MOODY'S
INVESTORS SERVICE

RATING METHODOLOGY

Community College Revenue-Backed Debt

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Analyst Contacts:

NEW YORK +1.212.553.1653

Joshua Levine +1.212.553.4826
Associate Analyst
joshua.levine@moodys.com

Susan Fitzgerald +1.212.553.6832
Associate Managing Director
susan.fitzgerald@moodys.com

Edith Behr +1.212.553.0566
Vice President – Senior Credit Officer
edith.behr@moodys.com

Karen Kedem +1.212.553.3614
Vice President – Senior Credit Officer
karen.kedem@moodys.com

Kendra Smith +1.212.553.4807
Managing Director – Public Finance
kendra.smith@moodys.com

This rating methodology replaces the methodology Moody's Approach for Evaluating Community Colleges published in December 1999. While reflecting many of the same core principles as the 1999 methodology, this updated document introduces a scorecard and provides a more transparent presentation of the rating considerations that are usually most important for issuers in this sector. No rating changes will result from publication of this rating methodology.

Summary

This rating methodology explains our approach to assessing credit risk associated with revenue-backed and general unsecured debt issued by US community colleges and debt issued by community college foundations. It serves as a reference tool, helping investors, colleges, and other interested market participants understand how key quantitative and qualitative characteristics are likely to affect ratings. This document does not include an exhaustive treatment of all factors that are reflected in Moody's ratings but should enable the reader to understand the qualitative considerations, financial information, and ratios that are usually most important for ratings in this sector. Related sectors and security types not covered in this methodology include tax-backed debt issued by community colleges, four-year public and private universities, local governments, and for-profit education providers. Debt issued by community college foundations is covered by this methodology because the rating of the community college will be a primary reference point for any such security. Debt covered by this methodology can be supported by a variety of security structures and revenue pledges. We distinguish analytically between different pledges and debt structures because they can have a material impact on the resources available for debt repayment. Other than tax-backed debt[1], all bonds issued by community colleges or community college foundations are covered by this methodology.

This report includes a scorecard used to assist in the assignment and evaluation of credit ratings in the community college sector. The scorecard is a reference tool that provides summarized guidance on quantitative and qualitative rating factors that are typically most important for issuers in this sector and can be used to approximate credit profiles within the sector in most cases. However, the scorecard is only a starting point, and does not include every consideration evaluated by rating committee. The weights shown for each sub-factor in the scorecard represent an approximation of their importance for rating decisions but actual importance may vary substantially. Our analysis may also incorporate other specific credit considerations not captured in the scorecard. These considerations can account for variation between the actual rating and the scorecard-indicated rating.

[1] Tax-backed debt issued by community colleges is covered by the US Local Government General Obligation Debt Methodology. Please see the Moody's Related Research section for a link to Moody's methodologies.

The scorecard details four broad factors that are important in our assessments of community college revenue bond ratings:

» Market Profile

» Operating Performance

» Wealth & Liquidity

» Leverage & Coverage

Our analysis incorporates quantitative metrics that provide insight into community colleges' market strength, financial health, and debt profile. In addition, we evaluate qualitative factors that assess community colleges' strategic positioning and operating environment. Overall, the scorecard favors a relatively simple and transparent presentation as opposed to including a larger number of factors that would align scorecard-indicated ratings more closely to actual ratings, but add significant complexity. As a result, the scorecard-indicated rating may not match the actual rating for the revenue-backed debt of each community college.

We may also rely on additional methodologies for our analysis to describe considerations that are not specific to community colleges on their own. Examples of such considerations include, but are not limited to, the assignment of short-term ratings, the relative ranking of different classes of debt, and the assessment of credit support from other entities such as intercept programs. Documents that describe our approach to cross-sector methodological considerations can be found in the Moody's Related Research section.

About the Rated Universe[2]

Moody's has ratings for revenue bonds and general obligation (GO) bonds issued by community colleges, with more than 230 ratings combined at the time of publication. Approximately 20% of the outstanding rated community college bonds are secured by revenue pledges and are rated using this methodology. The remaining 80% of rated community college bonds are secured by pledges that include property taxes and are rated using the US Local Government General Obligation Debt[3] methodology. Within the overall portfolio, more than 20 community colleges have both revenue and general obligation debt outstanding, with each security type rated according to the applicable methodology.

Community colleges play a vital role in US higher education, serving approximately 40% of all undergraduate students in the country.[4] As the federal government places additional focus on higher education access, affordability, and workforce training, public attention on community colleges and their role within the higher education market will increase.

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.moodys.com for the most updated credit rating action information and rating history.

No Moody's-rated community college has defaulted on its revenue bonds, and community colleges are generally highly-rated. The median revenue bond rating for Moody's-rated community colleges is currently A2 while the median local government GO bond rating is higher, at Aa2. This difference is largely a function of the fundamentally different security pledges backing these two types of obligations.

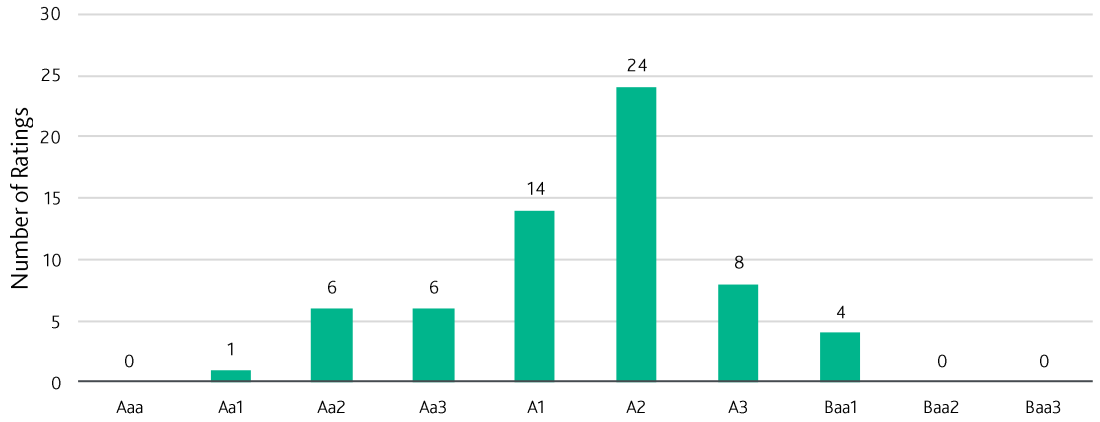
[2] Throughout this methodology, we use the term "community colleges" to refer to those institutions of higher learning that primarily provide programs leading to associates degrees and certifications. Throughout the country, these schools are characterized as community colleges, community college districts, junior colleges, and technical schools. Some junior colleges that operate more like the first two years of a four-year institution of higher learning may be rated using the Global Higher Education methodology.

