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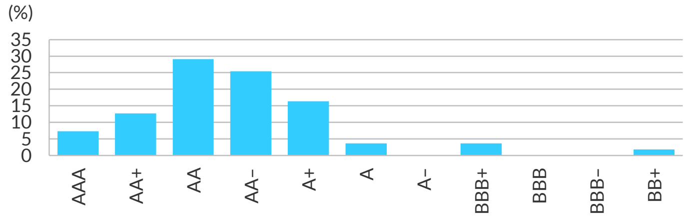
Public Finance
Education and Nonprofits
U.S.A.

Fiscal 2022 Median Ratios for U.S. Public Colleges and Universities

Federal Stimulus Bolstered Margins

Portfolio Rating Distribution
As of June 15, 2023



Source: Fitch Ratings

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U.S. colleges and universities benefitted from federal pandemic stimulus during fiscal 2022, which helped to offset variable enrollment trends and to preserve margins. In addition, better than expected state budget conditions supported some recovery in operating and capital appropriation support, with a related boost in spending. The median rating for public institutions fell to 'AA–' from 'AA' in fiscal 2022, indicative of the macro headwinds affecting the sector.

Looking ahead, a more restrained state budgetary environment and additional operating pressure are expected in 2023, with the last year of meaningful stimulus funding recognized in fiscal 2022.

State Funding Support

While state appropriation funding did not increase as a percentage of total revenues in fiscal 2022, state appropriations remained representatively solid, near 23% of total revenues as a median percentage. The state support environment remains relatively favorable for most public institutions. However, as states seek to maximize budgetary flexibility, they are often employing one-time or nonrecurring funding programs in lieu of increases in baseline support.

Solid Margins, Coverage

As enrollment varied across student groups, institutions continued to benefit from federal stimulus support and generated relatively solid margins in fiscal 2022. Rigorous expense management, conservative budgeting, and favorable pension and other post-employment benefits (OPEB) reporting-year performance (fiscal 2021 for many) helped boost median adjusted operating margins to the recent high of 4%. Operating margins are expected to taper in fiscal 2023 as these conditions shift.

Liquidity Remains Strong

The overall endowment market environment was distinctly less favorable in fiscal 2022 than in the prior year, with negative annualized returns for most institutions. However, it was not enough to negate the soaring gains of the prior year, with most balance sheets remaining at a relative high market value. Coupled with relatively light debt issuance, median available funds (AF) to debt and expense ratios were steady yoy.

Recovery in Capital Spending

Following a lull in fiscal 2021, capital spending rebounded across all rating categories in fiscal 2022, although it remains below historical levels. Average age of plant was mixed, improving at higher rating levels against still-higher median ages at lower rating levels. This reflects the variability in the magnitude of capital spending declines across rating categories, together with the mixed recovery in spending post-pandemic. This divergence in performance is likely to continue into fiscal 2023, with another year of muted debt issuance and mixed enrollment.

Sector Conditions Remain Mixed

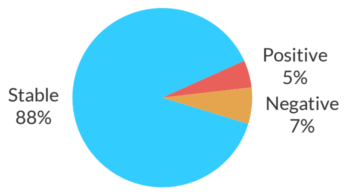
Outlook Deteriorating

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

Rating activity will remain mixed. Calendar year-to-date through June 15, 2023, 10 entities were upgraded, compared with five downgraded. 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 Rating Outlooks from Stable to Negative, or Positive to Stable, compared with three favorable revisions. Negative Rating Outlooks outnumbered Positive Rating Outlooks as of June 15, 2023.

Rating Outlook Distribution
Public Institutions, as of June 15, 2023



Source: Fitch Ratings

Fiscal 2022 Public University Median Ratios

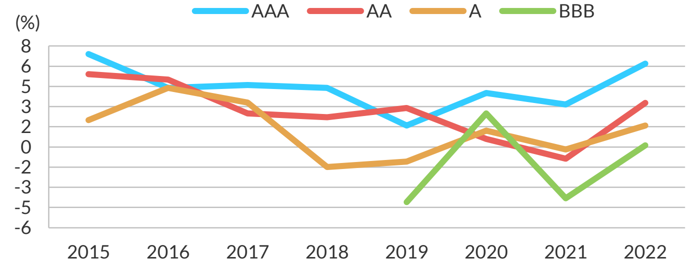
Student Fee Revenue Rebounds for Many

Pressures to maintain affordability are expected to continue to act as a constraint on net tuition growth, whether driven by state request or mandate, or strategic needs. However, as institutions emerged from the worst of the pandemic, for fiscal 2022, we had the largest median increase in net tuition and fees since fiscal 2017, at 3.3%. Median increases varied greatly across rating levels. With a high 6.2% for the 'AAA' category against much lower levels in the 'A' and 'BBB' groups.

