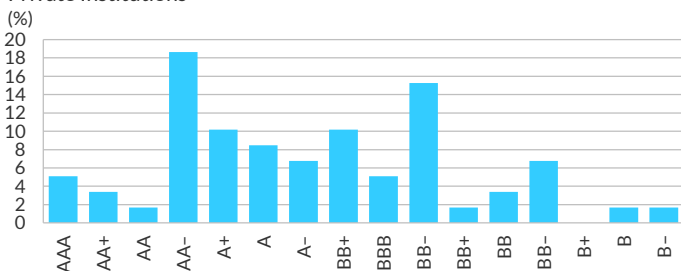


Fiscal 2022 Median Ratios for U.S. Not-for-Profit Private Colleges and Universities

Credit Gap is Widening

Portfolio Rating Distribution^a

Private Institutions



^aAs of June 15, 2023

Source: Fitch Ratings



Related Research

[Success of Smaller Colleges' Enrollment Strategies Not Guaranteed \(June 2023\)](#)

[U.S. Higher Education Outlook 2023: More Operating Pressures Ahead \(December 2022\)](#)

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U.S. colleges and universities continued to face restrained revenue growth prospects in fiscal 2022, as variable enrollment and a price-sensitive environment continued to compress net tuition and fee revenue for many institutions, and margins dipped to more historical levels as a result. In addition, capital spending and debt issuance were particularly restrained in fiscal 2022. The median rating for private institutions has remained unchanged at 'A-', with most ratings having Stable Outlooks.

Looking ahead, additional operating pressure is expected in 2023 with many institutions recognizing the last year of meaningful stimulus funding (and buoyed margins) in fiscal 2022.

Revenue Pressure Remains

While federal stimulus continued to aid margins in fiscal 2022, the portfolio median for overall net tuition and fee revenue fell for the second consecutive year. Mixed enrollment, coupled with limited-to-modest tuition increases, flattened net tuition prospects for those in lower rating categories.

Continued controls over operational and capital spending are expected to preserve some budgetary balance but will also be constrained by rising borrowing, supply and other operating costs.

Continued Balance Sheet Strength

While the investment market cooled in fiscal 2022 following a record fiscal 2021, cash preservation efforts continued across the sector and liquidity was largely preserved. Capital expenditures remained soft for the majority of institutions, with most spending less on capital than annual depreciation for the second consecutive year.

Colleges continue to make difficult decisions around capital, including evaluating sales or monetization of non-core assets, weighing partnerships versus ownership, and deferring maintenance. As a result, Fitch-calculated available fund (AF) levels have remained above pre-pandemic levels, particularly compared against adjusted debt.

Solid Leverage and Coverage, For Now

Debt and liquidity metrics remained relatively strong through the pandemic due in part to strong investment returns and limited borrowing. However, we expect medians to return to pre-pandemic levels, particularly in fiscal 2023, now that markets have declined from highs in 2021.

Debt issuance has declined steadily since 2020, and YTD remains muted. Cash flow dipped in 2022 from prior-year highs, to more historical levels, but enough to preserve debt service coverage across the portfolio. Cash flows and coverage may continue to face pressure beyond fiscal 2022, with a return to recurring revenue sources and ongoing expense pressures.

Sector Conditions Remain Mixed

Outlook is Deteriorating

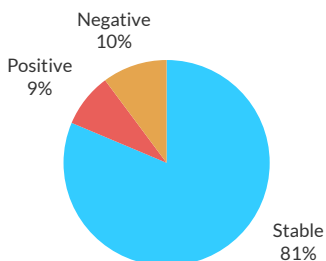
Fitch Ratings expects core credit factors will be challenged across the higher education sector by macroeconomic headwinds in inflation, labor and wage pressure, and generally soft enrollment. While federal stimulus support is reflected our fiscal 2022 median ratios and largely supported operating margins, that will not persist into fiscal 2023 and beyond.

Rating activity will remain mixed. Calendar year-to-date through June 15, 2023, there were 10 upgrades compared with five downgrades. In most cases, unfavorable rating outcomes resulted primarily from enrollment pressures with little prospect for recovery, driving weaker operating performance and reduced financial flexibility. Conversely, upgrades have reflected strength in enrollment and demand characteristics, resilient financial reserves, and solid operating performance.

Indicative of some shift in trend, Fitch revised seven Outlooks from Stable to Negative or Positive to Stable compared with three favorable revisions. Negative Outlooks outweighed Positive Outlooks as of June 15, 2023.

Rating Outlook Distribution^a

Private Institutions



^aAs of June 15, 2023
Source: Fitch Ratings

Fiscal 2022 Private University Median Ratios

Another Drop in Student Fee Revenue

Fiscal 2022 marks the second consecutive year of a decline in net tuition and fee revenue, reflecting continued pressure on pricing and enrollment. This was felt most acutely in lower rating categories; institutions with 'A', 'BBB', and below investment-grade (BIG) debt rating all had yoy declines in net student fee revenue for fiscal 2022. The sharpest decline was in the BIG rating group, with a sizable decline reflecting more pronounced enrollment and student fee revenue pressure.

