S&P Global
Ratings

(/en_US/web/guest/home)

Fordham University, NY Revenue Bonds Rated 'A'; Outlook Is Negative

06-Dec-2017 16:57 EST

View Analyst Contact Information

NEW YORK (S&P Global Ratings) Dec. 6, 2017--S&P Global Ratings assigned its 'A' long-term rating to the New York State Dormitory Authority's $81.7 million series 2017 revenue bonds issued on behalf of Fordham University (the university). At the same time S&P Global affirmed its 'A' long-term rating on the university's outstanding bonds. The outlook is negative.

The negative outlook reflects our opinion of the university's recent decline in expendable resources and thinner operating margins. Management expected resources to decline and operating margins to weaken slightly in order to fund recent strategic investments. We recognize improvement in expendable resources in fiscal 2017 and look for further improvement. We also recognize a history of positive operating margins and expect surpluses to continue. In our view, without solid growth, future resources ratios could become consistent with a lower rating.

The 'A' rating reflects our assessment of the university's:

- Consistent operating performance, demonstrated by its generation of surpluses with expectations of further surpluses that will increase from recently more-modest-than-historical levels;
- Growing enrollment and stable demand metrics, combined with improved student quality as measured by standardized test scores;
- Manageable maximum annual debt service (MADS) burden; and
- Good management, with conservative budgeting practices.

In our opinion, offsetting credit factors include:

The fiscal 2016 decline in expendable resources to operations and debt, although we understand the university used expendable resources to finance a majority of the renovation of the business school rather than increase the debt burden;
The highly competitive market for students, indicated by a very weak matriculation rate, which is partially mitigated by strong student quality; and
The university's heavy reliance on student-generated revenues (tuition and auxiliary revenues).

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 www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Primary Credit Analyst: Mary Ellen E Wriedt, New York (1) 415-371-5027; maryellen.wriedt@spglobal.com (mailto:maryellen.wriedt@spglobal.com)

Secondary Contact: Charlene P Butterfield, New York (1) 212-438-2741; charlene.butterfield@spglobal.com (mailto:charlene.butterfield@spglobal.com)

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor’s Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an “as is” basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT’S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (http://www.standardandpoors.com) (free of charge), and www.ratingsdirect.com (http://www.ratingsdirect.com) and www.globalcreditportal.com (http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees (http://www.standardandpoors.com/usratingsfees).

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact S&P Global Ratings, Client Services, 55 Water Street, New York, NY 10041; (1) 212-438-7280 or by e-mail to: research_request@spglobal.com (mailto:research_request@spglobal.com).

Legal Disclaimers (/en_US/web/guest/regulatory/legal-disclaimers)
Careers at S&P Global Ratings (http://www.spglobal.com/careers)
Terms of Use (/en_US/web/guest/regulatory/termsofuse)
Privacy and Cookie Notice (/en_US/web/guest/regulatory/privacy-notice)
Copyright © 2017 Standard & Poor's Financial Services LLC. All rights reserved.

Reproduction and distribution of this information in any form is prohibited except with the prior written permission of Standard & Poor's Financial Services LLC and its affiliates (together, "S&P"). S&P does not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and is not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such information. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. S&P shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of this information, including ratings. S&P ratings are statements of opinions and are not statements of fact or recommendations to purchase hold or sell securities. They do not address the market value of securities or the

suitability of securities for investment purposes, and should not be relied on as investment advice. Please read our complete disclaimer here. (/en_US/web/guest/regulatory/legal-disclaimers)