As on-campus operations resumed in full for most, student fee revenues rebounded some from prior-year lows. Student fee revenue as a percentage of total revenue increased to 32.9% for the portfolio median, up from the recent low 30.5% in the prior year. Still, revenue growth continued to be tempered by mixed enrollment trends and continued weakness in international student volumes during the 2021-2022 academic year.

Median tuition discount rates were relatively stable across the portfolio, but they have steadily crept up over time. Tuition discounting and financial aid are less of a credit factor for public universities than for private institutions due to lower overall tuition and fee charges, coupled with the prevalent use of state and federal scholarship programs. Fitch expects public institutions to fundraise or grow internal funds to enhance need-based scholarships, which could be aided by some state expansion of scholarship programs. Recent increases in federal need-based funding, including the expansion of Pell Grant awards, may improve future prospects for growth in net tuition revenue.

Median % Change in Net Tuition and Fees over Time — Publics



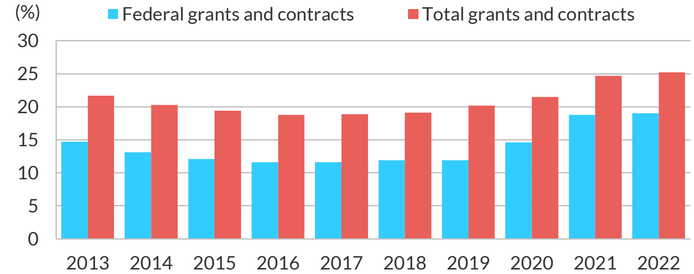
Source: Fitch Ratings

Federal Stimulus

For the third, and likely final, year in a row, federal grants/contracts increased as a median percentage of total operating revenue for public institutions. Now comprising 19% of annual operating revenue, this reflects a high point for most institutions and reflects the bulk of federal stimulus recognized in fiscal 2022 across the three total distributions. Going forward, this will likely taper materially to more typical levels closer to 13%-14%.

The impact of federal stimulus is not fully reflected in this increase; universities also benefitted - and will likely continue to benefit - from state distributions of the American Rescue Plan Act (ARPA) federal stimulus funds targeted toward states. Those funds are reflected as either state appropriation revenue or as a capital (or other) non-operating item.

Median Grants and Contracts as % of Total Adjusted Revenue — Publics



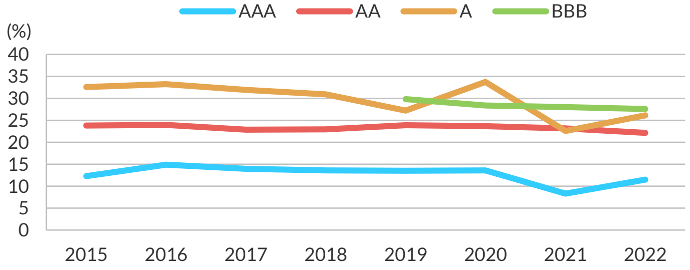
Source: Fitch Ratings

State Support

Disregarding the impact of federal stimulus, just five states out of 50 reduced yoy operating appropriations in fiscal 2022 (according to the Grapevine Report on State Fiscal Support for Higher Education), reflecting better than anticipated budgetary resilience and additional federal ARPA funds available for pandemic-related uses. Fitch's overall public university portfolio held steady with state appropriations making up 22.9% of total operating revenue on a median basis in fiscal 2022, in line with historical averages.

Inclusive of federal stimulus direct support to states, state funding to public universities declined in 16 states in 2022 from 2021, some of which may be due to timing and decisions around ARPA funding, rather than any underlying decline in state support. The impact of state support continues to bear the most importance in 'A' rating category institutions and below, where state support is historically a larger component of operating revenue.

