitoring throughout the year, long-range capital and financial planning, and well-embedded investment, debt, and reserve policies. The district's cyber security and cyber incident response procedures align with those of peers.
- The district faces a growing, though manageable, debt burden. Although the impact is currently unknown, we anticipate that carrying charges will worsen but remain comparable, and net direct debt per capita will increase but stay in line with 'AA-' medians, given the large population base capable of absorbing the additional authorized debt.
- Net pension liabilities total \$192 million across its two retirement systems as of June 30, 2024. At \$924 per capita, we view them as manageable. However, the 7.25% discount rate inflates funding assumptions--our 6.5% guide suggests much higher liabilities. A high discount rate increases the risk of funding volatility and rising costs, a trend seen nationally as pension funds adopt more conservative allocations.
- The institutional framework is stronger than typical for a Missouri school given the low reliance on state revenue sources for operations and the use of accrual accounting. For more information, see "[Institutional Framework Assessment: Missouri Local Governments](#)," Sept. 10, 2024.

Environmental, social, and governance

Environmental, social, and governance factors are neutral within the credit analysis.

Outlook

The stable outlook reflects our expectation that Kansas City Public Schools will maintain structurally balanced operations and a healthy financial position. Management has consistently balanced budgets despite enrollment declines and other pressures, and we expect this will continue. We do not anticipate a rating change within the two-year outlook time frame.

Downside scenario

If the budget becomes structurally imbalanced and leads to substantial drains on the available reserve position, we could lower the rating. Furthermore, if the district were to issue additional debt in a way that pressures the budget or tax base, we could consider a lower rating.

Upside scenario

A higher rating is contingent on improved local economic metrics aligning with national medians, as well as the debt being considered manageable in light of Kansas City Public Schools' significant capital needs over the next several years, assuming other factors remain stable.

Kansas City Public Schools, Missouri--Credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.00
Economy	3.5
Financial performance	1
Reserves and liquidity	1
Management	2.00
Debt and liabilities	2.50

Kansas City Public Schools, Missouri--Key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	106	--	106	107
County PCPI % of U.S.	83	--	83	82
Market value (\$000s)	21,135,626	21,290,280	16,925,244	16,389,625
Market value per capita (\$)	101,798	102,543	81,519	82,552
Top 10 taxpayers % of taxable value	9.4	10.6	10.9	10.7
County unemployment rate (%)	4.1	3.9	3.4	3.0
Local median household EBI % of U.S.	77	77	72	72
Local per capita EBI % of U.S.	94	94	89	87
Local population	207,623	207,623	207,623	198,536
Financial performance				
Operating fund revenues (\$000s)	--	325,374	310,850	290,428
Operating fund expenditures (\$000s)	--	296,235	285,510	266,876

Kansas City Public Schools, Missouri--Key credit metrics

	Most recent	2024	2023	2022
Net transfers and other adjustments (\$000s)	--	(6,587)	(14,168)	(6,350)
Operating result (\$000s)	--	22,552	11,172	17,202
Operating result % of revenues	--	6.9	3.6	5.9
Operating result three-year average %	--	5.5	4.4	4.4
Enrollment	--	13,393	13,430	13,356
Reserves and liquidity				
Available reserves % of operating revenues	--	39.7	34.0	29.7
Available reserves (\$000s)	--	129,289	105,807	86,178
Debt and liabilities				
Debt service cost % of revenues	--	2.1	2.6	2.8
Net direct debt per capita (\$)	1,268	317	348	391
Net direct debt (\$000s)	263,210	65,796	72,177	77,583
Direct debt 10-year amortization (%)	54	86	--	--
Pension and OPEB cost % of revenues	--	4.0	5.0	5.0
NPLs per capita (\$)	--	924	980	696
Combined NPLs (\$000s)	--	191,883	203,378	138,227

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List

New Issue Ratings

US\$50.0 mil GO imp bnds ser 2025B dtd 11/01/2025 due 03/01/2045

Long Term Rating AA-/Stable

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