

Research Update:

Lafayette College, PA Bond Rating Affirmed At 'A+'

February 19, 2026

Overview

- S&P Global Ratings affirmed its 'A+' rating on the [Northampton County General Purpose Authority](#), Pa.'s series 2017, 2018, and 2020 bonds, issued for [Lafayette College](#).
- We also affirmed our 'A+/A-1' rating on the authority's series 2006 and 2010A variable-rate revenue bonds, also issued for the college.
- The outlook, where applicable, is stable.

Rationale

Security

As of June 30, 2025, the college had \$301.9 million in debt outstanding, all of which is secured by a general obligation of Lafayette. The debt consists of \$194.2 million in fixed-rate bonds, \$33.3 million in variable-rate bonds, \$66.0 million in directly placed debt, \$8.0 million in operating leases, and \$382,000 in finance leases. We believe contingent liabilities associated with the college's outstanding direct purchase and variable-rate debt are fully addressed given a very high level of liquidity. The college's debt profile includes several large bullets; however, the risk of the debt structure is mitigated given our belief that the college would have market access to refinance and maintains a robust level of liquidity (about \$427 million of endowment assets can be liquidated in 30 days). When smoothed over 30 years, maximum annual debt service (MADS) is moderate at about \$15.3 million, equivalent to a 5.2% MADS burden. The college also has a capital reserve established that is expected to total \$28.5 million in June 2026, with about half allocated to be used as a liquidity reserve for future debt payment.

The rating's short-term component represents our opinion of the likelihood of the payment of tenders and reflects liquidity facilities in the form of standby bond purchase agreements (SBPAs) from TD Bank for the series 2006 and 2010A bonds.

Credit highlights

We assessed Lafayette's enterprise risk profile as very strong, based on its solid selectivity, graduation, and retention rates, stable enrollment trend, and a faculty with a high terminal degree rate and experienced senior management team. We assessed the financial risk profile as

Primary Contact

Phillip A Pena
San Francisco
1-415-371-5039
phillip.pena
@spglobal.com

Secondary Contact

Beth Bishop
Chicago
+1 3122337141
beth.bishop
@spglobal.com

very strong, characterized by stable operations with modest surpluses, as well as balance sheet resources that are solid for the rating level. These strengths are offset by an above-average MADS burden with an irregular debt service schedule given several bullet maturities. Combined, these credit factors lead to an anchor of 'aa-'. As our criteria indicate, the final rating can be within one notch of the anchor, and in our view the 'A+' final rating reflects our view that though operating results are positive, operating performance is weaker than median operating results relative to 'AA' category peers.

The 'A+' rating reflects our assessment of the college's:

- Healthy market position with robust retention and graduation rates that are consistent with those of similarly rated peers;
- Solid balance sheet resources with cash and investments of \$1.31 billion, equaling 4.5x operating expenses and 4.3x debt as of fiscal 2025; and
- History of good financial performance with full accrual surpluses.

Offsetting credit factors include Lafayette's:

- Debt structure that includes several bullet maturities, though we believe the college maintains market access and ample liquidity to address these bullets; and
- Debt profile that includes variable-rate debt, though it has supporting SBPAs, and maintains interest rate swaps to mitigate interest rate risk.

Lafayette College is an undergraduate, liberal arts, and engineering college near the Delaware River on the New Jersey border. Its primary campus occupies 110-acres just north of Easton, Pa. Chartered in 1826, it admitted its first class in 1832. The college attracts the majority of its students from New York, New Jersey, and Pennsylvania. Lafayette competes primarily with other private selective institutions in the region; the three leading schools in terms of cross applications are Lehigh University, Bucknell University, and Union College.

Environmental, social, and governance

We analyzed the college's environmental, social, and governance credit factors pertaining to its market position, management and governance, and financial performance. Lafayette College has elevated social risk due to its location in an area with pressured demographic trends and a decreasing number of high school students; however, we believe the college has been able to mitigate demographic pressures through its substantial demand profile and geographically diverse student base. Despite the increased social risks, we evaluated the college's environmental and governance factors and found them to be neutral within our credit analysis.