The highest rated institutions in the 'AAA' and 'AA' categories exhibited growth in net tuition and fee revenue, both on an absolute basis and per full-time enrollment (FTE) basis. They also showed an increase in student fees as a percentage of total revenues, unlike peers in lower rating categories.

Federal grants from pandemic stimulus continued to support the federal grants/contracts component of operating revenue, likely for the last fiscal year. Fitch expects the revenue mix to revert to more historical levels for most institutions in fiscal 2023.

Median Change in Net Tuition and Fees

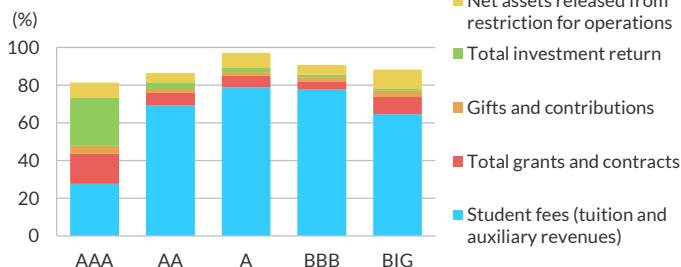
Private Institutions



Source: Fitch Ratings

FY2022 Median Revenue Mix

Private Institutions



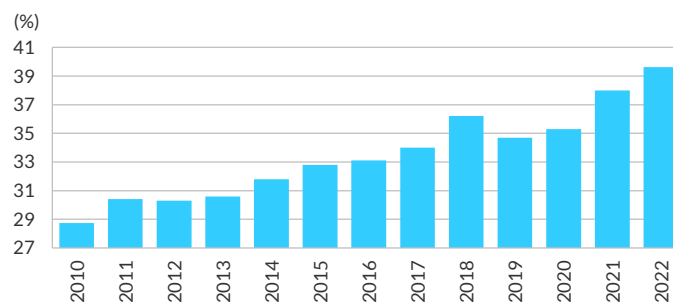
Source: Fitch Ratings

New Highs for Discount Rates

Tuition discounting ticked up for the portfolio but was most pronounced in the 'BBB' and BIG rating category, as those institutions grappled with pressured enrollment and elevated competitive and pricing conditions. Fitch's median tuition discount ratios are calculated on an institutional basis, including both undergraduate and graduate students.

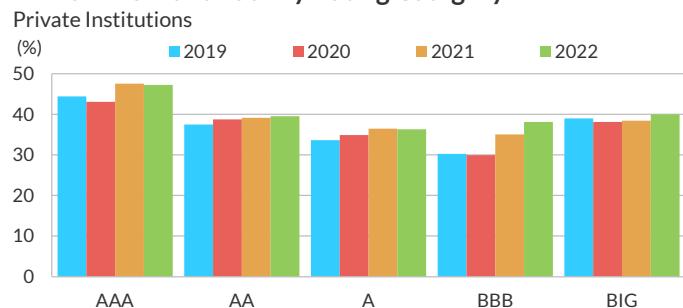
Higher rated institutions had largely steady discounting levels yoy, perhaps indicative of greater tuition flexibility and endowment resources available for scholarships. Discount rates remained highest in the BIG rating category, which are typically smaller and highly tuition-dependent institutions, making them more likely to adjust pricing to sustain enrollment.

Portfolio Median Tuition Discount Rate



Source: Fitch Ratings

Median Discount Rate by Rating Category



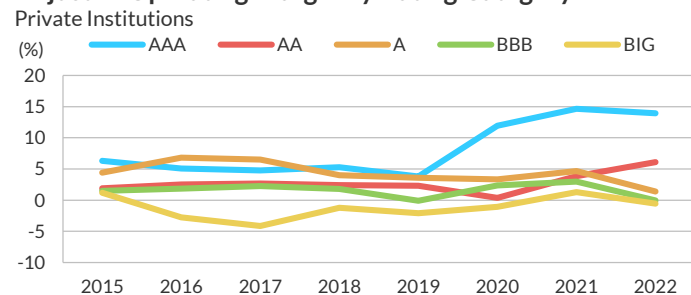
Source: Fitch Ratings

Margins Soften, Despite Residual Federal Aid

Fitch-adjusted operating margins (including endowment draw for operations) diminished in all but one rating category in fiscal 2022, to a median of 12.5% across the portfolio. Despite the decline, it reflects some normalization from the prior year recent high as the bulk of federal institutional aid hit most income statements in 2021. Expense savings continue to mirror softer revenue growth, though these efforts will have diminishing returns as federal aid rolls off in subsequent years.