[3] Please see the Moody's Related Research section for a link to Moody's methodologies.

[4] Department of Education, National Center for Education Statistics, IPEDS Data Center

EXHIBIT 1

Rating Distribution - Community College Revenue Bonds



Source: Moody's Investors Service, as of October 27, 2015

Community colleges are different from four-year universities in terms of mission, student population, and scope of educational offerings. As access-oriented, low-cost institutions, they are often an entry point to higher education. Serving both traditional and non-traditional-aged students, enrollment predominantly comes from the regional area. Colleges often provide a mix of academic programs and vocational or employer-specific job training. They also partner with four-year universities, entering into articulation (transfer) agreements. On a local level, community colleges work with school districts to provide dual-credit courses to high school students. In general, students at community colleges tend to be more reliant on Title IV federal financial aid[5] than those at four-year universities.

Enrollment at community colleges is usually countercyclical to regional and national economic trends; students tend to attend in higher numbers when local job opportunities are scarce and will opt to enter the workforce when the economy is doing well. This leads to enrollment numbers that fluctuate in concert with economic changes. The somewhat volatile nature of a community college's enrollment can have a material impact on its credit profile. Student tuition as well as auxiliary charges represent a large source of revenue for the sector and often comprise the bulk of the revenue pledged to bondholders.

In addition to student charges, many community colleges receive operating revenue from local property taxes. Some colleges have the ability to levy property taxes through direct levies established through state statute or voter referendum, while others receive indirect tax support via local appropriations. Finally, state appropriations are also a key operating revenue source for most community colleges. In some cases, supplemental state and federal funding supports specific academic or training programs.

Community colleges typically have more flexible operations than four-year universities due to a lower proportion of tenured faculty. They are able to ramp up and scale back operations depending on enrollment, often by co-locating at local high schools and employer locations or by consolidating class schedules through the management of adjunct faculty. A college's ability to adjust operations quickly enables it to maintain more limited reserves than less operationally flexible four-year institutions. Within the context of high expense flexibility across the sector, strong and effective management, as well as the ability to strategically allocate resources in response to shifts in student demand, will be the distinguishing factors between colleges that gain momentum over the long-term and those that struggle.

[5] US federal financial aid programs, including Pell Grants and various loan programs, are administered pursuant to Title IV of the Higher Education Act of 1965. Approximately $150 billion of federal financial aid is provided annually under Title IV provisions.

About This Rating Methodology

This report explains the rating methodology for US community college revenue bonds, summarized in the following four sections:

1. Identification and Discussion of the Scorecard Factors

The scorecard in this rating methodology is comprised of four factors, some of which are broken into sub-factors that provide further detail.

EXHIBIT 2

Community College Revenue Bond Scorecard

Broad Factors	Factor Weighting	Sub-Factors	Sub-Factor Weighting
Market Profile	25%	Scope of Operations (Operating Revenue) ($000)	15%
		Strategic Positioning	10%
Operating Performance	35%	Operating Results (3-Year Average Operating Margin) (%)	10%
		Revenue Diversity (Max Single Contribution) (%)	10%
		Operating Environment	15%
Wealth & Liquidity	20%	Total Wealth (Total Cash & Investments) ($000)	10%
		Operating Reserve (Spendable Cash & Investments to Operating Expenses) (x)	10%
Leverage & Coverage	20%	Financial Leverage (Spendable Cash & Investments to Total Debt) (x)	10%
		Debt Affordability (3-Year Average Debt Service Coverage) (x)	10%
		Total	**100%**

The scorecard contains nine sub-factors, detailed in the Appendix. All of the quantitative metrics reflect Moody's adjustments to a college's balance sheet, income statement, and cash flow statement. Unless otherwise specified, factors are evaluated based on a one-year period. However, rating committees may find it useful to evaluate metrics based on periods of single or multiple years, using historical results or forward-looking views.

The scorecard is oriented to an issuer-level rating equivalent – a general unsecured obligation of the college.[6] As further described in the Additional Rating Considerations section, community colleges often pledge a portion of their revenues. The rating of an obligation of a community college considers the scope and strength of the pledge, which is among the reasons that actual ratings may vary from scorecard-indicated ratings.

2. Measurement or Estimation of Factors in the Scorecard

We explain our general approach for scoring each sub-factor and show the weights used in the scorecard. We also provide a rationale for why each of these scorecard components is meaningful as a credit indicator. The information used in assessing the sub-factors is generally found in or calculated from information in an issuer's financial statements and reports, derived from other observations, or estimated by Moody's analysts.

[6] A "general unsecured obligation" of a community college should not be confused with a "general obligation" bond of a government entity. The latter is typically backed by the full taxing authority of the government.

After estimating or calculating the sub-factor scores for each sub-factor, the scores are mapped to broad Moody's rating categories (Aaa, Aa, Baa, Ba, B, Caa, or Ca), as shown in the scorecard, and to a numeric value, as described below.

3. Determining the Overall Scorecard-Indicated Rating

To determine the overall scorecard-indicated rating, we convert each of the alpha sub-factor scores into a numeric rating score. For qualitative factors, the numeric value of each alpha score is based upon the scale below.

Aaa	Aa	A	Baa	Ba	B	Caa	Ca
1	3	6	9	12	15	18	20

Quantitative factors are scored in a linear continuum. For each metric, the scorecard shows the range by alpha category. We use the scale below and linear interpolation to convert the metric, based on its placement within the scorecard range, to a numeric score, which may be a fraction. In the text or footnotes, we define the end points of the line (i.e., the value of the metric that constitutes the lowest possible numeric score, and the value that constitutes the highest possible numeric score).

Aaa	Aa	A	Baa	Ba	B	Caa	Ca
0.5-1.5	1.5-4.5	4.5-7.5	7.5-10.5	0.5-13.5	13.5-16.5	16.5-19.5	19.5-20.5

The numeric score for each sub-factor is multiplied by the weight for that sub-factor, with the results then summed to produce an aggregate weighted-factor score. The aggregate weighted factor score is then mapped back to an alphanumeric rating based on the ranges in the table below (Exhibit 3).