State Appropriations as % of Operating Revenue — Publics



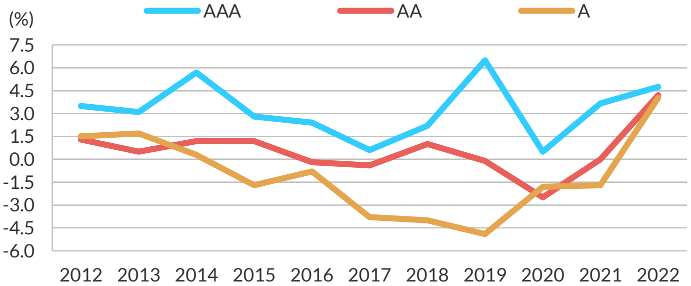
Source: Fitch Ratings

Operating Margins Bolstered

As measured by adjusted cash flow margin, operating performance for public institutions improved in fiscal 2022 with a reported 4% median margin ratio. Performance was aided by better than expected state operating support, another year of federal aid, and reduced pension and OPEB expenses for the strong fiscal 2021 reporting year.

Most public institutions are required to budget on a cash basis, which can create large variances in GAAP operating results if large noncash OPEB or pension expenses are involved. Milliman, the actuarial firm, reports in its Public Pension Funding Index that the ratio of public pension assets to liabilities rose to 85% as of June 2021 from 71% a year earlier, and fell back to 74% as of June 2022. As plan performance shifted in the fiscal 2022 measurement year, that impact on public institutions' operating performance is expected to bear out in subsequent fiscal 2023 sector audits.

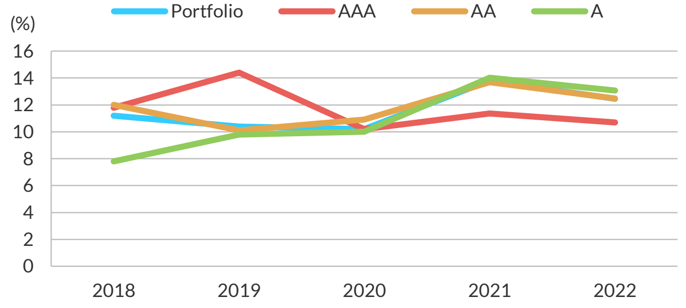
Median Adjusted Operating Margin over Time — Publics



Source: Fitch Ratings

Fitch's cash flow margin calculations reflect annual operating revenues and expenditures — including depreciation expense and pension and OPEB service costs — without regard to pension overfunding or underfunding. Fitch's adjusted cash flow margin median dipped slightly to 12.5% in fiscal 2022 from the 13.2% the prior year. We anticipate further softening in fiscal 2023 as the aforementioned effects wane and margins decline to more historical, lower averages.

Median Adjusted Cash Flow Margin — Publics



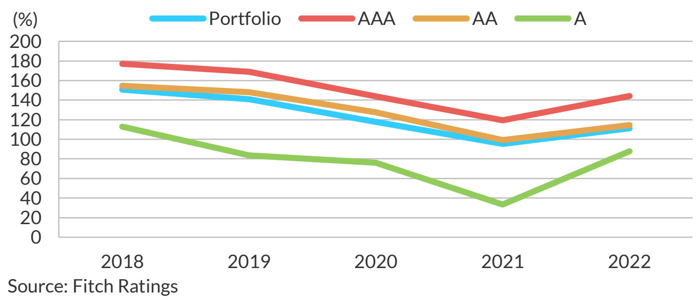
Source: Fitch Ratings

Capital Spending Recovering

Fiscal 2022 highlighted some recovery in capital spending, following a sharp decline for most in fiscal 2021 amidst the uncertainty during the early-pandemic phase. Median capital spending as a percentage of depreciation increased to 111.3% in fiscal 2022, up from 95.2% the prior year. This was likely aided in part by improved state support for capital programs, which continued into fiscal 2023.

