

Research Update:

Pomona College, CA Debt Rating Affirmed At 'AAA'

August 31, 2026

Overview

- S&P Global Ratings affirmed its 'AAA' long-term rating on debt issued for [Pomona College](#), California.
- The outlook is stable.

Rationale

Security

A general obligation of Pomona College secures the bonds. As of fiscal 2025, total debt outstanding was \$240.9 million, all of which is fixed rate. The college's debt consists of the series 2005A and the series 2020A bonds, which have a balloon maturity in 2051. Smoothed maximum annual debt service is average at 5.2% of adjusted operating expenses. Management states there are no plans for additional debt in the two-year outlook period.

Credit highlights

We assessed Pomona's enterprise risk profile as extremely strong, characterized by exceptional student quality, a geographically diverse student body, and excellent management and governance. We also assessed the college's financial risk profile as extremely strong, with superior margins and balance sheet resources. Combined, these factors lead to an anchor of 'aaa' and a long-term rating of 'AAA'.

The rating further reflects our view of Pomona College's:

- Exceptional financial resources and financial flexibility provided by \$3.7 billion in cash and investments;
- Track record of positive operations with substantial margins;
- Healthy demand profile and significant admissions flexibility, with excellent student quality;
- Expected expansion of programmatic offerings, pending the affiliation with Claremont Graduate University; and
- Sound fiscal management and prudent budgeting.

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Partially offsetting the above strengths, in our opinion, is the college's high dependence on endowment spending for its operations.

Founded in 1887, Pomona College is a private liberal arts college in Claremont, California, and a founding member of the Claremont Colleges, a consortium of five undergraduate colleges, a graduate university, and a graduate institute in applied life sciences.

In December 2025, Pomona and Claremont Graduate University (CGU), another member of the consortium, began discussing an enhanced partnership agreement. CGU is a private, research-focused institution that enrolls approximately 1,000 students across fields such as business, education, psychology, and international relations. The two institutions are exploring options for shared services, while maintaining distinct branding and governance. We expect Pomona and CGU will make a final decision on the partnership in the next year. We will evaluate the impact of this change when details are finalized, but we believe the arrangement could strengthen Pomona's programmatic diversity. For CGU, the partnership offers a path toward long-term stability and the ability to transform its academic programs in response to financial and demographic shifts. CGU has smaller operations and a much smaller balance sheet than Pomona's: As of fiscal 2025, CGU held debt of \$36.2 million, managed an endowment of \$217.5 million, and generated a surplus of \$2.5 million relative to adjusted operating expenses of \$79.5 million.

Rating above the sovereign

Pomona College's revenue bonds are eligible to be rated above the sovereign due to a moderate sensitivity to country risk. The college's revenue is the sole source of security on the bonds. The institutional framework in the U.S. is predictable, with institutions such as Pomona having significant autonomy and independent treasury management. Financial flexibility is evident in its large endowment, which has a substantial market value and is invested globally, and relatively low debt level. See "[Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions](#)," Nov. 19, 2013.

Outlook

The stable outlook reflects our expectation that Pomona College will maintain its exceptional market position and extremely strong financial resources compared with operating expenses and debt.

Downside scenario

Credit factors that could lead to a negative outlook or a lower rating include an unexpected deterioration in the demand profile, sizable operating losses, or a substantial decline in financial resource ratios.

Credit Opinion

Enterprise Risk Profile--Extremely Strong

Market position and demand

Pomona College has maintained an excellent enrollment profile, which supports the rating. Full-time equivalent enrollment declined slightly to 1,704 students in fall 2025, closer to management's target size. We expect stable enrollment in fall 2026, with continued demand strength.

In our view, the college is highly selective, student quality is exceptional, and the geographical draw is diverse, with 66% of students coming from out of state. Approximately 13% of students are international. The college has significant admissions flexibility with high selectivity, admitting just 7% of applicants in fall 2025. Matriculation remained high at 49%, indicating Pomona is the first choice for many applicants. The college also has a long tradition of offering need-blind admissions. Student quality is excellent, with an average freshman SAT score well above the national average. The freshman-to-sophomore retention rate is very strong, in our view, at 95%.

The college traditionally competes for students with Ivy League and East Coast liberal arts colleges as well as with California's well-respected public universities. Tuition increased by 5.0% for the 2026-2027 academic year to \$71,660, which we view as comparable with peer private institutions.

Management and governance

Pomona College is led by an extremely strong and stable management team, supported by an active board of trustees. G. Gabrielle Starr has served as the college's president since July 2017.

We believe one of the college's strengths is its financial management, with effective budgeting and financial control mechanisms that have contributed to consistent, robust operating surpluses. Pomona conservatively maintains reserves for operations, sets identified debt limits, and manages investment objectives within well-defined risk constraints.

Financial Risk Profile--Extremely Strong

Financial performance

Pomona College has a track record of producing healthy full accrual operating surpluses, which we believe is a key credit factor and a function of solid demand, financial controls, and endowment growth. In fiscal 2025, the college posted an adjusted operating margin of 26%. We expect continued strong surpluses in the outlook period.