EXHIBIT 3

Scorecard-Indicated Rating

Scorecard Indicated Rating	Aggregate Weighted Factor Score
Aaa	$x \leq 1.5$
Aa1	$1.5 < x \leq 2.5$
Aa2	$2.5 < x \leq 3.5$
Aa3	$3.5 < x \leq 4.5$
A1	$4.5 < x \leq 5.5$
A2	$5.5 < x \leq 6.5$
A3	$6.5 < x \leq 7.5$
Baa1	$7.5 < x \leq 8.5$
Baa2	$8.5 < x \leq 9.5$
Baa3	$9.5 < x \leq 10.5$
Ba1	$10.5 < x \leq 11.5$
Ba2	$11.5 < x \leq 12.5$
Ba3	$12.5 < x \leq 13.5$
B1	$13.5 < x \leq 14.5$
B2	$14.5 < x \leq 15.5$
B3	$15.5 < x \leq 16.5$
Caa1	$16.5 < x \leq 17.5$
Caa2	$17.5 < x \leq 18.5$
Caa3	$18.5 < x \leq 19.5$
Ca	$x > 19.5$

4. Assumptions, Limitations, and Rating Considerations Not Included in the Scorecard

This section, which follows the detailed description of the rating factors, discusses limitations in the use of the scorecard to map against actual ratings, some of the additional factors that are not included in the scorecard but can be important in determining ratings, and limitations and assumptions that pertain to the scorecard and the methodology.

The Scorecard

Our scorecard is comprised of four broad factors including market profile (25% of the scorecard weight), operating performance (35%), wealth and liquidity (20%) and leverage and coverage (20%). Each factor is further defined by sub-factors (nine in aggregate) that are explained in this section.

Factor 1: Market Profile

Why it Matters

Student-generated revenue is the primary support for revenue bond debt service payments, because it is typically the largest revenue source for a community college. Therefore, a college's ability to maintain and expand its student market is a key indicator of its ability to support debt service. Community colleges are unique in the higher education sector in terms of the nature and composition of their student bodies. Understanding the balance of students enrolled in academic and vocational programs versus those taking non-credit or dual credit courses is important because this distribution impacts the stability of demand for an institution. For example, a college enrolling a larger proportion of students in vocational programs may be more vulnerable to enrollment declines in a strong economy when unemployment is lower and students are choosing to work instead of attend college.

Because most community colleges serve a predominantly local population, we assess local demographic and economic factors to predict future enrollment and project potential changes in the tax bases supporting their operations. Colleges with more diverse academic offerings and more extensive operating revenue bases will typically have an easier time weathering periodic volatility than colleges with smaller and more concentrated offerings.

The two scorecard sub-factors related to market profile are:

A. Scope of Operations

B. Strategic Positioning

A. Scope of Operations

The scale of a community college is an important indicator of its economic role and its ability to provide diversified offerings. A larger operating base generally reflects broader program diversity and greater economies of scale, allowing a college to adjust offerings or reduce costs in times of adversity. Size can also signify the essentiality and regional prominence of an institution, especially in areas where colleges benefit from local taxpayer support and are perceived as community assets.

Relevant Metric

» *Operating Revenue* We use total annual operating revenue to measure or estimate scale; total annual operating revenue may include some revenue typically reported as "non-operating" in the audited financial statements, including state operating appropriations and property tax revenue.

B. Strategic Positioning

In a competitive and evolving marketplace, strategic investment in personnel, programs, and campus facilities is critical for a community college to maintain its market relevance. The continuous process of identifying, prioritizing, and monitoring strategic investments helps colleges optimize the use of sometimes limited resources. Community colleges that have responsive programmatic and facilities investment strategies have an advantage because they can better provide the training needed to help students adapt to changing economic conditions. While a college may reduce spending in any given year to address short-term revenue or liquidity pressure, multiple years of underinvestment can erode its market position or significantly increase the cost of addressing an issue in the future.

Effective strategic positioning depends on prudent short- and long-range planning, consistent self-assessment and benchmarking, and ongoing monitoring and accountability. Integral to determining strategic priorities is a college's ability to evaluate areas of strength and weakness and adjust offerings to meet market demands. Also fundamental to this process is the identification of funding sources for capital and operating needs. Determining the appropriate level and kind of investment is a significant challenge. Overinvestment can saddle a college with an unsustainable business model, with revenue unable to support high fixed costs, including debt service.

How We Assesses this in the Scorecard

Strategic Positioning In assessing strategic positioning, we consider the flexibility of the college's offerings, the relationships with educational institutions and major employers in the service area, the nature of and funding for capital projects, the ability to adjust infrastructure to meet changing needs, and the quality of self-assessment and benchmarking.

Factor 1: Market Profile (25% Weight)

	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Scope of Operations (Operating Revenue) ($000)	15%	≥ 500,000	< 500,000 ≥ 150,000	< 150,000 ≥ 40,000	< 40,000 ≥ 10,000	< 10,000 ≥ 4,000	< 4,000 ≥ 800	< 800 ≥ 500	< 500
Strategic Positioning	10%	» Overall Exceptional. Consistent assessment and adjustment of programmatic offerings and delivery models; highly collaborative relationships with area corporations, high schools, and universities; sophisticated, multi-year capital plan with highly diversified funding sources; exceptionally strong	» Overall Excellent. Frequent assessment and adjustment of programmatic offerings and delivery models; very strong collaborative relationships with area corporations, high schools, and universities; multi-year capital plan with highly diversified funding sources; very	» Overall Very Good. Regular assessment and adjustment of programmatic offerings and delivery models; strong collaborative relationships with area corporations, high schools, and universities; multi-year capital plan with some diversification of funding sources; strong ability to adjust infrastructure	» Overall Good. Periodic assessment and adjustment of programmatic offerings and/or delivery models; some established relationships with area corporations, high schools, and universities; identified strategic capital needs with identified funding sources; good ability to adjust infrastructure	» Overall Fair. Sporadic assessment and adjustment of programmatic offerings and delivery models; more limited relationships with area corporations, high schools, and universities; capital program reliant on more volatile and one time funding sources; limited ability to adjust infrastructure to meet	» Overall Poor. Limited strategic assessment and adjustment of programmatic offerings; very limited relationships with area corporations, high schools, and universities; weak ability to fund capital needs; high fixed infrastructure costs limiting ability to adjust to meet changing	» Overall Very Poor. Very limited strategic assessment and adjustment of programmatic offerings; no material relationships with area corporations, high schools, and universities; very weak ability to fund capital needs; unaffordable fixed infrastructure costs,	» Overall Extremely Poor. Very limited strategic assessment and adjustment of programmatic offerings with well-defined program weaknesses; negative relationships with area corporations, high schools, and universities; extremely weak ability to fund capital needs; potential deficiencies in facilities;