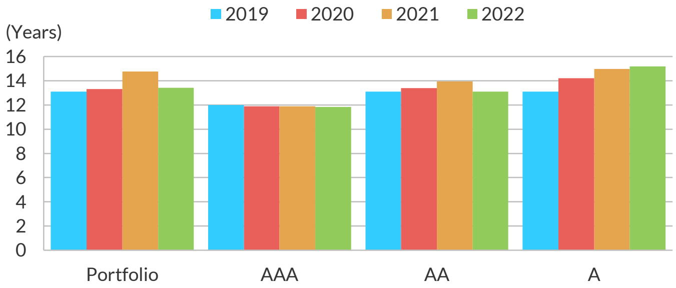
Of importance, capital spending still remains lower than historical averages, and, as a result, the average age of plant varied widely across rating groups. Capital spending is likely to accelerate for many due to increasing deferred maintenance needs. However, at the same time, many institutions are looking to reprioritize asset ownership needs and explore the numerous ways to fund non-core capital assets.

Median Capital Expenditures as % of Depreciation Expense — Publics



Source: Fitch Ratings

Median Average Age of Plant — Publics



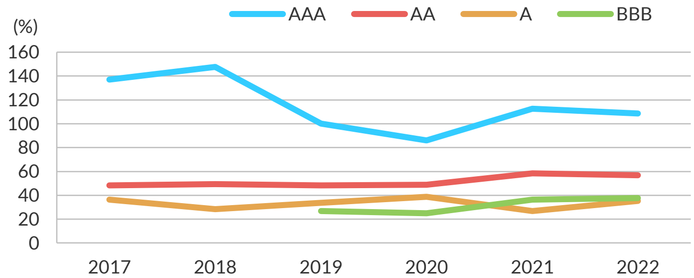
Source: Fitch Ratings

Balance Sheet Strength Remains

Balance sheet preservation was a priority again in fiscal 2022. Using Fitch's AF metric (university and foundation cash and investments less permanently restricted net assets) as a measure for liquidity, AF relative to debt and expenses remain a differentiating factor across rating categories. Fiscal 2022 investment pools and endowments saw a pronounced reversion from the record returns of fiscal 2021. The median AF to operating expenses ratio improved for most across the portfolio, save for those in the 'A' category.

Still, philanthropy was healthy, with a median 2.4% of total operating expenses coming from gifts and contributions in fiscal 2022. Total wealth (which includes permanently restricted net assets) against adjusted debt increased to 137.3%, with gains across all rating categories.

Available Funds to Operating Expenses — Publics



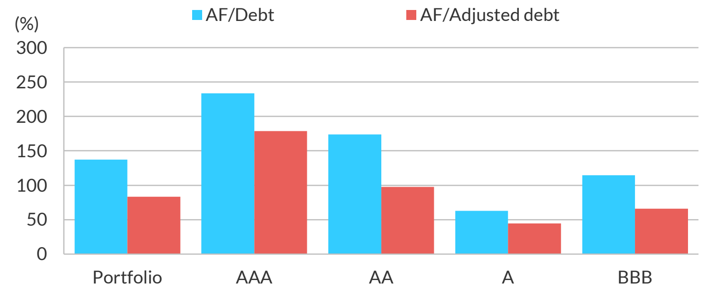
Source: Fitch Ratings

Debt Issuance Muted, for Now

Overall muni bond issuance fell again yoy in 2022, with debt issuance remaining relatively light for most in the higher education sector. The median debt burden of 4.3% is a recent low, and a consistent low for all but the 'A' category medians. Supported by decreased issuance, debt service coverage levels also improved in 2022, with median coverage up to 2.5x from 1.7x, reaching another recent high and up meaningfully from the 2021 median of 1.7x.

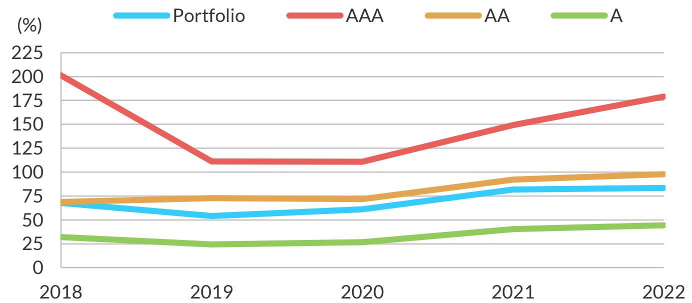
AF to adjusted debt, Fitch's comprehensive leverage metric, improved across public institutions, reflecting solid asset growth, fluctuations in fringe benefit liabilities and a decrease in debt issuance. For public universities, the Fitch-adjusted pension liability represents a significant portion of total adjusted debt. The differential between total debt and adjusted debt, inclusive of pension liabilities and operating lease obligations, remains material across all rating categories.