Outlook

The stable outlook reflects our expectation that Lafayette's enrollment, demand metrics, and senior management team will remain relatively stable. We expect the college will continue to produce at least break-even operating results and believe the college's financial resources will remain robust and will continue to support the rating. We do not anticipate any additional new money debt during the outlook period.

Downside scenario

We could consider a negative rating action if there is significant weakening of operating performance or deterioration in financial resources to levels more commensurate with those of a lower rating. We could also do so if the college's demand metrics weaken materially.

Upside scenario

We could consider a positive rating action if the college's financial resource ratios demonstrate a trend of stability, while operating surpluses remain at least slightly positive on a full accrual basis. We would also expect to see stable-to-growing enrollment and continued improvement in the college's first-year demand metrics.

Credit Opinion

Enterprise Risk Profile--Very Strong

Market position and demand

Full-time-equivalent (FTE) enrollment at Lafayette College has generally grown over the past decade. Declines occurred during fall 2020 due to the COVID-19 pandemic, and also in fall 2026 following the graduation of a large class and some under enrolling in the fall 2026 first-year cohort. Overall, we do not view the FTE decline in fall 2026 as indicative of declining demand, and we expect some modest increases in total enrollment during the outlook period. Incoming freshmen class sizes have normalized to just under 700 students over the past three years.

Freshman selectivity rates are essentially flat at about 31.2% and 31.4% in fall 2025 and fall 2024, respectively. Matriculation has been relatively stable at about 21.2% in fall 2025 and 21.8% the prior year, and has been around this range over the last several years. Retention rates have been in the low 90% range over the last several years, but retention did modestly improve to 91% in fall 2025 from 90% in the prior year. We understand management plans to invest more heavily in student advising and student experience, both of which we believe will help to improve retention rates. While selectivity and matriculation rates are solid relative to our entire rated universe, both selectivity and matriculation rates lag most 'AA' category peers, and we would view a trend of improvement in these metrics as a credit positive.

Lafayette College is also bolstered by solid graduation rates, with a six-year graduation rate of 85%, the decline from 88% during our prior review is primarily driven by first-year retention during the COVID-19 pandemic. We anticipate graduation rates will rebound to historical levels. The college is a traditional liberal arts college, but also offers classes in engineering, which we believe adds to the demand of the university. Faculty at the college have a 98% terminal degree rate, which we also believe helps differentiate the college from other private colleges in the region. Overall, we expect Lafayette's demand profile to remain robust and expect stability or improvement in the college's demand metrics.

Lafayette has a successful fundraising history, in our opinion. The college concluded a successful \$425 million campaign in December 2018. There are currently plans for another campaign to coincide with the university's bicentennial and that will be tied to the college's new strategic plan. We anticipate that the college will meet goals established in its new campaign given previous success at fundraising.

Management and governance

The management team at Lafayette College has been relatively stable, with all cabinet level roles filled. There are no planned departures or retirements of senior cabinet members, and the team continues to demonstrate sufficient depth and breadth.

In December 2024 the board of trustees approved a new strategic plan. The plan has five strategic goals:

- Building into the "and": Liberal Arts, Engineering, and Interdisciplinarity.
- Experience and Collaboration: Easton, The Lehigh Valley, and the Globe.
- Democracy and its Technologies: History, Design, and Civic Practice.
- Creating Ecosystems of Connection: Inclusivity, Belonging, and Stewardship.
- Strengthening Our Infrastructure: People, Process, and Place.

We consider the new plan comprehensive and believe it emphasizes Lafayette's strengths, including its academic reputation, its strength in engineering, its location in the country and the world, and its focus on creating long-lasting connections within and outside of the college. The plan also emphasizes the practical real-world necessity of stewardship, including improved digital, physical, and financial infrastructure, which will allow the college to continue to be a top liberal arts college. Since the plan's creation, the management team has created multiple action teams tasked with conducting additional scoping and development of the strategic plan. Action teams submit full reports that monitor key performance indicators and the plan's success, and continually refine strategy. We view the monitoring and implementation of the strategic plan as a positive credit factor.

