

Rating Action: Moody's affirms Barnard College, NY's A1 rating; outlook revised to stable

Global Credit Research - 10 Oct 2017

New York, October 10, 2017 -- Summary Rating Rationale

Moody's Investors Service has affirmed the A1 rating assigned to Barnard College, NY's (Barnard) approximately \$109 million revenue bonds issued through the Dormitory Authority of the State of New York. The outlook is revised to stable from positive.

The A1 rating reflects Barnard's national reputation as a highly selective women's liberal arts college in a competitive environment within its niche market, its urban location in New York City, and its close affiliation with neighboring Columbia University (Aaa stable) and strong fundraising. The rating additionally incorporates high leverage in the context of modest liquidity and thin operating performance.

The revision in the outlook to stable from positive reflects expectations of continued thin operating performance driving modest resource growth, while leverage remains elevated.

Rating Outlook

The stable outlook reflects our expectations that operating performance will improve with a return to positive operating margins and cashflows that provide stronger debt coverage. At the same time, we anticipate continued robust student demand for Barnard's programs and strong fundraising that will contribute to additional growth in flexible reserves.

Factors that Could Lead to an Upgrade

Continued success in fundraising, enabling the college to pay off interim financing and fund associated costs with a large capital undertaking

Increase in financial reserves to support elevated leverage

Significant improvement in operating margins and cashflows

Factors that Could Lead to a Downgrade

Deterioration of student demand and declines in net tuition revenue

Additional material leverage

Further narrowing of cash flows

Increase in the endowment spending rate leading to an erosion in financial resources

Legal Security

The Series 2015A and Series 2015B bonds are a general obligation of the college and further secured by an interest in tuition and fees. The Series 2007A and Series 2008 bonds are unsecured general obligations of the college.

Obligor Profile

Founded in 1889 as one of the original Seven Sisters, Barnard is both an independently incorporated educational institution and an official college of Columbia University. Barnard is an all women's liberal arts college located in New York City.

Methodology

The principal methodology used in this rating was Global Higher Education published in November 2015.

Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

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