

CREDIT OPINION

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Send Your Feedback

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Pomona College, CA

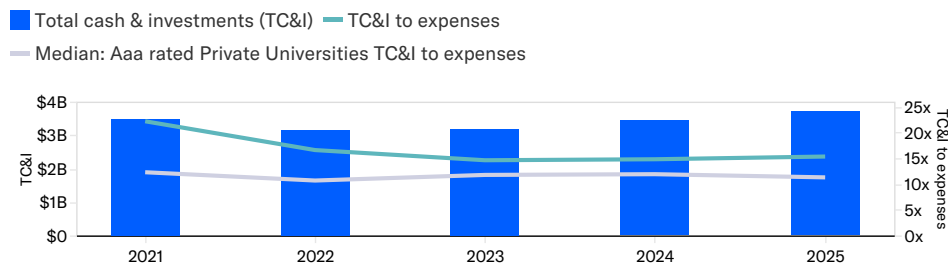
Update to credit analysis

Summary

[Pomona College's](#) (Aaa stable) credit profile reflects its excellent brand and strategic positioning as a highly selective elite liberal arts college with a national student draw and extraordinary wealth. Stewardship of the college's \$3.7 billion (fiscal 2025) in total cash and investments is supported by long-term by strong investment returns and philanthropic support, as well as a prudent spending policy, providing substantial capacity to invest in academic priorities while absorbing a challenging operating environment for higher education. Disciplined budgeting and sustained positive operations will support continued balance sheet strength and debt affordability, despite persistent expense pressures. Heavy reliance on endowment income and the college's commitment to need blind admissions constrain revenue diversity and exposes the college to market fluctuations. Other credit considerations include a modest debt burden and affiliation benefits that support sound operating performance.

Exhibit 1

Growing wealth provides exceptional financial flexibility



Source: Moody's Ratings

Credit strengths

- » Ample wealth provides excellent financial flexibility, with total cash and investments cushioning total debt by 15.5x and operations by 15.3x in fiscal 2025.
- » National academic reputation bolsters very strong student demand evidenced by a fall 2025 acceptance rate of 6.9% and 49% yield on accepted students
- » Robust operating performance as a result of good fiscal discipline; EBIDA margins routinely around 25%
- » Exceptional monthly liquidity with over 1,400 days cash on hand

Credit challenges

- » Nearly 60% dependence on investment income for operations underscores the importance of prudent endowment management
- » Focus on access, affordability and need blind admissions limits ability to leverage pricing power
- » Persistent elevated inflation, particularly around compensation, provides fiscal headwind

Rating outlook

The stable outlook reflects our expectations that Pomona will maintain strong double-digit EBIDA margins and exceptional coverage of debt and operations from its wealth.

Factors that could lead to an upgrade

- » Not applicable

Factors that could lead to a downgrade

- » Substantial increase in financial leverage with total debt to EBIDA in excess of 5x
- » Material weakening of balance sheet strength with total cash and investments to expenses below 10x
- » Sustained and significant deterioration in operating performance or student demand

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Key indicators

Exhibit 2

POMONA COLLEGE, CA

	2021	2022	2023	2024	2025	Median: Aaa Rated Private Universities
Total FTE Enrollment	1,747	1,777	1,735	1,732	1,690	9,219
Operating Revenue (\$000)	182,031	250,044	258,366	268,397	281,055	2,206,988
Annual Change in Operating Revenue (%)	-13.1	37.4	3.3	3.9	4.7	1.9
Total Cash & Investments (\$000)	3,480,162	3,158,795	3,189,568	3,436,604	3,705,717	17,599,365
Total Adjusted Debt (\$000)	247,075	242,693	241,414	240,080	238,629	1,561,026
Total Cash & Investments to Total Adjusted Debt (x)	14.1	13.0	13.2	14.3	15.5	6.7
Total Cash & Investments to Operating Expenses (x)	22.2	16.6	14.6	14.8	15.3	11.3
Monthly Days Cash on Hand (x)	2,685	1,671	1,733	1,507	1,403	862
EBIDA Margin (%)	27.8	34.6	26.3	24.3	24.4	16.2
Total Debt to EBIDA (x)	4.9	2.8	3.5	3.7	3.5	7.9
Annual Debt Service Coverage (x)	4.8	7.9	6.1	5.9	6.3	3.8