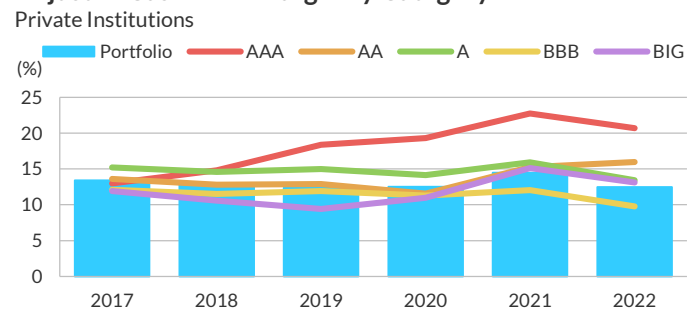
In particular, adjusted operating margins in the 'AAA' and 'AA' rating categories benefited from strong realized gains and corresponding endowment draws in the prior few years, while adjusted margins were flatter in lower rating categories.

Adjusted Operating Margin by Rating Category



Source: Fitch Ratings

Adjusted Cash Flow Margin by Category



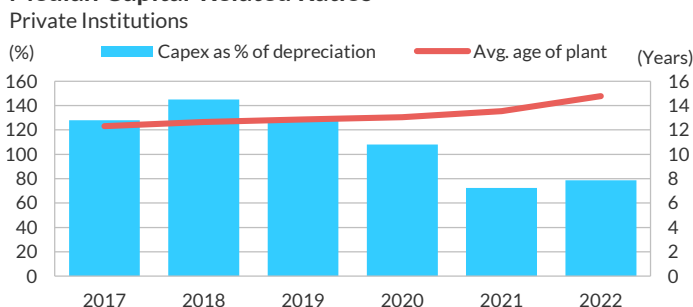
Source: Fitch Ratings

Muted Capital Spending

For all but the 'AAA' rating category, capital spending as a percentage of depreciation remained below 100% and lower than pre-pandemic levels. In particular, at the 'BBB' and BIG rating levels, capital spending has remained well below annual depreciation expense for several years, which in turn increased the average age of plant levels.

Fitch expects this level of capex curtailment is unsustainable over the long term; however, for some institutions facing weak enrollment or other revenue pressure, it may persist until both demand and interest rate conditions stabilize.

Median Capital-Related Ratios



Source: Fitch Ratings

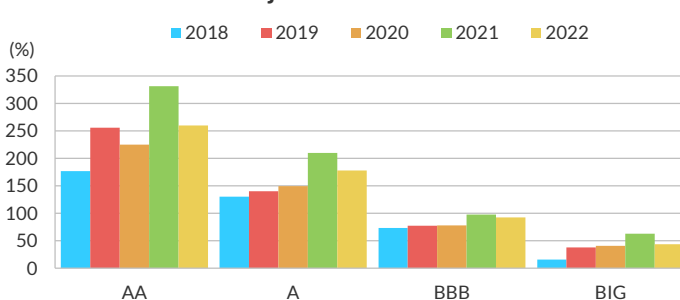
Debt Issuance Remains Low

Overall debt issuance has remained well below pre-pandemic levels across the sector, reflecting challenging market and interest rate conditions as well as institutional goals to preserve financial flexibility.

Debt leverage, as measured by AF to adjusted debt, fell from an average around 120% in pre-pandemic years. Leverage improvement across the portfolio was somewhat mixed, with AF to adjusted debt among 'AAA' rated entities increasing to 1,294% in fiscal 2021 from an average of just over 900% in the prior four years, and BIG-rated entities increasing to 63% AF to adjusted debt from an average of about 38% over the same period.

Median portfolio debt service coverage (DSC) was steady at 2.5x in fiscal 2022 following a steady trend of near 2.0x over time. While a historically favorable interest rate environment has generally kept debt service requirements manageable, Fitch anticipates the rising cost of capital will continue to suppress debt issuance and pressure debt service coverage.

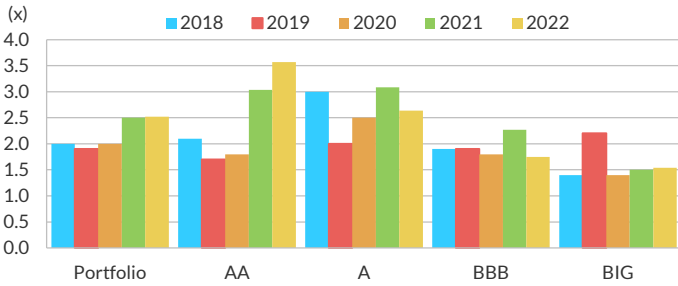
Available Funds to Adjusted Debt



Source: Fitch Ratings.