Revenue is well diversified from two major sources: tuition and fees and the endowment. In fiscal 2025, tuition and student-generated fees accounted for 38% of adjusted revenue, followed by endowment income at 36%. The endowment draw was 4.5%, below the maximum allowable 5.5% under the college's spending guideline. Pomona has a limited reliance on government grants and research funding, which made up 1% of revenue in fiscal 2025. The college is therefore less affected by federal changes in research funding compared to similarly rated peers.

Financial resources

In our view, Pomona College's financial resource ratios are exceptional and higher than those of 'AAA' rating category medians. Cash and investments were extremely strong at about \$3.7 billion as of fiscal year-end 2025, equal to 12.2x adjusted operating expenses, as compared with the 'AAA' median of 7.6x, and to 15.4x debt, compared with the 'AAA' median of 8.0x. We expect the college's financial resources will remain extremely strong.

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Pomona's endowment remains one of the college's main revenue sources. The endowment draw is composed of investment income, and in the event that ordinary income from the pooled investments is insufficient to provide the full payout, Pomona College appropriates the balance from cumulative realized gains of the pooled investments. The balance of the endowment was \$3.2 billion as of fiscal year-end 2025, with over \$200 million available in daily liquidity.

In our view, Pomona College has a solid fundraising history. The college's most recent campaign, "Campaign Pomona: Daring Minds," concluded in 2016 and raised \$317 million, higher than the \$250 million target. Fundraising momentum has continued, and the college is preparing for the public launch of its next campaign.

Climate And Other Evolving Factors

Although environmental risks in California are typically elevated given the state's exposure to extreme weather conditions such as drought and wildfires in addition to elevated seismic risk, the college maintains insurance against such risks in amounts that are customarily carried by private colleges and universities in the state.

Pomona College, California--enterprise and financial statistics

	--Fiscal year ended June 30--					Medians for 'AAA' rated private colleges and universities
	2026	2025	2024	2023	2022	2025
Enrollment and demand						
Full-time-equivalent enrollment	1,704	1,747	1,761	1,786	1,759	10,414
Undergraduates as a % of total enrollment	99.2	99.1	98.5	99.5	99.3	55.0
First-year acceptance rate (%)	6.9	7.1	6.8	7.0	6.6	5.0
First-year matriculation rate (%)	48.9	50.2	49.8	55.1	58.5	66.5
First-year retention rate (%)	95.0	98.0	96.0	96.0	96.0	98.0
Six-year graduation rate (%)	92.0	93.0	94.0	94.0	93.0	94.8
Financial performance						
Adjusted operating revenue (\$000s)	N.A.	385,214	360,037	344,230	326,570	MNR
Adjusted operating expense (\$000s)	N.A.	304,773	292,471	273,435	242,723	MNR
Net operating margin (%)	N.A.	26.4	23.1	25.9	34.5	3.7
Tuition discount (%)	N.A.	42.8	42.8	40.7	40.8	48.6
Student dependence (%)	N.A.	38.3	39.2	39.4	39.3	34.2
Research dependence (%)	N.A.	1.1	0.8	1.0	1.5	12.4
Financial resources						
Endowment market value (\$000s)	N.A.	3,245,675	3,008,965	2,797,022	2,764,972	13,387,237
Cash and investments (\$000s)	N.A.	3,705,717	3,436,604	3,189,568	3,158,795	15,433,784
Cash and investments to operations (%)	N.A.	1,215.9	1,175.0	1,166.5	1,301.4	757.3
Cash and investments to debt (%)	N.A.	1,538.0	1,411.4	1,310.9	1,301.6	798.8
Debt						
Outstanding debt (\$000s)	N.A.	240,942	243,486	243,306	242,693	2,186,066
Current MADS burden (%)	N.A.	5.2	4.8	5.2	6.0	5.5
Average age of plant (years)	N.A.	15.2	15.1	14.2	14.7	14.5

Pomona College, California--enterprise and financial statistics

	--Fiscal year ended June 30--					Medians for 'AAA' rated private colleges and universities
	2026	2025	2024	2023	2022	2025

Total adjusted operating revenue = unrestricted revenue less realized and unrealized gains/losses and financial aid. Total adjusted operating expense = unrestricted expense plus financial aid expense. Net operating margin = 100*(net adjusted operating income/adjusted operating expense). Student dependence = 100*(gross tuition revenue + auxiliary revenue) / adjusted operating revenue. Current MADS burden = 100*(maximum annual debt service expense/adjusted operating expenses). Cash and investments = cash + short-term and long-term investments. Average age of plant = accumulated depreciation/depreciation and amortization expense. N.A.--Not available. MNR--Median not reported. MADS--Maximum annual debt service.

Ratings List

Ratings Affirmed

Education

Pomona Coll, CA General Obligation	AAA/Stable
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The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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