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## Bond-Rating Update

By AUDREY WILLIAMS JUNE

The following institutions had their bond ratings upgraded or downgraded during May 2004. Ratings, which reflect the relative financial strength of institutions, help determine their cost of borrowing.

### Upgrades

- **Howard County Junior College District**, by Moody's Investors Service, from Baa1 to A3. Applies to \$1.3-million in outstanding bonds. Reasons cited include a 27-percent increase in enrollment since 1999, operating surpluses despite a drop in state appropriations, and no future borrowing plans for the Texas district.

### Downgrades

- **Keck Graduate Institute of Applied Life Sciences**, by Moody's, from Baa2 to Baa3. Applies to \$8.2-million in outstanding bonds. Reasons cited include the start-up California institution's not meeting its enrollment target of 120 students, its inability to reduce its tuition discount rate from 93 percent, and expectations that financial resources will erode over the next three years.
- **Stevens Institute of Technology**, by Standard & Poor's, from A- to BBB+. Applies to \$73.6-million in outstanding bonds. Reasons cited include a long-term trend of "sharply declining" liquidity, a heavy debtload, and a history of negative operating performance since 1996 at the New Jersey institution.
- **University System of Maryland**, by Standard & Poor's, from AA+ to AA. Applies to \$833.3-million in outstanding bonds. Reasons cited include an increase in the system's debt level, and expectations that it will need to borrow more money through at least 2008.
- **University of Massachusetts system**, by Standard & Poor's, from A+ to A. Applies to \$468-million in outstanding bonds. Reasons cited include expectations that the system will need to borrow more money in the next five to seven years, and its endowment, which is small compared with other public university systems.

**Note:** This report covers only publicly available changes in ratings, and not all actions by ratings agencies, in the past month. In some cases, while one agency changes a rating, another agency affirms its current rating. Standard & Poor's and Fitch Ratings rate college bonds from AAA, the highest, to D, the lowest. Moody's Investors Service ratings range from Aaa to D. Bonds rated below BBB- (Standard & Poor's and Fitch) or Baa3 (Moody's) are considered below investment grade.

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