Median Annual Debt Service

Private Institutions



Source: Fitch Ratings

Balance Sheets Largely Preserved

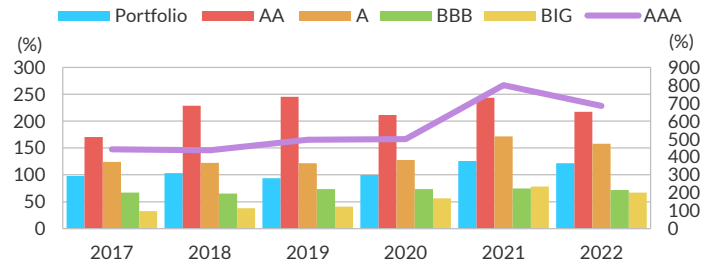
Fitch uses AF (cash and investments less permanently restricted net assets) as the base for its liquidity and leverage assessments. Liquidity was boosted by the extraordinary investment returns in fiscal 2021 and generally preserved into fiscal 2022 at levels still ahead of pre-pandemic thresholds.

Liquidity, measured primarily as AF against operating expenses, was steady at 121.5% in fiscal 2022 and still head of an average

around 100% in pre-pandemic years. While liquidity levels vary widely across rating categories, all retained AF to operating expenses at levels ahead of historical averages following the boost in fiscal 2021. For many, this level of financial flexibility will likely be tested through the remainder of 2023.

Median AF to Operating Expenses by Category

Private Institutions



AF - Available funds
Source: Fitch Ratings

Fiscal 2022 Medians by Category – Privates

	Portfolio	'AAA'	'AA'	'A'	'BBB'	'BIG'
Sample Size	61	3	14	16	18	9
Revenue Diversity (% Adjusted Operating Revenues)						
Student Fees (Tuition & Auxiliary Revenues)	75.8	27.7	69.2	78.9	77.7	64.7
Federal Grants & Contracts	7.9	14.8	7.8	6.2	3.7	12.4
Total Grants & Contracts	7.3	16.2	6.8	6.0	6.0	9.1
Healthcare Operations	11.1	21.7	9.2	0.0	9.5	0.0
Gifts & Contributions	2.4	4.0	2.0	2.0	2.1	3.3
Total Investment Return	2.1	25.4	3.6	2.3	1.3	1.3
Net Assets Released From Restrictions for Operations	6.3	8.2	1.8	7.9	5.2	10.0
Expense Ratios (% Operating Expenses)						
Instruction	34.6	33.2	36.2	35.6	34.1	31.7
Research	2.5	16.2	4.1	3.6	2.1	0.5
Financial Aid Ratios						
Tuition Discounting (%)	39.6	47.3	38.7	34.7	38.1	40.0
Net Tuition & Fees (\$000)	91,842	387,874	370,465	117,612	59,832	28,610
Change in Net Tuition & Fees (%)	-0.4	19.4	3.8	-2.8	-3.7	-12.5
Operating Performance Ratios (%)						
Operating Margin (%)	-0.2	-12.7	1.4	0.3	-2.0	-2.6
Adjusted Operating Margin	0.7	13.9	6.1	1.4	-0.0	-0.6
Cash Flow Margin, Adjusted	12.5	20.7	16.0	13.5	9.8	13.1
Capital Expenditures / Depreciation Expense (%)	78.6	185.8	90.5	97.8	66.4	37.0
Average Age of Plant	14.8	13.9	14.0	14.4	16.5	19.9
Liquidity Ratios (%)						
Available Funds/Total Operating Expense	121.5	686.4	217.7	158.2	72.0	67.0
Available Funds/Adjusted Debt	142.0	1,183.7	259.8	178.2	86.7	43.7
Total Wealth/Adjusted Debt	191.3	1,308.5	388.8	235.5	120.7	91.4
Leverage Ratios						
Current Debt Service Coverage (x)	2.5	11.5	3.6	2.6	1.8	1.5
Current Debt Burden (%)	4.6	2.7	3.7	4.6	4.6	8.2
Variable Rate Bonds as % of Total Bonds	16.9	3.8	20.1	11.7	43.6	0.0