Factor 1: Market Profile (25% Weight)

	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
		management of infrastructure, consistently aligned with changing program and enrollment needs; and/or clearly defined and consistently evaluated performance indicators with regular self-assessment and benchmarking	strong and demonstrated ability to adjust infrastructure to meet changing program and enrollment needs; and/or clearly defined performance indicators with annual self-assessment and benchmarking	to meet changing program and enrollment needs; and/or regular self-assessment and benchmarking	to meet changing program and enrollment needs; and/or periodic self-assessment and benchmarking	changing program and enrollment needs; and/or limited self-assessment and benchmarking	program and enrollment needs; and/or weak self-assessment and benchmarking	threatening ability to adjust to meet changing program and enrollment needs; and/or very weak self-assessment and benchmarking	unaffordable fixed infrastructure costs with imminent threat to management of program and enrollment needs; and/or extremely weak self-assessment and benchmarking demonstrating deficient internal controls

* For the linear scoring scale, the Aaa end point value is $2 billion. A value of $2 billion or better equates to a numerical score of 0.5. The Ca end point value is $400,000. A value of $400,000 or worse equates to a numerical score of 20.5.

Factor 2: Operating Performance

Why it Matters

Strong operating performance allows a community college to repay debt and cover ongoing expenditures from regular operating revenue while also generating reserves for strategic investment in programs and facilities. Community colleges typically benefit from greater expense flexibility relative to four-year institutions due to a lower proportion of tenured faculty, and lower leverage due to the use of leased facilities. This helps community colleges ramp up or scale back programming in tandem with enrollment fluctuations.

Major revenue sources for community colleges include student charges (tuition and auxiliary revenues) and state and local government appropriations. Some community colleges receive tax support, either by directly levying their own taxes or receiving indirect tax support from local governments. Generally, colleges with greater revenue diversity have stronger operations, as they benefit from the stability afforded by disparate and non-correlated revenue streams. The ability to achieve surplus operating performance is important for the long-run financial health of all higher education institutions, and especially critical for community colleges because of their more limited financial reserves.

The three relevant scorecard sub-factors are:

A. Operating Results and Budgetary Flexibility

B. Revenue Diversity

C. Operating Environment

A. Operating Results and Budgetary Flexibility

Trends in operating performance provide insight into a community college's financial policies and budgetary practices, reflecting its ability to align revenue and expenditures. Consistently balanced operations reflect a college's ability and willingness to increase revenue and/or reduce expenditures in response to changes in its operating environment, which is a key component of a sustainable business model. The extent to which a community college can react to changing economic conditions is a function of its market position, labor

costs, capital plan, political environment, and student demand. In some states, regulations can limit a college's revenue-raising flexibility, making expense containment even more critical.

While weak operating results in a single year may not indicate elevated credit risk, a trend of negative operating performance usually suggests increased competition or lack of managerial effectiveness. We typically perform a multi-year analysis of operations to smooth fluctuations in performance that might occur due to temporary changes in enrollment or nonrecurring events that could inflate (or deflate) an individual revenue stream. We usually also assess a community college's expense flexibility and ability to adjust to changes in revenue.

Relevant Metric

» ***Three-Year Average Operating Margin*** in the scorecard, we use the three-year average operating margin ratio to measure or estimate a college's operating performance. The numerator is the sum of the operating margin over the past three years; operating margin is calculated as operating income divided by total operating revenue. This result is then divided by three to get the three-year average. Since depreciation and interest expense are included in operating expenses, this metric can also provide insight into a college's ability to maintain appropriate facilities investment from annual operating performance.

B. Revenue Diversity

Diversity of revenue sources and diversity within a given stream of revenue provide greater operating stability. The consistency, growth potential, correlation, and complexity of revenue streams/business lines affect the extent to which diversity adds credit strength. Generally, we consider greater revenue diversity as credit positive, reducing a community college's vulnerability to fluctuations in any single revenue stream. The benefits of diversity are even more pronounced when revenue streams have a negative or low correlation. For community colleges, there is often an inverse relationship between economic prosperity and student enrollment. Therefore, colleges with the authority to tax tend to have more stable operations, with tax revenue supplementing operating income when the local economy is improving and enrollment is pressured.

Relevant Metric

» ***Revenue Diversity*** The numerator of this ratio is the college's largest single revenue source, such as student charges (tuition, fees, and auxiliaries), government appropriations, or tax revenue. The denominator is total operating revenues.

C. Operating Environment

Because community colleges typically do not have the financial resources and supplementary gift income of four-year institutions, their financial health depends more heavily on the consistent performance of their three major revenue streams: student charges, government appropriations, and taxes. The flexibility of these revenue sources depends in part on regulatory and funding decisions made at the state and local government level. A college's ability to generate operating revenue also depends on the robustness of each revenue source. For example, property tax revenue can be less credit additive if the tax base is small and/or declining.

Any limitations on a college's ability to reduce expenses or manage reserve levels, including collective bargaining or state-imposed regulations, also could have an impact on the consistency of its operating performance. Some additional examples of conditions considered by this sub-factor include, but are not limited to: caps on tuition or tax rates, limitations on expense cuts, degree and consistency of support from local and state governments, and strength of a college's tax base and economic service area.

How we Assess this in the Scorecard

» *Operating Environment* In assessing the overall operating environment, we consider the flexibility and robustness of a college's operating revenue, as well as the flexibility to manage expenses – the elements that have an impact on operating consistency.

Factor 2: Operating Performance (35% Weight)

	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Operating Results (3-Year Average Operating Margin)	10%	≥ 13%	< 13% ≥ 7%	< 7% ≥ 3%	< 3% ≥ 0%	< 0% ≥ -4%	< -4% ≥ -8%	< -8% ≥ -11%	< -11%
Revenue Diversity (Max Single Contribution)	10%	≤ 35%	> 35% ≤ 50%	> 50% ≤ 67%	> 67% ≤ 75%	> 75% ≤ 82%	> 82% ≤ 88%	> 88% ≤ 95%	> 95%
Operating Environment	15%	» Overall Exceptional. Exceptionally strong and predictable government support (including property tax availability) for operations and capital; consistently high degree of financial support for student affordability and workforce training programs; and/or full flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates and reserves	» Overall Excellent. Very strong and predictable government support (including property tax availability) for operations and capital; significant financial support for student affordability and workforce training programs; and/or very broad flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates and reserves	» Overall Very Good. Strong government support (including property tax availability) for operations and capital; very good financial support for student affordability and workforce training programs; and/or broad flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates and reserves	» Overall Good. Stability in government support (including property tax availability) for operations and capital; good support for student affordability and workforce training programs; and/or moderate flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates and reserves	» Overall Fair. Somewhat volatile government support (including property tax availability) for operations and sporadic support for capital; modest and/or inconsistent financial support for student affordability and workforce training programs; and/or limited flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates and reserves	» Overall Poor. Weak and unpredictable government support (including property tax availability) for operations and/or capital; unfunded mandates for workforce training programs; and/or very limited flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates and reserves	» Overall Very Poor. Very weak and unpredictable government support (including property tax availability) for operations and/or capital; significant unfunded mandates for workforce training programs; and/or no flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates or reserves	» Overall Extremely Poor. Extremely weak or unpredictable government support (including property tax availability) for operations and/or capital; rapidly deteriorating overall support climate; and/or no flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates or reserves, and rapidly deteriorating financial situation