Source: Moody's Ratings

Profile

Pomona College is an elite liberal arts college with 1,690 full time equivalent students in fall 2025 and approximately \$281 million of operating revenue in fiscal 2025. The college is located in southern California outside of Los Angeles and is one of The Claremont Colleges, a consortium of five colleges, two graduate institutions, and a central coordinating entity that provides services to all members.

Detailed credit considerations

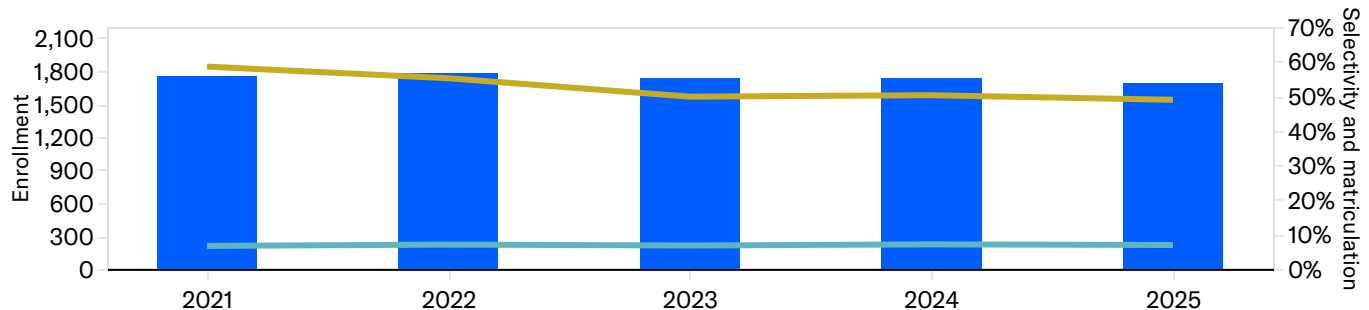
Market position

Pomona College will maintain excellent brand and strategic positioning, supported by its national reputation, highly selective admissions and broad geographic student draw. Applications remained robust and the 6.9% acceptance rate underscores durable demand, with softer enrollment in recent years related a higher than typical entering class in fall 2021. The college's commitment to need blind admissions strengthens access and competitiveness but limits pricing capacity through substantial financial aid. Its Claremont affiliation broadens academic offerings and creates efficiencies without adding significant organizational complexity. Continued investment in programs and affordability will sustain market strength despite intense competition among well resourced institutions.

Exhibit 3

Strong student demand mitigates emerging enrollment pressures and supports market position

■ Total FTE enrollment ■ Primary selectivity ■ Primary matriculation



Source: Moody's Ratings

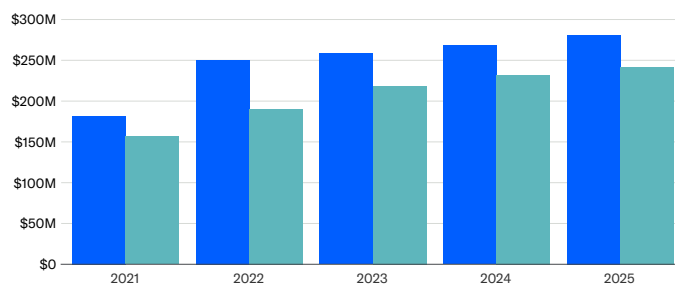
Operating performance

Pomona will continue to generate excellent annual cash flow, with strong operating flexibility to grow reserves and make strategic investments. The college's strong fiscal stewardship and prudent budgeting with embedded contingencies helps Pomona navigate through a challenging operating environment as elevated inflation persists. A multiyear plan to tackle cost escalation will support the consistency of results going forward. A well-managed endowment spend rate (use of a 20-quarter average) and careful investment management are especially important in light of almost 60% operating dependence on investment income. However, it leaves the college vulnerable to sustained investment market fluctuations. Pomona's effective spend rate has been around 4.5% in recent years, down from 5% historically.