Median Leverage Ratios — Publics



AF - Available funds
Source: Fitch Ratings

Available Funds to Adjusted Debt — Publics



Source: Fitch Ratings

Fiscal 2022 Medians by Category — Publics

	Portfolio	AAA	AA	A	BBB
Sample Size	56	4	38	11	2
Revenue Diversity (% Adjusted Operating Revenues)					
Student Fees (Tuition & Auxiliary Revenues)	32.9	18.7	33.0	43.9	33.7
Federal Grants & Contracts	19.0	22.8	18.7	20.1	24.4
Total Grants & Contracts	25.2	25.6	24.7	26.3	30.2
State Appropriations	22.9	11.5	22.2	26.2	27.6
Healthcare Operations	29.1	37.5	27.2	0.0	0.0
Gifts & Contributions	2.4	3.6	2.5	2.7	0.3
Total Investment Return	0.3	3.7	0.1	0.6	0.6
Expense Ratios (% Operating Expenses)					
Instruction	25.9	17.4	25.7	27.6	30.4
Research	9.7	11.9	9.9	3.7	1.7
Financial Aid Ratios					
Tuition Discounting (%)	30.3	23.9	30.4	34.3	31.5
Net Tuition & Fees ($000)	314,240	1,010,165	367,859	88,609	67,284
Change in Net Tuition & Fees (%)	3.3	6.2	3.3	1.6	0.1
Operating Performance Ratios (%)					
Adjusted Operating Margin	4.0	4.8	4.2	4.0	0.5
Cash Flow Margin, Adjusted	12.5	10.7	12.5	13.1	8.5
Capital Expenditures / Depreciation Expense (%)	111.3	144.3	114.4	87.8	70.7
Average Age of Plant	13.4	11.8	13.1	15.2	17.2
Liquidity Ratios (%)					
Available Funds/Total Operating Expense	54.7	108.6	56.7	35.2	37.6
Available Funds/Adjusted Debt	83.4	178.9	97.7	44.5	66.0
Total Wealth/Adjusted Debt	137.3	381.3	148.0	75.1	93.1
Leverage Ratios					
Current Debt Service Coverage (x)	2.5	3.8	2.6	0.8	1.7
Current Debt Burden (%)	4.3	4.1	4.1	8.0	6.0
Variable-Rate Bonds as % of Total Bonds	12.9	49.1	8.0	0.0	0.0

Source: Fitch Ratings

Portfolio Medians — Publics

	2017	2018	2019	2020	2021	2022
Revenue Diversity (% Adjusted Operating Revenues)						
Student Fees (Tuition & Auxiliary Revenues)	39.2	38.2	36.2	34.5	30.5	32.9
Federal Grants & Contracts	11.6	11.9	11.9	14.6	18.8	19.0
Total Grants & Contracts	18.9	19.1	20.2	21.5	24.7	25.2
State Appropriations	23.9	23.5	23.9	24.0	24.0	22.9
Healthcare Operations	22.0	29.7	30.3	32.0	29.7	29.1
Gifts & Contributions	1.8	2.2	1.8	2.2	1.9	2.4
Total Investment Return	1.0	1.7	1.7	1.5	1.6	0.3
Expense Ratios (% Operating Expenses)						
Instruction	30.2	28.6	29.5	29.7	29.3	25.9
Research	7.9	7.3	8.6	9.3	9.2	9.7
Financial Aid Ratios						
Tuition Discounting (%)	26.5	28.6	29.5	29.2	30.1	30.3