* For the linear scoring scale, the Aaa end point value is 16%. A value of 16% or better equates to a numerical score of 0.5. The Ca end point value is (12%). A value of (12%) or worse equates to a numerical score of 20.5.

** For the linear scoring scale, the Aaa end point value is 25%. A value of 25% or better equates to a numerical score of 0.5. The Ca end point value is 98%. A value of 98% or worse equates to a numerical score of 20.5.

Factor 3: Wealth & Liquidity

Why it Matters

Although community colleges tend to maintain thinner reserves than their four-year counterparts, the reserves they do have play an important role in providing cushion to handle operating fluctuations and manage capital plans. Also, while community colleges are sometimes restricted in terms of their investments and typically do not receive substantial philanthropic support, they do have the ability to accumulate material levels of wealth from retained surpluses. Colleges with affiliated foundations may

additionally benefit from foundation support for scholarships and through fundraising activities that can support capital projects or programmatic initiatives.

The two sub-factors related to a college's balance sheet and reserves that we consider in our rating assessments are:

A. Total Wealth

B. Operating Reserve

We distinguish between a college's total wealth and its more liquid operating reserves to capture external limitations on its ability to access its resources.

A. Total Wealth

Colleges with greater levels of cash and investments are better-positioned to fund capital projects and scholarships, pursue new mission-oriented ventures, and meet their debt service obligations on a timely basis. Greater wealth allows a college to weather periods of economic and market volatility and can support the college during severe credit events.

Relevant Metric

» *Total Cash and Investments* This includes all cash and investments benefitting the college, including those held by affiliated foundations, but typically excluding bond proceeds and debt service reserve funds.[7]

B. Operating Reserve

The operating reserve sub-factor assesses a college's liquid reserves relative to the size of its operations and the extent to which a college can rely on accessible accumulated wealth to operate without earning any additional revenue. Liquid reserves are particularly important during periods of financial stress when revenue may be depressed.

Relevant Metric

» *Spendable Cash and Investments to Operations* The numerator of this ratio is total cash and investments at the college and affiliated foundations, less permanently restricted cash and investments. To estimate permanently restricted cash and investments, we adjust permanently restricted net assets to exclude funds held in trust by others and permanently restricted pledges. The denominator is total operating expenses at the college.

[7] We typically exclude bond proceeds because they will usually be spent on capital projects within a relatively short period of time. Taxable bond proceeds, which may be usable for general corporate purposes, may or may not be excluded depending on the intended purpose of the proceeds and the intended timeframe for their expenditure.

Factor 3: Wealth & Liquidity (20% Weight)

	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Total Wealth (Total Cash & Investments) ($000)*	10%	≥ 400,000	< 400,000 ≥ 70,000	< 70,000 ≥ 20,000	< 20,000 ≥ 5,000	< 5,000 ≥ 3,000	< 3,000 ≥ 1,000	< 1,000 ≥ 350	< 350
Operating Reserve (Spendable Cash & Investments to Operating Expenses) (x)**	10%	≥ 1	< 1 ≥ 0.5	< 0.5 ≥ 0.2	< 0.2 ≥ 0.08	< 0.08 ≥ 0.04	< 0.04 ≥ 0.03	< 0.03 ≥ 0.02	< 0.02

* For the linear scoring scale, the Aaa end point value is $1 billion. A value of $1 billion or better equates to a numerical score of 0.5. The Ca end point value is $250,000. A value of $250,000 or worse equates to a numerical score of 20.5.

** For the linear scoring scale, the Aaa end point value is 2x. A value of 2x or better equates to a numerical score of 0.5. The Ca end point value is 0.01x. A value of 0.01x or worse equates to a numerical score of 20.5.

Factor 4: Leverage and Coverage

Why it Matters

A community college's financing decisions have a direct impact on its credit quality. They provide insight into a college's internal risk calculus, within which it weighs the benefits of capital investment with the cost of servicing incremental debt in the context of its reserves and operating performance. In general, colleges with stronger levels of cash flow and larger reserves relative to their debt obligations have greater flexibility to meet their overall financing objectives while also maintaining operating balance.

Our leverage and coverage metrics assess the total burden that a college's debt obligations, including tax-backed debt, place on its operating base and reserves. Colleges that maintain lower levels of leverage due to the use of alternative capital funding strategies usually have more flexibility to implement future capital projects than those that rely more exclusively on debt. Overall, colleges that successfully balance debt burden, resource levels, and plant upkeep are likely to be higher-rated and enjoy greater financial flexibility through the management of fixed costs.

The two sub-factors related to leverage that we consider in our rating assessments are:

A. Financial Leverage

B. Debt Affordability

A. Financial Leverage

The degree of financial reserves relative to debt is a key indicator of balance sheet flexibility. Larger reserves relative to debt reduce the risk that either short- or medium-term operating weakness will result in a default. The importance of a college's financial resource cushion to debt depends, in part, on its debt structure, intended source of repayment, and strength and consistency of operations. This ratio is of particular importance for colleges with non-amortizing debt structures that do not intend to repay debt from annual cash flow.

Relevant Metric

» *Spendable Cash and Investments to Total Debt* The numerator of this ratio is cash and investments at the college and affiliated foundations, plus any funds held in trust by others, plus pledges receivable reported in permanently restricted net assets, less permanently restricted net assets. To estimate permanently restricted cash and investments, we adjust permanently restricted net assets to exclude

funds held in trust by others and permanently restricted pledges. The denominator is total debt, including tax-backed debt.

B. Debt Affordability

We assess the affordability of a community college's debt by focusing on coverage of annual debt service obligations from the college's operations. Because performance of revenue may be cyclical (or counter-cyclical, as discussed above), we typically assess affordability with a three-year average.

