

**Rating Action: Moody's assigns Aa1 to MATC, WI GO notes; outlook stable**

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17 Jun 2022

New York, June 17, 2022 -- Moody's Investors Service assigns a Aa1 rating to Milwaukee Area Technical College District, WI's (MATC) \$1.5 million General Obligation Promissory Notes, Series 2022-23A. Moody's maintains a Aa1 rating on the district's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the district will have about \$110 million of GOULT debt outstanding. The outlook is stable.

**RATINGS RATIONALE**

The Aa1 rating reflects the district's strong financial position bolstered by recent operating surpluses which, coupled with proactive management, will provide a buffer against continued enrollment declines and other impacts stemming from the ongoing coronavirus pandemic. The rating further incorporates the district's large and diverse tax base that includes the City of Milwaukee (A2 negative) and surrounding communities in Milwaukee County (Aa2 stable) and Ozaukee County (Aaa stable), modest resident income and wealth, limited revenue raising flexibility, a modest debt burden and moderate pension burden.

**RATING OUTLOOK**

The stable outlook reflects our expectation that the district will maintain financial operations in line with the current rating through prudent management of expenditures, which is critical given the district's limited revenue raising flexibility and trend of declining enrollment.

**FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING**

- Strengthening of the tax base and resident income metrics
- Enhanced budgetary flexibility that could arise from growing enrollment or relaxed statutory restrictions on raising local revenue

**FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING**

- Substantial weakening of the tax base or resident income levels
- Narrowed financial reserves
- Increased leverage

**LEGAL SECURITY**

The district's general obligation unlimited tax (GOULT) debt is supported by a designated property tax not limited by rate or amount.

**USE OF PROCEEDS**

Proceeds will finance various building remodeling and improvement projects.

**PROFILE**

Milwaukee Area Technical College District is one of the largest technical college systems in Wisconsin (Aa1 stable), providing vocational education to residents of Milwaukee County, the majority of Ozaukee County, and small portions of Washington (Aaa) and Waukesha (Aaa stable) counties.

**METHODOLOGY**

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2021 and available at <https://ratings.moodys.com/api/rmc-documents/70015>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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