Lafayette does not budget for the full amount of depreciation, which we do not view as a best practice. However, the college's annual capital expenditures typically exceed the rolling three-year average of depreciation. A 35-member board of trustees, which meets at least four times a year, governs the college. The members are elected to serve five-year terms. The board reported only normal turnover-related changes in the last year.

Financial Risk Profile--Very Strong

Financial performance

Lafayette has reported full accrual surpluses since fiscal 2016. The college generated a net operating surplus of \$2.5 million (0.9% margin) in fiscal 2025 and a \$5.0 million (1.8% margin) in fiscal 2024. Operations in fiscal 2025 were driven by net tuition revenue growth due to enrollment growth in the fall semester, increased interest income, and higher-than-anticipated vacancy rates and debt service savings due to refinancing. We project a break-even operating result for fiscal 2026. This reflects anticipated declines in net tuition revenue stemming from anticipated enrollment decreases related to a large graduating class, alongside rising compensation expenses (including merit increases, faculty salaries, and benefits). However, with a \$2.8 million operating contingency built into the budget, a modestly positive operating margin remains possible. We expect operating results to remain around current levels and modest and positive operating surpluses to continue during the outlook period.

Lafayette's endowment spending policy is in line with industry averages, in our opinion, at 4.8% as the policy rate for fiscal 2025. The tuition discount rate was about 41% in fiscal 2024 and has shown stability over the past two years. However, the discount rate is still lower than those of many peer liberal arts institutions, and unlike many colleges, net tuition revenue at the college

continues to grow as of fiscal 2025, though this growth is anticipated to moderate during fiscal 2026.

Financial resources

Based on June 30, 2025, values, Lafayette's financial resources were solid for the rating category, with cash and investments of \$1.3 billion representing a robust 447% of operations and 433%, of debt. Management does not currently anticipate any additional debt issuance in the near term.

Lafayette's endowment had a market value of approximately \$1.2 billion as of fiscal year-end 2025, up from approximately \$1.1 billion as of Fiscal 2024. In our view, the endowment asset allocation was moderately conservative as of fiscal 2025, at 44% public equity, 16% absolute return, 30% private investment, 8% fixed income, and 2% real estate. As of the same date, 41% of the endowment could be liquidated within a month, which provides ample short-term liquidity.

Debt and contingent liabilities

As of June 30, 2025, Lafayette held approximately \$33.3 million in variable-rate debt, all of which management has synthetically swapped to fixed rate. The college has two floating- to fixed-rate swap agreements with one counterparty with a total notional amount of \$33.3 million. In addition to that, Lafayette also has liquidity facilities in the form of SBPAs from TD Bank for the series 2006 and 2010A bonds. The SBPAs cover principal and 34 days' interest at a maximum 12% annual rate for the purchase price of bonds not successfully remarketed. The SBPAs cover bonds in the daily, weekly, and monthly interest-rate modes. They are due to expire Dec. 2, 2027 for the 2006 bonds, and April 30, 2027, for the 2010A bonds, at which time we will remove the short-term component of the ratings unless extended or terminated beforehand. The SBPA providers' obligations to purchase tendered bonds will automatically terminate should some default events set forth in the respective SBPAs occur. These events (which we consider consistent with our published criteria) include, but are not limited to, a lowering of the rating on the bonds below 'BBB-'.

Although the college's series 2022A, series 2022B, and series 2024 privately placed debt have some associated acceleration provisions, the lack of financial covenants, aside from certain ratings requirements, associated with the debt mitigates this risk in our assessment. Additionally, in the unlikely event of debt acceleration, we consider the college's monthly liquidity of more than \$426.6 million to be sufficient to address the associated risk. On its public debt, the college has various bullet maturities, with the most recent maturity of \$18 million in principal due in 2028, and we believe the college has adequate unrestricted resources as well as sufficient market access to meet or refinance these obligations.