Relevant Metric

3-year Average Debt Service Coverage The numerator is the sum of adjusted operating income, adding back non-cash expenses such as interest, depreciation, and pension expense over the last three years, divided by three. The denominator is actual principal and interest on capital debt over the same period.

Factor 4: Leverage & Coverage (20% Weight)

	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Financial Leverage (Spendable Cash & Investments to Total Debt) (x) *	10%	≥4	< 4 ≥ 1.5	< 1.5 ≥ 0.5	< 0.5 ≥ 0.15	< 0.15 ≥ 0.07	< 0.07 ≥ 0.05	< 0.05 ≥ 0.04	< 0.04
Debt Affordability (3-Year Average Debt Service Coverage) (x) **	10%	≥ 6	< 6 ≥ 3.5	< 3.5 ≥ 2	< 2 ≥ 1	< 1 ≥ 0.7	< 0.7 ≥ 0.4	< 0.4 ≥ 0.2	< 0.2

* For the linear scoring scale, the Aaa end point value is 6x. A value of 6x or better equates to a numerical score of 0.5. The Ca end point value is 0.03x. A value of 0.03x or worse equates to a numerical score of 20.5.

** For the linear scoring scale, the Aaa end point value is 7x. A value of 7x or better equates to a numerical score of 0.5. The Ca end point value is 0.15x. A value of 0.15x or worse equates to a numerical score of 20.5.

Assessing Community College Foundations

Our assessments of community college foundations are based upon a consolidated view of the college and foundation as reflected in the consolidated scorecard factors. While typically smaller than foundations at four-year universities, community college foundations can still perform a variety of core functions for their associated college, including acting as the primary fundraising and endowment management vehicle, acquiring and managing real estate, and operating auxiliary functions such as housing.

Since community college foundations are created to support an affiliated community college, the organizations are closely linked from a financial and strategic perspective. In assessing the credit quality of a community college foundation, we normally begin with an overall assessment of the consolidated college and foundation entity. We then typically assess the strength and consistency of the foundation's revenue stream and operating performance, as well as the specific security structure, which are incorporated in the foundation's rating.

The pledged legal security for community college foundation debt may be materially narrower than the pledge supporting debt issued by an affiliated college. In general, this narrower security, in combination with a smaller scope of operations and potentially riskier business activities, could lead to a distinction in the rating that is generally 0 to 3 notches below the college's unsecured general obligation credit assessment.

Assumptions and Limitations, and Rating Considerations Not Covered in the Scorecard

Assumptions and Limitations

The scorecard in this rating methodology represents a decision to favor simplicity that enhances transparency and to avoid greater complexity that would enable the scorecard to map more closely to actual ratings. Accordingly, the rating factors in the scorecard do not constitute an exhaustive treatment of all of the considerations that are important for ratings of issuers in this sector. In addition, our ratings incorporate expectations for future performance, while scorecards may use mainly historical information. In some cases, our expectations for future performance may be informed by confidential information that we cannot disclose. In other cases, we estimate future results based upon past performance, industry trends, competitor actions or other factors. In either case, predicting the future is subject to the risk of substantial inaccuracy.

Assumptions that may cause our forward-looking expectations to be incorrect include unanticipated changes in any of the following factors: the macroeconomic environment and general financial market conditions, industry competition, disruptive technology, and regulatory and legal actions.

Key rating assumptions that apply in this sector include our view that sovereign credit risk is strongly correlated with that of other domestic issuers, that legal priority of claim affects average recovery on different classes of debt sufficiently to generally warrant differences in ratings for different debt classes of the same issuer, and the assumption that access to liquidity is a strong driver of credit risk.

In choosing factors for this rating methodology scorecard, we did not explicitly include certain important factors that are common to all issuers in any sector such as the quality and experience of management, assessments of governance and the quality of financial reporting and information disclosure. Scoring these factors in a scorecard would in some cases suggest too much precision in the relative ranking of particular issuers against all other issuers that are rated in various industry sectors.

Ratings may include additional factors that are difficult to quantify or that have a meaningful effect in differentiating credit quality only in some cases, but not all. Such factors include financial controls, exposure to uncertain actions of political bodies and possible government interference into operations. Regulatory, litigation, liquidity, technology and reputational risk as well as changes to consumer and business spending patterns, competitor strategies and macroeconomic trends also affect ratings. While these are important considerations, it is not possible to precisely express these in the rating methodology scorecard without making the scorecard excessively complex and significantly less transparent. Ratings may also reflect circumstances in which the weighting of a particular factor will be substantially different from the weighting suggested by the scorecard.

For example, liquidity is a consideration frequently critical to ratings and which may not, in other circumstances, have a substantial impact in discriminating between two issuers with a similar credit profile. As an example of the limitations, ratings can be heavily affected by extremely weak liquidity that magnifies default risk. However, the debt securities of two identical issuers might have be rated the same if their only differentiating feature is that one has a very good liquidity position while the other has an extremely good liquidity position, unless these are low rated entities for which liquidity can be a substantial differentiator for relative default risk.

Other Rating Considerations

Ratings reflect a number of additional considerations. These may include but are not limited to: our assessment of the quality of management, governance, financial controls and event risk. Within this section, we discuss the most common other credit considerations impacting our analysis of community colleges. These are illustrative considerations that serve as a guide, not an exhaustive list.

Credit Profile Volatility

Ratings reflect our projections for future results based on an analysis of past performance as well as student demand, managerial strategy and strength, governmental support, industry and economic trends, liquidity, near-term borrowing plans, and observations about institutions with similar characteristics. In general, expected performance inconsistent with historical trends, rapid rates of change due to fluctuating risk profiles, or outsized importance of a particular rating factor can lead to variance from the scorecard-indicated rating.

Multi-Year Trends

The momentum and direction of credit trends inform our forward-looking assessment of a community college's credit trends, which may include an evaluation of college-provided assumptions and forecasts. Sometimes, credit trends reveal underlying issues not evident in a point-in-time analysis. The pace at which a trend develops can influence the magnitude of the credit impact. Deterioration of credit quality can occur quickly, particularly if management fails to address fundamental fiscal imbalance in a timely manner.

Governance and Management

Strategy, financial health, and credit position are all fundamentally driven by decisions made by a community college's board members and leadership team. Effective governance and strong management enable a college to reach its full potential while avoiding financial stress. The weight of this assessment in our analysis is particularly important when a college is in a period of transition or financial stress, such as embarking on an expansion of enrollment or facilities, altering its mission or market strategies, or facing deteriorating demand. We normally assess the composition of the board and senior management team, short- and long-term planning, oversight and disclosure practices, and self-assessment and benchmarking. A record of consistency in plan execution, as well as established enterprise risk management practices, provide Moody's with insight into management's likely future performance in stressed situations.

