



NEW JERSEY

# Association of State Colleges and Universities

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**QuickTakes!**

## **Stockton Celebrates Its Moody's Investor Service Report Issued May 23, 2019**

May 28, 2019

Stockton University's (Baa1/positive outlook) improving credit profile incorporates the university's growing prominence within the state as a mid-sized regional public institution with diversifying programmatic offerings and broadening demographic reach.

Stabilizing financial operations, limited near-term capital financing needs, active fiscal oversight and increasing donor support highlight the improving strategic position consistent with its well-defined long-term strategic approach. These credit strengths are offset by the university's high overall leverage driven by both the substantial facility investment recent undertaken as well as rising retiree benefit liabilities.

With this elevated debt burden, the ability to successfully balance growth strategies with fiscal stewardship will be an important determinant of Stockton's credit trajectory. Operating margins have been managed at or near breakeven levels which, when combined with general stagnant available reserves and liquidity, provide modest financial flexibility to counter any future adverse financial conditions.

On May 23, 2019, Moody's revised the university's outlook to positive from negative reflecting successful completion of the Atlantic City (AC) expansion and attainment of revenue and enrollment projections during this period of substantial investment and growth.

### **Governance and management: successful delivery on key strategic priorities enhances operating position.**

Stockton's strong leadership team has a cohesive and well-coordinated forward agenda that, along with a demonstrated record of managing large and complex initiatives with the state, provides a solid foundation for continued growth. The successful completion of the Atlantic City campus and sizable investment at the Galloway campus underscores leadership's actively managed long-term planning approach. Development of strong budgetary policies and centralized financial monitoring has allowed the university to maintain stable fiscal operations throughout the recent expansionary project. Leadership has well-defined

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strategic priorities that include expanding enrollment and access, strengthening intergovernmental collaboration and resources, improving academic outcomes, and enhancing reporting and board engagement for greater fiscal and operating oversight.