Exhibit 4

Revenue growth outpacing expense growth sustains strong cash flow despite cost pressures...

■ Operating revenue ■ Operating expenses

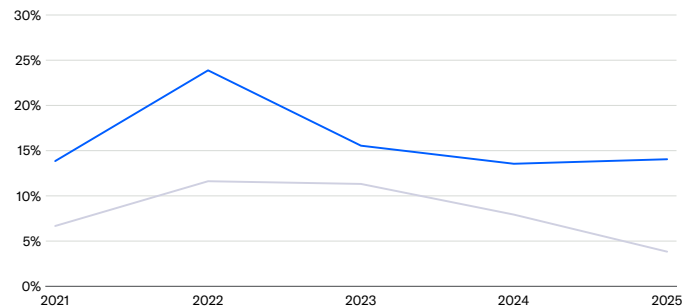


Source: Moody's Ratings

Exhibit 5

...while operating margins remain well above peers

— Operating margin — Median: Aaa rated Private Universities Operating margin



Source: Moody's Ratings

Financial resources and liquidity

Ample cash and investments relative to debt and operations will continue to underpin Pomona's credit quality. At June 30, 2025, Pomona held \$3.7 billion of total cash and investments. Relative to the college's small operating scale, wealth levels support substantial financial flexibility, with total cash and investment covering operating expenses 15.3x. Fundraising is historically solid, providing significant support for capital and other strategic initiatives. Three-year average annual gift revenue was \$32 million through fiscal 2025, which is significantly stronger than recent years. Fundraising was similarly strong in fiscal 2026.

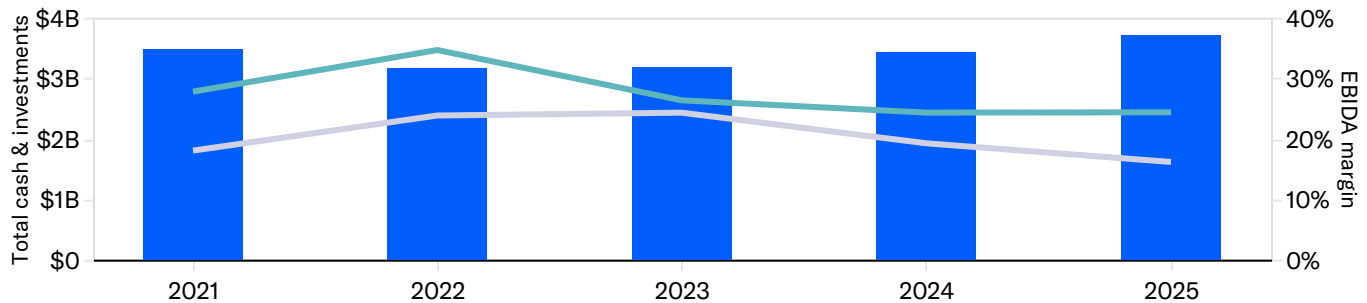
Pomona's investment returns and asset allocation are consistent with peer institutions with similarly sized endowments. Asset allocation within the endowment has remained fairly consistent with around 50% of assets in more illiquid strategies. Unfunded commitments represent a manageable 13% of total cash and investments. The portfolio retains significant liquidity with roughly 40%

of invested assets in equities, fixed income and cash. At June 30, 2025, the college had \$847 million of unrestricted monthly liquidity, which equates to 1,403 monthly days cash on hand.

