

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aa1 to Kirkwood Community College, IA's GO certificates

21 Apr 2026

New York, April 21, 2026 -- Moody's Ratings (Moody's) has assigned a Aa1 rating to Kirkwood Community College, IA's Taxable Industrial New Jobs Training Certificates, Series 2026-1, with a proposed par amount of roughly \$5.5 million. We maintain a Aa1 rating on the college's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the college will have around \$140 million of total debt outstanding.

RATINGS RATIONALE

The Aa1 GOULT rating reflects the college's large and diverse tax base that will continue to benefit from its location in the Cedar Rapids and Iowa City metropolitan areas. The \$70 billion tax base has grown at an average annual rate of 8% over the last five years, with a spike in fiscal 2023 (year-end June 30) caused by a statewide revaluation. Taxable valuation, which drives property tax revenue, grew by over 3% annually over the same time frame. Full value per capita and median family income are solid at over \$120,000 and 90%, respectively.

Reserves will likely remain above 50% in fiscal 2026 with an expected \$2.3 million in net income from operations in the college's general fund (unrestricted fund), driven in part by increased credit tuition. The fiscal 2027 budget projects a \$4.8 million general fund operating surplus and a \$2 million drawdown of reserves in the plant fund for capital projects. On a full accrual basis, the college closed fiscal 2025 with over \$100 million in net current assets and roughly \$87 million in cash, around 54% and 47% of operating revenue, respectively.

The college has flexibility to increase tuition and the ability to manage expenditures to account for potential enrollment declines. Enrollment increased by around 1.5% in the 2024-2025 academic year. The college estimates a 1.3% decrease in total enrollment credit hours in academic year 2026, and the fiscal 2027 budget projects a 2.6% decrease in regular enrollment credit hours.

Leverage remains moderate inclusive of the upcoming issuance, though it could increase in the next few years as the college is considering going to voters in fiscal 2027 to ask for around \$80 million in general obligation approval to update instructional spaces. The combined debt and pension burden is just around 1x operating revenue in fiscal 2025.

The college has some enterprise risk associated with ownership and operation of a hotel associated with its hospitality programs. Hotel revenue shrunk materially as a result of the pandemic, however hotel occupancy rates and revenue have improved in recent years. Management projects the hotel's net income to increase in fiscal 2026 and budgets for stable fiscal 2027 operations. Hotel operating revenue in fiscal 2025 was roughly \$6.7 million, which is small relative to total college operations and mitigates enterprise risk to some extent.

RATING OUTLOOK

We do not assign outlooks to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Sustained enrollment growth
- Further strengthening of resident income to levels approximating 120% of the national median

- Reduced enterprise risk

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Significant narrowing of reserves and liquidity to levels nearing 25%
- Material increase in debt or pension burden to over 3x operating revenue

PROFILE

Kirkwood Community College maintains one campus in Cedar Rapids and six satellite locations across an eighteen county service area in east-central Iowa. The college provides career and technical education to over 17,000 full time equivalent students as of the 2025 academic year. The population of the college's service area is roughly 571,000.

METHODOLOGY

The principal methodology used in this rating was US Public Finance General Obligation Debt published in December 2025 and available at <https://ratings.moodys.com/rmc-documents/455986>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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