Source: Fitch Ratings

Portfolio Medians – Privates

	2017	2018	2019	2020	2021	2022
Revenue Diversity (% of Operating Revenues)						
Student Fees (Tuition & Auxiliary Revenues)	82.7	81.7	82.4	80.1	76.6	75.8
Federal Grants & Contracts	1.6	1.7	3.1	4.4	7.8	7.9
Total Grants & Contracts	1.7	1.7	1.9	3.5	7.7	7.3
Healthcare Operations	10.3	9.9	9.7	9.6	11.1	11.1
Gifts & Contributions	1.7	1.7	1.6	1.6	2.1	2.4
Total Investment Return	2.3	2.2	2.6	2.2	2.1	2.1
Net Assets Released From Restrictions for Operations	3.4	3.4	3.5	4.4	5.3	6.3
Expense Ratios (% Operating Expenses)						
Instruction	37.0	37.1	35.8	37.0	35.4	34.6
Research	3.0	2.8	2.0	1.8	2.2	2.5
Financial Aid Ratios (%)						
Tuition Discounting (%)	34.0	36.2	34.5	35.3	37.9	39.6
Net Tuition & Fees (\$000)	94,086	96,757	95,290	87,067	93,954	91,842
Change in Net Tuition & Fees (%)	2.1	2.1	2.4	1.9	-1.7	-0.4
Operating Performance Ratios (%)						
Operating Margin	-0.5	-0.3	-0.8	-1.5	-0.1	-0.2
Adjusted Operating Margin	2.7	2.0	1.2	1.2	3.0	0.7
Cash Flow Margin	13.4	12.8	12.4	12.5	14.5	12.5
Capital Expenditures / Depreciation Expense (%)	127.9	144.9	129.3	108.1	72.4	78.6
Average Age of Plant	12.3	12.6	12.9	13.0	13.5	14.8
Liquidity Ratios (%)						
Available Funds/Total Unrestricted Operating Expense	97.8	103.0	93.9	99.6	126.0	121.5
Available Funds/Adjusted Debt	107.5	119.0	127.2	126.2	165.0	142.0
Total Wealth/Adjusted Debt	149.7	169.7	183.2	179.1	231.7	191.3
Leverage Ratios						
Current Debt Service Coverage (x)	2.1	2.0	1.9	2.0	2.5	2.5
Current Debt Burden (%)	5.3	6.0	5.5	5.4	6.9	4.6
Variable Rate Bonds as % of Total Bonds	27.8	31.8	24.1	21.4	24.78	16.9

Source: Fitch Ratings

'AAA' Category Medians – Privates

	2017	2018	2019	2020	2021	2022
Revenue Diversity (% of Operating Revenues)						
Student Fees (Tuition & Auxiliary Revenues)	28.3	27.4	30.6	34.3	14.8	27.7
Federal Grants & Contracts	18.2	17.7	15.5	15.6	16.5	14.8
Total Grants & Contracts	22.5	21.8	17.4	17.6	18.6	16.2
Healthcare Operations	18.3	18.57	19.8	20.9	21.9	21.7
Gifts & Contributions	4.6	3.9	3.2	2.8	3.2	4.0
Total Investment Return	21.2	22.4	25.5	26.9	27.5	25.4
Net Assets Released From Restrictions for Operations	8.8	8.4	3.5	8.4	8.1	8.2
Expense Ratios (% Operating Expenses)						
Instruction	35.2	32.4	35.0	34.7	34.2	33.2
Research	15.5	14.7	19.3	18.8	17.1	16.2
Financial Aid Ratios (%)						
Tuition Discounting (%)	43.4	43.3	44.4	43.1	47.5	47.3
Net Tuition & Fees (\$000)	356,464	369,319	319,301	349,568	361,041	387,874
Change in Net Tuition & Fees (%)	1.0	3.7	6.2	2.1	-15.7	19.4
Operating Performance Ratios (%)						
Operating Margin	-18.9	-19.3	-18.8	-15.1	-20.6	-12.7
Adjusted Operating Margin	4.8	5.3	3.8	12.0	14.7	13.9
Cash Flow Margin, Adjusted	13.0	14.8	18.4	19.3	22.8	20.7
Capital Expenditures / Depreciation Expense (%)	195.7	180.5	198.2	286.5	104.9	185.8
Average Age of Plant	12.4	12.7	13.1	12.8	12.1	13.9
Liquidity Ratios (%)						
Available Funds/Total Unrestricted Operating Expense	443.7	437.5	496.2	500.1	801.9	686.4
Available Funds/Adjusted Debt	923.5	964.2	1,020.2	764.2	1,293.6	1,183.7
Total Wealth/Adjusted Debt	1,214.0	1,151.5	1,188.8	962.5	816.7	1,308.5
Leverage Ratios						
Current Debt Service Coverage (x)	5.9	4.4	2.6	8.9	9.6	11.5
Current Debt Burden (%)	3.6	5.9	4.7	4.6	7.7	2.7
Variable Rate Bonds as % of Total Bonds	5.4	5.4	4.8	4.0	3.8	3.8

