Moody's and Standard and Poor's Upgrade College’s Bond Rate

New Rankings Signify Low Credit Risk, Affirms Stable Outlook

Credit rating services Moody's Investors Service and Standard & Poor's (S&P) have upgraded Lee College's bond rate. That means the college system's credit profile is in good standing — with very low credit risk.

S&P Global Ratings raised its long-term rating general obligation or GO bonds, which are taxpayer funded, from "AA- (minus)" to "AA" — affirming a stable outlook. Moody's raised its general obligation limited tax (GOLT) bond rating from "Aa3" to "Aa2."

In 2018, it was reported that Lee College went through a budget shortfall of $5 million in operating funds, which led to a downgrade of the institution's bond rating.

"Over the past five years, we've made changes to our finance administration team, and despite a global pandemic, we have been able to bounce back by controlling costs and having meticulous oversight of the college's finances," said Dr. Lynda Villanueva, Lee College president.

When considering whether to raise, keep or lower Lee College's bond rating, both Moody's and S&P analyzed the college's environmental, social, and governance factors relative to the school's market position, financial performance, reserves, liquidity, and debt burden. Factors that contributed to their decisions to upgrade Lee's ratings include:

- Growing enrollment trends
- Improvement of the college's balance sheet
- Favorable operating margins
- Strengthened financial resources
- Diversification of the tax base
- Experienced management team and stable Board of Regents

"I am very pleased we can share this news with the taxpayers in our district and the stakeholders in our service area," said Gilbert Santana, chair, Lee College Board of Regents. "One of the responsibilities my colleagues and I share is to ensure the proper stewardship of ad valorem taxes. These upgraded ratings reflect the exceptional diligence of the college leadership in managing both long- and short-term financial matters of the institution."

Proceeds from the bonds will be used to refund or refinance the college's outstanding debt, which college leadership estimates will end up saving the college and taxpayers more than $3 million in interest over the remaining life of the bond.