Exhibit 6

Strong wealth growth and margins support significant financial flexibility

■ Total cash & investments — EBIDA margin — Median: Aaa rated Private Universities EBIDA margin



Source: Moody's Ratings

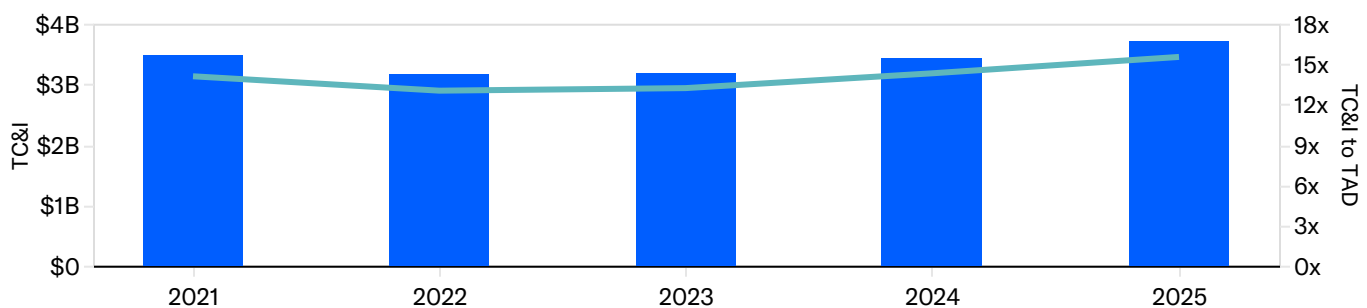
Leverage and coverage

Leverage will remain manageable due to the college's strong financial reserves and healthy cash flow. Cash and investments covered adjusted debt by 15.5x and annual debt service coverage was 6.3x in fiscal 2025. The entirely fixed rate debt structure limits interest rate and remarketing exposure, while gradual debt amortization supports further improvement in affordability. Management does not anticipate new debt, with upcoming capital plans being funded primarily through fundraising. A rising age of plant and capital spending below depreciation indicate growing reinvestment needs, but robust liquidity, fundraising capacity and internal cash flow provide considerable resources to address them.

Exhibit 7

Wealth accumulation and debt amortization reinforce exceptional debt affordability

■ Total cash & investments (TC&I) — Total cash & investments to total adjusted debt (TC&I to TAD)