Pension and Other Post-Employment Benefits

Pensions and other post-employment benefits are long-term liabilities that also add immediate fixed operating expenses. We generally review the current payment responsibility relative to the wealth of the community college and the size of its operations to provide context for the magnitude of the burden. For participants in state-run defined benefit plans, we typically review whether the college or government is responsible for making benefit payments, the funded status of pension plans, the likelihood that employer contributions to the plan will increase, and the status of reforms. Our analytic framework for financial adjustments is detailed in the Adjustments to US State and Local Government Reported Pension Data[8] cross-sector rating methodology.

[8] Please see the Moody's Related Research section for a link to Moody's methodologies.

Security Provisions

Community colleges rated under this methodology can either issue debt as an unsecured general obligation of the organization or pledge all or a portion of a stream of revenues, for example student charges[9]. Examples of student charges include tuition, fees, and auxiliary revenue. The specifics of a community college's revenue pledge can impact its final rating. A broad pledge is typically rated higher than a more narrow revenue pledge given the greater scale and stability that usually accompanies broader pledges. When considering affordability, we also typically look at revenue generated by financed projects, revenue pledged as security for debt service, and any debt service support from a college's associated governments. We do not, however, deduct debt for revenue-generating projects from our calculations. Other structural characteristics, such as lien, debt service reserve funds, and specific covenants can affect the actual rating.

Debt Structure Considerations

A college's debt profile reflects its strategy of balancing the cost of capital with the potential balance sheet and operational risks of external financing options. Some financing options, particularly structures that permit the sudden acceleration of debt repayment, carry more risks than others. A college's ability to mitigate risks associated with its particular debt structure is critical to its creditworthiness.

The broader the array of financing options at a college's disposal, the greater its financial flexibility. Typically colleges with the ability to issue tax-supported debt have greater capacity to invest in and maintain facilities, although they often must seek taxpayer approval. The history of voter approval for borrowing, the term of any approval, and limits on taxing ability can impact our assessment of the diversity of funding sources. Colleges may also be subject to statutory caps limiting the extent to which they can raise taxes to support debt service. We typically assess the flexibility under existing caps as well as the process for changing caps.

Most community colleges issue fixed rate, amortizing revenue bonds. Alternative structures can add risk to a college's credit profile. For colleges that have debt instruments that could result in acceleration of outstanding debt, including direct bank loans, we often assess the level of liquidity available for unexpected debt payments, access to other financing sources, and management's ability to oversee a complex debt structure. We may also take into account any debt-related derivative instruments that could affect liquidity via collateral postings. If a college has high un-hedged variable rate exposure, we typically assess budgetary policies and flexibility to absorb unexpected increases in interest costs. For colleges with substantial bullet maturities, we generally analyze the college's long-term debt management strategies.

The financial leverage scorecard factor considers all debt of a community college, including revenue-backed debt and tax-backed debt. In addition to the factors considered in the scorecard, which assess a college's general unsecured obligation rating equivalent, we may also consider unique aspects of its tax-backed debt and how this debt contributes to its overall leverage profile. Occasionally, when a college has a significant amount of tax-backed debt outstanding, our assessment of leverage can vary from the scorecard. For tax-backed debt, the strength of the tax base, nature of the pledge, and any limitations associated with tax caps or term of the tax approval are taken into account. In some cases, we consider these factors as strengths that counterbalance high leverage as shown on the scorecard, and the actual rating may be higher than the scorecard-indicated rating.

An increasing number of four-year universities are exploring financing options beyond traditional bond programs to fund their capital needs, including public private partnerships (P3s) and operating leases. While P3s are uncommon among community colleges, if a college employed this structure, the strategic value of

[9] As described above, obligations secured by property tax revenues are not rated under this methodology.

such a P3-funded project would likely be an important consideration in our analysis, and we could include related debt on colleges' balance sheets if the colleges have meaningful strategic incentives to support a project. We typically consider operating leases for essential facilities to be debt-like, and factor them into our leverage ratios.

Appendix: Community College Scorecard

	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Factor 1: Market Profile (25%)									
Scope of Operations (Operating Revenue) ($000) *1	15%	≥ 500,000	< 500,000 ≥ 150,000	< 150,000 ≥ 40,000	< 40,000 ≥ 10,000	< 10,000 ≥ 4,000	< 4,000 ≥ 800	< 800 ≥ 500	< 500
Strategic Positioning	10%	» Overall Exceptional. Consistent assessment and adjustment of programmatic offerings and delivery models; highly collaborative relationships with area corporations, high schools, and universities; sophisticated, multi-year capital plan with highly diversified funding sources; exceptionally strong management of infrastructure, consistently aligned with changing program and enrollment needs; and/or clearly defined and consistently evaluated performance indicators with regular self-assessment and benchmarking	» Overall Excellent. Frequent assessment and adjustment of programmatic offerings and delivery models; very strong collaborative relationships with area corporations, high schools, and universities; multi-year capital plan with highly diversified funding sources; very strong and demonstrated ability to adjust infrastructure to meet changing program and enrollment needs; and/or clearly defined performance indicators with annual self-assessment and benchmarking	» Overall Very Good. Regular assessment and adjustment of programmatic offerings and delivery models; strong collaborative relationships with area corporations, high schools, and universities; multi-year capital plan with some diversification of funding sources; strong ability to adjust infrastructure to meet changing program and enrollment needs; and/or regular self-assessment and benchmarking	» Overall Good. Periodic assessment and adjustment of programmatic offerings and/or delivery models; some established relationships with area corporations, high schools, and universities; identified strategic capital needs with identified funding sources; good ability to adjust infrastructure to meet changing program and enrollment needs; and/or periodic self-assessment and benchmarking	» Overall Fair. Sporadic assessment and adjustment of programmatic offerings and delivery models; more limited relationships with area corporations, high schools, and universities; capital program reliant on more volatile and one time funding sources; limited ability to adjust infrastructure to meet changing program and enrollment needs; and/or limited self-assessment and benchmarking	» Overall Poor. Limited strategic assessment and adjustment of programmatic offerings; very limited relationships with area corporations, high schools, and universities; weak ability to fund capital needs; high fixed infrastructure costs limiting ability to adjust to meet changing program and enrollment needs; and/or weak self-assessment and benchmarking	» Overall Very Poor. Very limited strategic assessment and adjustment of programmatic offerings; no material relationships with area corporations, high schools, and universities; very weak ability to fund capital needs; unaffordable fixed infrastructure costs, threatening ability to adjust to meet changing program and enrollment needs; and/or very weak self-assessment and benchmarking	» Overall Extremely Poor. Very limited strategic assessment and adjustment of programmatic offerings with well-defined program weaknesses; negative relationships with area corporations, high schools, and universities; extremely weak ability to fund capital needs; potential deficiencies in facilities; unaffordable fixed infrastructure costs with imminent threat to management of program and enrollment needs; and/or extremely weak self-assessment and benchmarking demonstrating deficient internal controls