Source: Fitch Ratings

'AA' Category Medians – Privates

	2017	2018	2019	2020	2021	2022
Revenue Diversity (% of Operating Revenues)						
Student Fees (Tuition & Auxiliary Revenues)	57.5	58.3	58.0	60.6	62.4	69.2
Federal Grants & Contracts	4.5	4.2	4.5	7.6	12.0	7.8
Total Grants & Contracts	7.1	4.7	4.3	4.2	7.5	6.8
Healthcare Operations	8.6	8.7	8.8	8.6	9.2	9.2
Gifts & Contributions	2.1	2.3	2.0	1.9	2.7	2.0
Total Investment Return	4.9	5.5	8.8	7.2	6.9	3.6
Net Assets Released From Restrictions for Operations	5.6	1.9	5.8	5.7	4.9	1.8
Expense Ratios (% Operating Expenses)						
Instruction	36.1	32.7	34.9	37.0	35.1	35.9
Research	3.0	1.9	3.3	1.3	4.0	4.1
Financial Aid Ratios (%)						
Tuition Discounting (%)	37.6	37.1	37.5	38.8	39.2	39.5
Net Tuition & Fees (\$000)	/)266,292	283,216	319,084	325,862	361,020	370,465
Change in Net Tuition & Fees (%)	3.9	3.4	5.0	4.7	0.0	3.8
Operating Performance Ratios (%)						
Operating Margin	-0.9	-0.8	-1.0	-2.9	0.9	1.4
Adjusted Operating Margin	2.7	2.4	2.3	0.4	3.9	6.1
Cash Flow Margin, Adjusted	13.6	12.8	12.9	11.6	15.2	16.0
Capital Expenditures / Depreciation Expense (%)	180.6	190.8	160.0	209.0	122.9	90.5
Average Age of Plant	12.1	12.1	11.9	14.2	12.8	14.0
Liquidity Ratios (%)						
Available Funds/Total Unrestricted Operating Expense	170.3	228.8	245.2	211.6	243.7	217.7
Available Funds/Adjusted Debt	215.6	238.2	255.7	224.9	331.1	259.8
Total Wealth/Adjusted Debt	330.9	356.2	382.0	391.2	283.6	388.8
Leverage Ratios						
Current Debt Service Coverage (x)	2.6	2.1	1.7	1.8	3.0	3.6
Current Debt Burden (%)	4.1	5.7	7.2	6.9	5.4	3.7
Variable Rate Bonds as % of Total Bonds	26.7	23.9	24.1	21.4	21.7	20.1

Source: Fitch Ratings

'A' Category Medians – Privates

	2017	2018	2019	2020	2021	2022
Revenue Diversity (% of Operating Revenues)						
Student Fees (Tuition & Auxiliary Revenues)	88.0	87.1	85.2	85.0	78.2	78.9
Federal Grants & Contracts	1.1	1.9	1.4	3.5	5.0	6.2
Total Grants & Contracts	1.3	1.4	1.5	3.5	5.5	2.4
Healthcare Operations	0.0	0.0	0.0	0.0	0.0	0.0
Gifts & Contributions	1.6	1.6	1.6	1.0	1.4	2.0
Total Investment Return	1.1	1.6	1.5	1.6	2.1	2.3
Net Assets Released From Restrictions for Operations	2.4	2.3	3.4	4.4	5.4	7.9
Expense Ratios (% Operating Expenses)						
Instruction	39.0	38.4	35.8	35.6	37.0	34.1
Research	3.5	3.4	3.6	3.40	2.2	3.6
Financial Aid Ratios (%)						
Tuition Discounting (%)	29.7	32.1	33.6	34.9	36.4	36.3
Net Tuition & Fees (\$000)	123,985	128,931	143,324	134,646	138,606	117,612
Change in Net Tuition & Fees (%)	3.2	2.1	3.4	1.7	-4.9	-2.8
Operating Performance Ratios (%)						
Operating Margin	5.2	3.3	2.2	2.4	2.0	0.3
Adjusted Operating Margin	6.5	4.0	3.6	3.4	4.7	1.4
Cash Flow Margin, Adjusted	15.2	14.6	15.0	14.2	15.9	13.5
Capital Expenditures / Depreciation Expense (%)	157.4	194.5	188.1	132.7	24.4	97.8
Average Age of Plant	12.3	12.3	12.4	12.4	12.3	14.4
Liquidity Ratios (%)						
Available Funds/Total Unrestricted Operating Expense	123.8	122.5	121.6	127.9	171.5	158.2
Available Funds/Adjusted Debt	129.0	134.0	140.0	149.7	210.0	178.2
Total Wealth/Adjusted Debt	171.2	180.9	190.7	204.3	232.5	235.5
Leverage Ratios						
Current Debt Service Coverage (x)	3.0	3.0	2.0	2.5	3.1	2.6
Current Debt Burden (%)	5.3	5.4	5.5	5.2	6.3	4.6
Variable Rate Bonds as % of Total Bonds	18.5	19.2	18.0	14.6	15.9	11.7