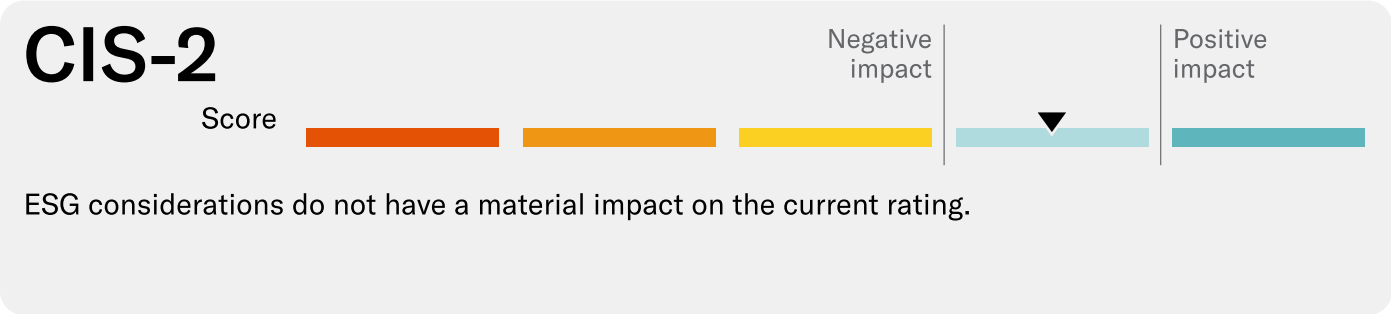


Source: Moody's Ratings

ESG considerations

Pomona College, CA's ESG credit impact score is CIS-2

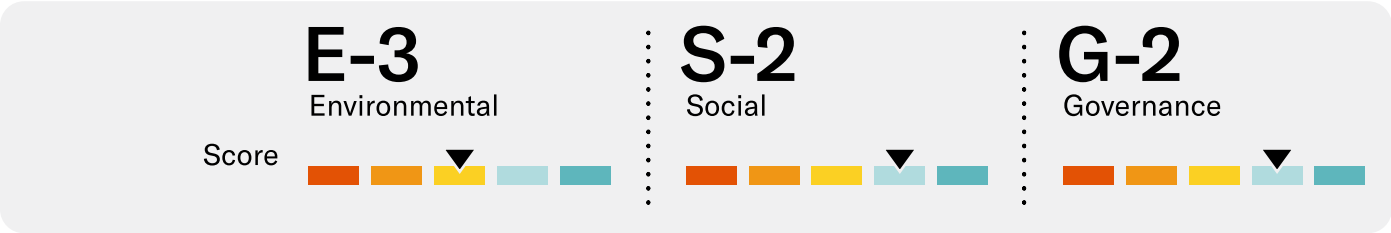
Exhibit 8
ESG credit impact score



Source: Moody's Ratings

Pomona College's **CIS-2** indicates that ESG considerations are not material to the rating. Sound financial management and substantial financial resources help offset the impact of its ESG risks.

Exhibit 9
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Environmental risks are **E-3**. Pomona is located in Claremont, California near the foothills of the San Gabriel mountains and is exposed to high wildfire risk. However, this risk is somewhat mitigated by the college's location in a developed area with protocols put in place to help mitigate the harm to its community and physical assets from fire hazards. Water stress reflecting limits on local supply in Los Angeles County are partially mitigated by strong regional planning and conservation efforts. Through its Sustainability Office, the college has established expansive and transparent goals to, among other things, achieve carbon neutrality by the year 2030. The annual report highlights progress in all targeted areas of sustainability, with targets and progress reports.

Social

Pomona's social risks are **S-2**. Pomona College's excellent brand and financial resources help buffer it from key social considerations. The college's national student draw, strong fundraising and exceptional wealth per student support favorable customer relations and helps mitigate a highly competitive student market that includes other well-resourced peers. Pomona has a premier academic reputation and exceptional admission yields. Human capital risks, while manageable given the college's substantial wealth, are informed by high faculty tenure exposure, which can introduce labor rigidity. Additionally, Pomona's location in a high cost region adds additional labor cost pressures.

Governance

Pomona's governance risks are **G-2**. Excellent coordination between the investment and finance offices, strong planning and risk management practices and financial stewardship consistently produce predictable and solid operating results. Multi-year capital planning with diverse sources of funding and identified fundraising targets lead to routine capital investment and a manageable debt burden. Consistently favorable fundraising and prudent investment management, combined with a more conservative endowment

spend policy, has aided wealth accretion over time. Private universities typically have some board structure and governance risks given their sizeable composition, including alumni and key donors. However, individual board members have diverse backgrounds and areas of expertise as well as a track record of effective advocacy on behalf of the college.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The [Higher Education](#) rating methodology includes a scorecard that summarizes the factors that are generally most important to higher education credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not match an assigned rating. We assess brand and strategic positioning, operating environment, and financial policy and strategy on a qualitative basis, as described in the methodology.

The differential between the scorecard-indicated outcome and the assigned rating reflects Pomona's exceptional wealth and financial flexibility, and track record of financial discipline.

Exhibit 10

POMONA COLLEGE, CA

Scorecard Factors and Sub-factors	Value	Score
Factor 1: Scale (15%)		
Adjusted Operating Revenue (USD Million)	281	A
Factor 2: Market Profile (20%)		
Brand and Strategic Positioning	Aa	Aa
Operating Environment	A	A
Factor 3: Operating Performance (10%)		
EBIDA Margin	24%	Aa
Factor 4: Financial Resources and Liquidity (25%)		
Total Cash and Investments (USD Million)	3,706	Aa
Total Cash and Investments to Operating Expenses	15.3	Aaa
Factor 5: Leverage and coverage (20%)		
Total Cash and Investments to Total Adjusted Debt	15.5	Aaa
Annual Debt Service Coverage	6.3	Aaa
Factor 6: Financial Policy and Strategy (10%)		
Financial Policy and Strategy	Aaa	Aaa
Scorecard-Indicated Outcome		Aa2
Assigned Rating		Aaa

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.

Fiscal 2025

Source: Moody's Ratings

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