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For more information contact:

Jeff Murphy

Assistant Director for Media Relations

Integrated Marketing and Communications

660-543-4640 / jmurphy@ucmo.edu

S&P Global Ratings Assign UCM ‘A+’ Long-term Rating for Fourth Year

WARRENSBURG, MO (Dec. 15, 2020) – The University of Central Missouri has received a long-term rating of “A+” by Standard & Poor’s (S&P) Global Ratings for the fourth consecutive year regarding its Missouri Health & Educational facilities Authority’s series 3013C, 2018A and 2018B educational facilities bonds. While the rating reflects UCM’s dedication to sound financial operations, the rating outlook reflects financial pressures facing the university.

“We assessed UCM’s enterprise profile as strong characterized by a historically respectable demand profile with improving selectivity and, while pressured in fall 2020, relatively stable matriculation, offset by several years of declining enrollment due primarily to weakening demographics,” S&P noted in its rationale for the ratings. “We assessed its (UCM) financial profile as very strong, with positive operations over the past two years, good available resources for the rating compared with operating expenses and debt, and a reasonable debt burden. We believe these combined credit factors lead to an indicative stand-alone credit profile of ‘a+’ and a long-term rating of ‘A+’.”

S&P Global Ratings provide a forward-looking opinion about a borrower’s credit worthiness and ability to repay debt using a letter-grade system. “AAA” is the very best rating that can be given for a borrower’s ability to replay long-term bonds. A long-term credit issue rating of “A” means that the organization being rated

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is more susceptible to adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories, but the borrower's ability to meet its financial commitments is still strong.

At the end of Fiscal Year 2020, UCM's total debt outstanding equaled approximately \$77.9 million, including \$59.9 million in revenue bonds for projects that include construction of The Crossing – South at Holden, the university's first student living-retail complex, and a \$15.6 million energy savings capital lease issued in April 2009 for deferred maintenance to buildings on the main campus.

"To maintain an "A+" rating for a fourth consecutive year, especially given the challenges presented by the pandemic, says a great deal about the campus-wide commitment to good stewardship of our limited financial resources. While we continue to focus on student success and academic excellence, it is vital that the institution remains financially sustainable. This rating reflects this sustainability as well as our ability to secure financing for potential future projects that will benefit our students," said Bill Hawley, vice president for finance and administration at UCM.

Although S&P is giving the university a positive rating on its revenue bonds, it also looks to the future taking into consideration other factors which can affect the institution's financial outlook. This includes a challenging state funding environment and a declining pool of Missouri high school students in which UCM must recruit in competition against other colleges and universities, which has led to declining enrollment since 2016. Such factors contributed to a "negative" outlook rating.

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