Source: Fitch Ratings

'BBB' Category Medians - Privates

	2017	2018	2019	2020	2021	2022
Revenue Diversity (% of Operating Revenues)						
Student Fees (Tuition & Auxiliary Revenues)	88.1	84.9	85.3	84.2	80.9	77.7
Federal Grants & Contracts	0.6	1.0	1.8	2.4	9.1	3.7
Total Grants & Contracts	1.1	1.4	2.6	3.2	9.5	6.0
Healthcare Operations	8.9	7.9	7.7	6.9	9.2	9.5
Gifts & Contributions	1.4	1.4	1.1	1.4	1.7	2.1
Total Investment Return	1.6	1.8	2.2	1.4	1.2	1.3
Net Assets Released From Restrictions for Operations	3.4	2.8	2.7	3.3	2.8	5.2
Expense Ratios (% Operating Expenses)						
Instruction	38.5	41.0	40.6	39.2	35.7	34.1
Research	2.1	2.0	0.0	1.5	2.5	2.1
Financial Aid Ratios (%)						
Tuition Discounting (%)	31.4	32.3	30.2	29.9	35.0	38.1
Net Tuition & Fees (\$000)	67,160	63,880	66,053	64,298	65,165	59,832
Change in Net Tuition & Fees (%)	0.9	1.5	1.5	0.4	-3.7	-3.7
Operating Performance Ratios (%)						
Operating Margin	0.1	1.1	-1.5	1.5	1.2	-2.0
Adjusted Operating Margin	2.2	1.8	-0.1	2.4	3.0	0.0
Cash Flow Margin, Adjusted	12.1	11.5	11.9	11.3	12.1	9.8
Capital Expenditures / Depreciation Expense (%)	97.7	79.9	95.0	87.9	65.0	66.4
Average Age of Plant	12.9	13.4	14.1	12.8	12.9	16.5
Liquidity Ratios (%)						
Available Funds/Total Unrestricted Operating Expense	67.0	65.4	73.3	73.6	74.6	72.0
Available Funds/Adjusted Debt	78.1	79.7	77.4	77.8	97.9	86.7
Total Wealth/Adjusted Debt	100.6	108.5	110.5	100.3	129.0	120.7
Leverage Ratios						
Current Debt Service Coverage (x)	1.9	1.9	1.9	1.8	2.3	1.8
Current Debt Burden (%)	5.9	6.0	5.6	5.3	4.4	4.6
Variable Rate Bonds as % of Total Bonds	63.6	76.7	27.8	49.4	49.4	43.6

Source: Fitch Ratings

Below-Investment Grade (BIG) Medians – Privates

	2017	2018	2019	2020	2021	2022
Revenue Diversity (% of Operating Revenues)						
Student Fees (Tuition & Auxiliary Revenues)	79.4	78.2	76.4	76.2	71.5	64.7
Federal Grants & Contracts	1.5	1.1	1.6	3.6	10.1	12.4
Total Grants & Contracts	0.8	0.9	1.2	3.1	9.2	9.1
Healthcare Operations	0.0	0.0	0.0	0.0	0.0	0.0
Gifts & Contributions	1.5	4.2	2.5	2.5	2.4	3.3
Total Investment Return	3.3	4.0	1.6	1.4	1.3	1.3
Net Assets Released From Restrictions for Operations	6.9	8.0	4.7	4.7	5.0	10.0
Expense Ratios (% Operating Expenses)						
Instruction	30.5	30.5	27.2	32.2	32.6	31.4
Research	0.6	0.6	0.6	0.7	0.7	0.5
Financial Aid Ratios (%)						
Tuition Discounting (%)	40.2	42.8	39.0	38.1	38.4	40.0
Net Tuition & Fees (\$000)	32,413	24,710	31,808	28,284	31,235	28,610
Change in Net Tuition & Fees (%)	-0.7	1.4	-3.5	-3.1	-1.5	-12.5
Operating Performance Ratios (%)						
Operating Margin	-8.1	-7.8	-6.3	-2.9	-1.0	-2.6
Adjusted Operating Margin	-4.2	-1.2	-1.7	-1.1	-0.3	-0.6
Cash Flow Margin, Adjusted	11.9	10.6	9.4	11.0	15.1	13.1
Capital Expenditures / Depreciation Expense (%)	55.3	44.5	64.0	51.2	18.6	37.0
Average Age of Plant	12.0	14.3	13.7	16.5	13.7	19.9
Liquidity Ratios (%)						
Available Funds/Total Unrestricted Operating Expense	32.3	37.8	40.9	56.1	78.0	67.0
Available Funds/Adjusted Debt	35.7	37.0	38.2	40.7	62.7	43.7
Total Wealth/Adjusted Debt	81.4	73.8	90.0	84.5	92.9	91.4
Leverage Ratios						
Current Debt Service Coverage (x)	1.0	1.4	2.2	1.4	1.5	1.5
Current Debt Burden (%)	7.4	8.0	6.0	8.2	6.7	8.2
Variable Rate Bonds as % of Total Bonds	34.0	67.2	34.7	35.1	35.3	0.0

Source: Fitch Ratings

Private Institution Ratings List

Institution Name (State)	Long-Term Rating
Abilene Christian University (TX)	A-
Agnes Scott College (GA)	A
Albany College of Pharmacy (NY)	A-
Anderson University (IN)	B-
Azusa Pacific University (CA)	BBB-
Baylor University (TX)	AA-
Daemen College (NY)	BBB-
Delaware Valley University (PA)	BBB-
DePaul University (IL)	AA-
Embry-Riddle Aeronautical University (FL)	AA-
Faulkner University (AL)	BBB-
Furman University (SC)	AA-
Gonzaga University (WA)	A+
Haverford College (PA)	AA-