Portfolio Medians — Publics

	2017	2018	2019	2020	2021	2022
Net Tuition & Fees ($000)	281,660	274,909	274,408	303,232	303,667	314,240
Change in Net Tuition & Fees (%)	3.2	2.1	2.2	1.0	-0.9	3.3
Operating Performance Ratios (%)						
Adjusted Operating Margin	-0.5	0.9	-0.4	-3.1	0.1	4.0
Cash Flow Margin, Adjusted	10.0	10.9	10.1	10.2	13.2	12.5
Capital Expenditures/Depreciation Expense	151.6	150.8	140.9	117.8	95.2	111.3
Average Age of Plant	12.8	12.9	13.1	13.4	14.3	13.4
Liquidity Ratios (%)						
Available Funds/Total Operating Expense	47.4	47.5	45.2	47.8	53.5	54.7
Available Funds/Adjusted Debt	53.1	60.5	54.2	61.1	81.9	83.4
Total Wealth/Adjusted Debt	74.7	83.0	90.0	92.3	111.6	137.3
Leverage Ratios						
Current Debt Service Coverage (x)	1.5	1.9	1.5	1.3	1.7	2.5
Current Debt Burden (%)	5.6	5.6	5.6	4.8	4.4	4.3
Variable-Rate Bonds as % of Total Bonds	14.0	13.9	15.0	12.8	11.5	12.9

Source: Fitch Ratings

'AAA' Category Medians — Publics

	2017	2018	2019	2020	2021	2022
Revenue Diversity (% Adjusted Operating Revenues)						
Student Fees (Tuition & Auxiliary Revenues)	25.2	23.9	24.9	20.7	15.5	18.7
Federal Grants & Contracts	11.5	15.4	15.9	22.0	21.4	22.8
Total Grants & Contracts	20.2	19.2	19.9	24.6	25.0	25.6
State Appropriations	14.0	13.6	13.5	13.6	8.3	11.5
Healthcare Operations	37.5	36.8	38.9	36.9	24.5	37.5
Gifts & Contributions	4.0	4.4	4.8	4.1	3.7	3.6
Total Investment Return	4.5	6.2	4.8	4.1	3.6	3.7
Expense Ratios (% Operating Expenses)						
Instruction	22.3	23.4	22.9	19.9	16.7	17.4
Research	14.8	15.2	15.1	14.3	12.0	11.9
Financial Aid Ratios						0.0
Tuition Discounting (%)	22.8	23.1	25.7	25.7	25.7	23.9
Net Tuition & Fees ($000)	803,504	841,047	878,798	914,515	951,283	1,010,165
Change in Net Tuition & Fees (%)	4.6	4.4	1.6	4.0	3.1	6.2
Operating Performance Ratios (%)						
Adjusted Operating Margin	0.6	2.2	6.5	0.5	3.7	4.8
Cash Flow Margin, Adjusted	8.9	11.0	14.4	10.2	11.4	10.7
Capital Expenditures/Depreciation Expense	151.7	177.0	169.1	143.8	119.3	144.3
Average Age of Plant	12.3	12.3	12.0	11.9	11.9	11.8
Liquidity Ratios (%)						
Available Funds/Total Operating Expense	136.9	147.7	100.2	86.0	112.6	108.6
Available Funds/Adjusted Debt	108.0	114.3	111.3	110.9	149.3	178.9
Total Wealth/Adjusted Debt	230.4	261.2	265.0	262.4	330.1	381.3
Leverage Ratios						
Current Debt Service Coverage (x)	1.0	1.4	2.0	1.6	2.2	3.8
Current Debt Burden (%)	8.8	8.0	7.8	5.4	4.3	4.1
Variable Rate Bonds as % of Total Bonds	25.1	12.8	22.4	22.4	15.1	49.1