	Sub-factor Weight	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Factor 2: Operating Performance (35%)									
Operating Results (3-Year Average Operating Margin) (%) *2	10%	≥ 13%	< 13% ≥ 7%	< 7%≥ 3%	< 3% ≥ 0%	< 0% ≥ -4%	< -4% ≥ -8%	< -8% ≥ -11%	< -11%
Revenue Diversity (Max Single Contribution) (%) *3	10%	≤ 35%	> 35% ≤ 50%	> 50% ≤ 67%	> 67% ≤ 75%	> 75% ≤ 82%	> 82% ≤ 88%	> 88% ≤ 95%	> 95%
Operating Environment	15%	» Overall Exceptional. Exceptionally strong and predictable government support (including property tax availability) for operations and capital; consistently high degree of financial support for student affordability and workforce training programs; and/or full flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates and reserves	» Overall Excellent. Very strong and predictable government support (including property tax availability) for operations and capital; significant financial support for student affordability and workforce training programs; and/or very broad flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates and reserves	» Overall Very Good. Strong government support (including property tax availability) for operations and capital; very good financial support for student affordability and workforce training programs; and/or broad flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates and reserves	» Overall Good. Stability in government support (including property tax availability) for operations and capital; good support for student affordability and workforce training programs; and/or moderate flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates and reserves	» Overall Fair. Somewhat volatile government support (including property tax availability) for operations and sporadic support for capital; modest and/or inconsistent financial support for student affordability and workforce training programs; and/or limited flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates and reserves	» Overall Poor. Weak and unpredictable government support (including property tax availability) for operations and/or capital; unfunded mandates for workforce training programs; and/or very limited flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates and reserves	» Overall Very Poor. Very weak and unpredictable government support (including property tax availability) for operations and/or capital; significant unfunded mandates for workforce training programs; and/or no flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates or reserves	» Overall Extremely Poor. Extremely weak or unpredictable government support (including property tax availability) for operations and/or capital; rapidly deteriorating overall support climate; and/or no flexibility within the regulatory framework to manage tuition, programs, debt, budget, tax rates or reserves, and rapidly deteriorating financial situation
Factor 3: Wealth & Liquidity (20%)									
Total Wealth (Total Cash & Investments) ($000) *4	10%	≥ 400,000	< 400,000 ≥ 70,000	< 70,000 ≥ 20,000	< 20,000 ≥ 5,000	< 5,000 ≥ 3,000	< 3,000 ≥ 1,000	< 1,000 ≥ 350	< 350
Operating Reserve (Spendable Cash & Investments to Operating Expenses) (x) *5	10%	≥ 1	< 1 ≥ 0.5	< 0.5 ≥ 0.2	< 0.2 ≥ 0.08	< 0.08 ≥ 0.04	< 0.04 ≥ 0.03	< 0.03 ≥ 0.02	< 0.02
Factor 4: Leverage & Coverage (20%)									
Financial Leverage (Spendable Cash & Investments to Total Debt) (x) *6	10%	≥ 4	< 4 ≥ 1.5	< 1.5 ≥ 0.5	< 0.5 ≥ 0.15	< 0.15 ≥ 0.07	< 0.07 ≥ 0.05	< 0.05 ≥ 0.04	< 0.04
Debt Affordability (3-Year Average Debt Service Coverage) (x) *7	10%	≥ 6	< 6 ≥ 3.5	< 3.5 ≥ 2	< 2 ≥ 1	< 1 ≥ 0.7	< 0.7 ≥ 0.4	< 0.4 ≥ 0.2	< 0.2

*1 For the linear scoring scale, the Aaa end point value is $2 billion. A value of $2 billion or better equates to a numerical score of 0.5. The Ca end point value is $400,000. A value of $400,000 or worse equates to a numerical score of 20.5.

*2 For the linear scoring scale, the Aaa end point value is 16%. A value of 16% or better equates to a numerical score of 0.5. The Ca end point value is (12%). A value of (12%) or worse equates to a numerical score of 20.5.

*3 For the linear scoring scale, the Aaa end point value is 25%. A value of 25% or better equates to a numerical score of 0.5. The Ca end point value is 98%. A value of 98% or worse equates to a numerical score of 20.5.

*4 For the linear scoring scale, the Aaa end point value is $1 billion. A value of $1 billion or better equates to a numerical score of 0.5. The Ca end point value is $250,000. A value of $250,000 or worse equates to a numerical score of 20.5.

*5 For the linear scoring scale, the Aaa end point value is 2x. A value of 2x or better equates to a numerical score of 0.5. The Ca end point value is 0.01x. A value of 0.01x or worse equates to a numerical score of 20.5.

*6 For the linear scoring scale, the Aaa end point value is 6x. A value of 6x or better equates to a numerical score of 0.5. The Ca end point value is 0.03x. A value of 0.03x or worse equates to a numerical score of 20.5.

*7 For the linear scoring scale, the Aaa end point value is 7x. A value of 7x or better equates to a numerical score of 0.5. The Ca end point value is 0.15x. A value of 0.15x or worse equates to a numerical score of 20.5.

Moody's Related Research

The credit ratings assigned in this sector are primarily determined by this credit rating methodology. Certain broad methodological considerations (described in one or more secondary or cross-sector credit rating methodologies) may also be relevant to the determination of credit ratings of universities and debt instruments in the sector. Potentially-related secondary and cross-sector credit rating methodologies can be found here.

For data summarizing the historical robustness and predictive power of credit ratings assigned using this credit rating methodology, see link.

Please refer to Moody's Rating Symbols & Definitions, which is available here, for further information.

» Global Higher Education, November 2015 (185975)

» US Local Government General Obligation Debt, January 2014 (162757)

» Adjustments to US State and Local Government Reported Pension Data

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Report Number: 187082

Author
Joshua Levine

Production Specialist
Cassina Brooks
Wing Chan

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