Private Institution Ratings List

Institution Name (State)	Long-Term Rating
Howard University (DC)	BBB
Immaculata University (PA)	BB-
Johns Hopkins University (MD)	AA+
La Salle University (PA)	BB+
Lipscomb University (TN)	BBB
Loma Linda University (CA)	A+
Manhattan College (NY)	BBB+
Marist College (NY)	AA-
Maryland Institute College of Art (MD)	BBB+
Maryville University of Saint Louis (MO)	BBB+
Metropolitan College of New York (NY)	BB-
Midwestern University (AZ)	AA
Mount Saint Mary's College (NY)	BBB+
New England Institute of Technology (RI)	A+
Nova Southeastern University (FL)	A
Palm Beach Atlantic University (FL)	BBB+
Philadelphia College of Osteopathic Medicine (PA)	AA-
Pomona College (CA)	AAA
Rhode Island School of Design (RI)	A+
Roosevelt University (IL)	B
Rosalind Franklin University (IL)	BBB+
Savannah College of Art and Design (GA)	AA-
Southern Methodist University (TX)	AA-
St. Joseph's University (NY)	BBB-
Stanford University (CA)	AAA
Suffolk University (MA)	BBB
Texas Christian University (TX)	AA-
The College of Saint Rose (NY)	BB
The University of the Arts (PA)	BB-
Trevecca Nazarene University (TN)	BBB-
University of Chicago (IL)	AA+
University of Denver (CO)	AA-
University of Health Sciences and Pharmacy in St. Louis (MO)	BBB-
University of La Verne (CA)	A
University of New England (ME)	A+
University of Portland (OR)	A+
University of Tampa (FL)	A
Utica University (NY)	BBB-
Vanderbilt University (TN)	AAA
Wagner College (NY)	BBB-
Wartburg College (IA)	BB-
Widener University (PA)	A-
Wilson College (PA)	BB
Xavier University (OH)	A

Note: Excludes private ratings
 Source: Fitch Ratings

Key Definitions

Term	Definition	Significance
Total Long-Term Debt	Total bonds payable + notes payable + capital leases + commercial paper outstanding + other long-term debt obligations	Provides an evaluation of total debt liabilities.
Adjusted Debt	Total long-term debt + unfunded pension liability + an operating lease expense multiple	Provides an inclusive evaluation of total long-term liabilities.
Available Funds	Cash + investments - permanently restricted net assets (including those of closely related foundations and endowments)	Provides an absolute measure of total balance sheet resources. Excludes bond proceeds.
Available Funds to Total Long-Term Debt	Available funds/total long-term debt	Indicates the level of unrestricted balance sheet resources available against long-term debt liabilities.
Available Funds to Adjusted Debt	Available funds/total adjusted debt	Indicates the level of unrestricted balance sheet resources available against all long-term liabilities.
Available Funds to Operating Expenses	Available funds/unrestricted operating expenses	Measures the financial cushion of an institution versus its expense base.
Adjusted Operating Margin (%)	(Total adjusted operating revenue - total operating expense)/total adjusted operating revenue	Provides an operating performance measure inclusive of the endowment income available in operations.
Cash Flow - Adjusted	Adjusted change in unrestricted net assets from operations + depreciation + amortization + interest expense + non-cash OPEB expense + other non-cash expenses + pension expense - proportionate pension service cost	Indicates the level of operating efficiency, using the level of an institution's operating surplus (or deficit) available to cover all of its annual outlays.
Cash Flow	Adjusted change in unrestricted net assets from operations + depreciation + amortization + interest expense + pension expense - pension contribution + non-cash OPEB expense + other non-cash expenses	Indicates the absolute level of resources available to service debt obligations after the payment of cash-based operating expenses. Adjusted for non-recurring/extraordinary items.
Current Debt Service	Current year cash paid for interest expense + current principal paid on long-term debt	Indicates an institution's annual debt service requirements.
Debt Service Coverage	Cash flow/current debt service	Indicates the net income available to meet annual debt service requirements
Maximum Annual Debt Service	The amount of equal-ranking and senior debt service due (principal + interest) in any given future current year	Indicates an institution's largest likely future debt service requirement. May be smoothed for balloon or bullet maturities.
Debt Burden	Current debt service/total adjusted operating revenue	Indicates the relative burden of debt servicing costs for an institution.
Average Age of Plant	Accumulated depreciation/depreciation expense	Provides an indication of the condition of the physical operating plant, and the level of needed reinvestment.
Capital Expenditures as % of Depreciation	Net acquisitions of property plant and equipment/depreciation expense	Indicates the level of investment in physical plant over time, which informs the need for future investment.
Operating Metrics		
Adjusted Total Operating Revenue	Operating revenues + state operating appropriations + noncapital gifts/grants + investment income + endowment draw/payout for operations - capital gifts/grants/appropriations - realized/unrealized gains/losses from investments	Provides a uniform measure of annual operating revenue available to fund operating needs.
Total Operating Expense	Operating expenditures + interest expense	Provides a uniform measure of annual operating expenditures. May be adjusted for extraordinary and nonrecurring items.

Source: Fitch Ratings

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