Moody’s Upgrades BU’s Bond Rating

Credit judge applauds management and reputation

Moody’s Investors Service has upgraded BU’s creditworthiness, a thumbs-up that stands in conspicuous contrast to the dour outlook the firm gave higher education in general in January.

The rating agency raised BU’s bond rating to A1 from A2 in February. Moody’s credit rating system ranges from Aaa to C, with numbers added within each grade for further differentiation. The rating measures an institution’s ability to pay back borrowed money on time and in full. The upgrade will help the University to realize lower future borrowing costs.

The upgrade “reflects BU’s sustained improvement in its student market and research profile following years of strategic governance and leadership changes that have elevated BU to a more competitive position,” Moody’s wrote in a report on its decision. “The university is also beginning to generate philanthropic support more in line with its size and prominence and has launched its first-ever comprehensive fundraising campaign.”

The report cited several developments bolstering BU’s reputation, and thus confidence in its finances: President Robert A. Brown’s drive to attract academically stronger undergraduates and international students; the boom in research at the University in the past two decades; BU’s admission to the Association of American Universities; and recent budget surpluses and major gifts. It also mentioned improved governance by the trustees in the past decade, citing term limits, conflict of interest policies, fewer trustee committees, and the hiring of Brown, “a president capable of quickly elevating the university’s standing.”

Moody’s rating applies to $1.1 billion of outstanding long-term debt for the University as well as additional prospective planned borrowing for the School of Law renovation and the School of Medicine’s student residence, says Martin Howard, BU senior vice president, CFO, and treasurer.

The report also highlighted two continuing fiscal challenges to the University: a “high debt load and complex debt and swap portfolio requiring significant management attention.” Still, the generally positive outlook contrasts with the negative opinion that Moody’s issued in January regarding the general financial prospects of the higher education field. The rating agency expressed concern about growing pressures on the standard college business model with respect to tuition and fee increases, the sputtering economic recovery, and the possibility of federal cuts in research and student aid funding. RICH BARLOW

CAS AFTER DARK

Students transform building when classes end

Home to an average of 416 classes a day, the College of Arts & Sciences is easily the busiest classroom building on campus. Each day nearly 9,000 students walk through its arched doorways, taking courses in subjects from earth sciences and chemistry to modern languages and art history.

But once classes are done for the day, something magical happens inside the sprawling Gothic building. Classrooms, hallways, and stairwells are transformed into vibrant rehearsal spaces for dance troupes, theater groups, comedy acts—even a barbershop quartet.

“CAS has a completely different life to it at night,” says Ian Blau (COM’15), whose group, Theater for Everyone, practices there.

Watch a video about how the CAS building transforms at night into a hub for many student cultural organizations at bu.edu/bostonia.

WEB EXTRA

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