Lafayette College, Pennsylvania--enterprise and financial statistics

| | --Fiscal year ended June 30-- | | | | | Medians for 'A' category rated private colleges and universities |
|--|-------------------------------|--------|--------|--------|--------|--|
| | 2026 | 2025 | 2024 | 2023 | 2022 | Dec. 31, 2024 |
| Market position and demand | | | | | | |
| FTE enrollment | 2,655 | 2,753 | 2,744 | 2,718 | 2,712 | 3,513 |
| Undergraduate as a % of FTE enrollment | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 85.10 |
| First-year selectivity rate (%) | 31.2 | 31.4 | 31.5 | 33.6 | 40.7 | 67.8 |
| First-year matriculation rate (%) | 21.2 | 21.8 | 22.4 | 21.4 | 23.2 | 17.4 |

Lafayette College, Pennsylvania--enterprise and financial statistics

| | --Fiscal year ended June 30-- | | | | | Medians for 'A' category rated private colleges and universities |
|--|-------------------------------|-----------|-----------|-----------|-----------|--|
| | 2026 | 2025 | 2024 | 2023 | 2022 | Dec. 31, 2024 |
| First-year retention rate (%) | 91.00 | 90.00 | 92.00 | 90.00 | 91.00 | 85.00 |
| Six-year graduation rate (%) | 85.00 | 88.00 | 88.00 | 89.00 | 88.00 | 75.80 |
| In-state students (%) | 16.00 | 17.00 | 17.00 | 17.00 | 18.00 | 48.00 |
| Financial performance | | | | | | |
| Adjusted operating revenue (\$000s) | N.A. | 294,456 | 282,227 | 262,244 | 251,961 | MNR |
| Adjusted operating expense (\$000s) | N.A. | 291,941 | 277,228 | 256,692 | 239,985 | MNR |
| Net adjusted operating margin (%) | N.A. | 0.86 | 1.80 | 2.16 | 4.99 | 0.00 |
| Change in unrestricted net assets (\$000s) | N.A. | 40,761 | 57,644 | 24,883 | 24,089 | MNR |
| Tuition discount rate (%) | N.A. | 40.7 | 41.0 | 39.9 | 39.7 | 45.1 |
| Student dependence (%) | N.A. | 76.0 | 75.6 | 76.1 | 76.3 | 80.9 |
| Health care operations dependence (%) | N.A. | N.A. | N.A. | N.A. | N.A. | MNR |
| Grant and contract dependence (%) | N.A. | 0.9 | 0.8 | 1.0 | 3.0 | 1.5 |
| Financial resources | | | | | | |
| Endowment market value (\$000s) | N.A. | 1,199,913 | 1,121,470 | 1,048,240 | 1,004,897 | 352,821 |
| Cash and investments (\$000s) | N.A. | 1,306,193 | 1,221,761 | 1,180,626 | 1,140,066 | 419,028 |
| Cash and investments to operations (%) | N.A. | 447.4 | 440.7 | 459.9 | 475.1 | 162.1 |
| Cash and investments to total debt outstanding (%) | N.A. | 432.7 | 406.2 | 391.2 | 402.7 | 364.1 |
| Debt | | | | | | |
| Total debt outstanding (\$000s) | N.A. | 301,864 | 300,745 | 301,796 | 283,078 | 131,811 |
| MADS burden (%) | N.A. | 5.2 | 6.6 | 6.5 | 6.9 | 4.0 |
| Average age of plant (years) | N.A. | 16.8 | 17.4 | 18.7 | 19.1 | 16.4 |

Adjusted operating revenue = unrestricted revenue less realized and unrealized gains/losses and financial aid. Adjusted operating expense = unrestricted expense plus financial aid expense. Net adjusted operating margin = 100*(net adjusted operating income/adjusted operating expense). Student dependence = 100*(gross tuition revenue + auxiliary revenue) / adjusted operating revenue. 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. FTE--Full-time equivalent. MADS--Maximum annual debt service. N.A.--Not available. MNR--Median not reported.

Ratings List

Ratings Affirmed

Education

| | |
|---------------------------------------|-----------|
| Lafayette Coll, PA General Obligation | A+/Stable |
|---------------------------------------|-----------|

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

Lafayette College, PA Bond Rating Affirmed At 'A+'

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.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2026 Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.