Research Update:

Kansas City Public Schools, MO Series 2026 GO Improvement Bonds Assigned 'AA-' Rating

September 3, 2026

Primary Contact

Alex C Swanson
Englewood
303-721-4323
alex.swanson
@spglobal.com

Secondary Contact

David H Smith
Chicago
+ 1 (312) 233 7029
david.smith
@spglobal.com

Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to the Kansas City Public Schools, Missouri's anticipated $200 million series 2026 general obligation (GO) improvement bonds.
- At the same time, we affirmed our 'AA-' long-term rating on the district's previously issued GO debt and our 'A+' rating on the district's appropriation debt outstanding.
- The outlook is stable.

Rationale

Security

The district's full faith and credit and revenue from an unlimited ad valorem property tax secure the series 2026 bonds. Voters approved $474 million in GO authorization during the April 2025 election. The series 2026 bonds represent the third issuance from this authorization and will be used for various districtwide capital projects.

The certificates of participation (COPs) outstanding represent an interest in lease rental payments by the district from any legally available funds, subject to annual appropriation. The lease provisions are standard. The lease is triple net, and payments are not subject to construction risk, abatement, setoff, or counterclaim. There are no unusual timing or administrative risks, and there are no nonstandard events of default in either the lease or trust indenture. Our 'A+' rating is one notch below the ICR, reflecting our view of annual appropriation risk.

Credit highlights

The rating reflects our view of the district's sound finances, substantial tax base, stable-to-growing enrollment, and manageable debt and liabilities profile. Finances are a key credit strength; local income levels and considerable deferred maintenance needs remain potential sources of pressure. Strategic planning, conservative budgetary assumptions, and formal reserve policies position the district well to maintain financial strength while addressing long-term priorities. While incomes are lower than those of peers, we consider the large and diverse tax base supportive of the rating. Financial performance and reserves remain strong, with a large surplus expected based on fiscal 2026 unaudited results and robust available fund balances that compare favorably to those of peers. State aid reliance remains low at less than 5%, providing significant financial flexibility. Unlike many Missouri districts, Kansas City Public Schools uses accrual accounting, enhancing transparency and clarity on reserve availability.

Based on unaudited results, fiscal 2026 is projected to end with a surplus of $43.2 million in the general fund (combined incidental fund and teachers fund), significantly outperforming the amended budget. The district adopted a balanced budget for fiscal 2027; management notes no significant adjustments in the general fund. Given management's track record of conservative budgetary assumptions, we expect the district to maintain positive performance in line with recent trends despite ongoing transfers out from the general fund for capital outlay. Kansas City Public Schools targets balanced budgets and reserves within the 20%-25% policy range; we expect the district to remain in line with these targets over the medium term.

Kansas City Public Schools has identified additional capital needs of approximately $500 million beyond the remaining authorization of $164 million, which management expects to issue in 2027. The board has set aside a portion of the district's operating levy to build additional capital fund reserves to help defray these deferred maintenance costs. Despite the district's escalating debt profile, carrying charges and net direct debt remain manageable as a result of the large population base and relatively low debt compared with Kansas City Public Schools' budget size.

The 'AA-' rating further reflects our view of the district's:

- Location 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 the national average, both on a median household and per capita basis, which we continue to consider a negative factor in our assessment of the local economy. Management notes significant development in the area, including considerable residential buildout. We expect ongoing population growth in the Kansas City area to contribute to at least stable enrollment trends in the near term.
- Consistently balanced operating budget made possible by including sufficient contingencies, allowing it to regularly outperform expectations. Reserves are nominally robust, supported by a 20%-25% policy requirement.
- Financial management framework that includes conservative budgetary assumptions with monthly reporting of budget-to-actual performance, formalized and regularly updated long-range capital and financial planning, and well-embedded investment, debt, and reserve policies. We view cyber risk mitigation measures as consistent with credit fundamentals.
- Escalating, though manageable, debt and liabilities profile. Following this issuance, we expect carrying charges to deteriorate somewhat, but believe that they will remain in line with those of similarly rated peers. After issuance, the district will have $164 million remaining from its 2025 bond election, which management expects to issue in 2027. We have incorporated the district's additional debt plans into our analysis. Net pension liabilities total $192 million across its two retirement systems as of June 30, 2025. At $928 per capita, we consider them manageable.
- Stronger-than-typical institutional framework 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.

Outlook

The stable outlook reflects our expectation that the district will maintain structurally balanced operations and a healthy reserve position.

Downside scenario

We could lower the rating if the district were unable to maintain balanced operations, leading reserves to deteriorate to levels no longer comparable to those of peers, or if the district's debt burden were to escalate to the point that operations came under pressure.

Upside scenario

We could raise the rating if the economy, particularly local incomes and wealth metrics, were to improve, and if the debt burden were to moderate.

Kansas City Public Schools, Missouri--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.95
Economy	3.5
Financial performance	1
Reserves and liquidity	1
Management	2.00
Debt and liabilities	2.25

Kansas City Public Schools, Missouri--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita as % of U.S.	--	--	105	105
County PCPI as % of U.S.	--	--	82	83
Market value ($000s)	22,555,317	21,135,626	21,290,280	16,925,244
Market value per capita ($)	--	102,103	103,009	81,519
Top 10 taxpayers as % of taxable value	--	9.4	10.6	10.9
County unemployment rate (%)	--	4.2	3.9	3.4
Local median household EBI as % of U.S.	--	71	77	72
Local per capita EBI as % of U.S.	--	88	94	89
Local population	--	207,004	206,684	207,623
Financial performance				
Operating fund revenue ($000s)	--	358,231	325,374	310,850
Operating fund expenditures ($000s)	--	314,631	296,235	285,510
Net transfers and other adjustments ($000s)	--	(6,040)	(6,587)	(14,168)
Operating result ($000s)	--	37,560	22,552	11,172
Operating result as % of revenue	--	10.5	6.9	3.6
Operating result three-year average %	--	7.0	5.5	4.4
Enrollment	--	14,020	13,393	13,430
Reserves and liquidity				
Available reserves as % of operating revenue	--	47.5	39.7	34.0
Available reserves ($000s)	--	170,080	129,289	105,807

Kansas City Public Schools, Missouri--key credit metrics

Debt and liabilities				
Debt service cost as % of revenue	--	2.0	2.1	2.6
Net direct debt per capita ($)	2,081	746	318	348
Net direct debt ($000s)	430,822	154,357	65,796	72,177
Direct debt 10-year amortization (%)	40	59	86	--
Pension and OPEB cost as % of revenue	--	4.4	4.3	5.0
NPLs per capita ($)	--	928	928	980
Combined NPLs ($000s)	--	192,091	191,883	203,378

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$200.000 mil GO imp bnds ser 2026 due 3/1/2046	
Ratings Affirmed	
Kansas City Pub Schs, MO Issuer Credit Rating	AA-/Stable
Local Government	
Kansas City Pub Schs, MO Lease Appropriation	A+/Stable
Kansas City Pub Schs, MO Unlimited Tax General Obligation	AA-/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.