Source: Fitch Ratings

'AA' Category Medians — Publics

	2017	2018	2019	2020	2021	2022
Revenue Diversity (% Adjusted Operating Revenues)						
Student Fees (Tuition & Auxiliary Revenues)	39.9	39.0	35.5	35.0	30.5	33.0
Federal Grants & Contracts	11.8	11.6	11.7	14.4	17.9	18.7
Total Grants & Contracts	19.2	20.0	20.1	21.4	24.1	24.7
State Appropriations	22.9	22.9	23.9	23.7	23.2	22.2
Healthcare Operations	22.0	28.0	28.3	29.8	0.0	27.2
Gifts & Contributions	2.0	2.2	1.9	2.2	1.5	2.5
Total Investment Return	1.0	1.3	1.8	1.5	1.6	0.1
Expense Ratios (% Operating Expenses)						
Instruction	30.1	28.4	28.5	29.2	28.8	25.7
Research	8.6	9.2	10.3	9.5	9.2	9.9
Financial Aid Ratios						
Tuition Discounting (%)	26.0	28.1	29.2	28.6	30.4	30.4
Net Tuition & Fees ($000)	313,418	337,476	358,553	354,666	320,283	367,859
Change in Net Tuition & Fees (%)	2.5	2.2	2.9	0.6	-0.9	3.3
Operating Performance Ratios (%)						
Adjusted Operating Margin	-0.4	1.0	-0.1	-2.5	0.0	4.2
Cash Flow Margin, Adjusted	10.9	11.0	10.3	10.9	13.4	12.5
Capital Expenditures/Depreciation Expense	150.5	154.6	148.7	127.5	99.4	114.4
Average Age of Plant	12.9	12.9	13.1	13.4	13.7	13.1
Liquidity Ratios (%)						
Available Funds/Total Operating Expense	48.4	49.4	48.4	48.9	58.5	56.7
Available Funds/Adjusted Debt	55.5	68.1	73.3	71.8	87.4	97.7
Total Wealth/Adjusted Debt	76.6	91.0	90.0	99.8	110.7	148.0
Leverage Ratios						
Current Debt Service Coverage (x)	1.9	1.9	2.1	1.3	1.7	2.6
Current Debt Burden (%)	4.1	5.3	4.1	4.0	4.1	4.1
Variable Rate Bonds as % of Total Bonds	10.1	16.8	9.9	11.8	0.0	8.0

Source: Fitch Ratings

'A' Category Medians — Publics

	2017	2018	2019	2020	2021	2022
Revenue Diversity (% Adjusted Operating Revenues)						
Student Fees (Tuition & Auxiliary Revenues)	49.4	43.6	49.6	41.5	28.8	43.9
Federal Grants & Contracts	10.2	11.0	10.5	15.7	22.2	20.1
Total Grants & Contracts	17.5	18.2	20.0	21.5	25.0	26.3
State Appropriations	31.9	30.9	27.2	33.7	22.6	26.2
Healthcare Operations	0.0	0.0	0.0	0.0	0.0	0.0
Gifts & Contributions	0.5	1.0	1.1	1.2	0.7	2.7
Total Investment Return	0.4	1.7	1.6	0.9	1.4	0.6
Expense Ratios (% Operating Expenses)						
Instruction	34.9	33.3	32.4	32.9	29.9	27.6
Research	0.7	0.9	2.1	2.7	1.6	3.7
Financial Aid Ratios (%)						
Tuition Discounting	29.8	33.8	33.3	34.4	26.0	34.3
Net Tuition & Fees ($000)	69,311	81,294	89,006	86,845	99,626	88,609
Change in Net Tuition & Fees	3.3	-1.5	-1.1	1.2	-0.2	1.6

'A' Category Medians — Publics

Operating Performance Ratios (%)						
Adjusted Operating Margin	-3.8	-4.0	-4.9	-1.8	-1.7	4.0
Cash Flow Margin, Adjusted	9.1	9.6	9.8	10.0	11.0	13.1
Capital Expenditures/Depreciation Expense	142.0	113.0	83.5	76.0	33.5	87.8
Average Age of Plant	12.6	13.2	13.1	14.2	12.9	15.2
Liquidity Ratios (%)						
Available Funds/Total Operating Expense	36.4	28.5	33.8	38.8	26.9	35.2
Available Funds/Adjusted Debt	26.2	25.8	24.3	26.8	37.2	44.5
Total Wealth/Adjusted Debt	36.2	34.7	30.0	46.5	52.4	75.1
Leverage Ratios						
Current Debt Service Coverage (x)	1.0	1.4	1.0	1.4	0.8	0.8
Current Debt Burden (%)	7.1	5.9	7.0	7.1	5.2	8.0
Variable-Rate Bonds as % of Total Bonds	13.2	13.2	0.0	0.0	0.0	0.0

Source: Fitch Ratings

'BBB' Category Medians — Publics

	2019	2020	2021	2022
Revenue Diversity (% Adjusted Operating Revenues)				
Student Fees (Tuition & Auxiliary Revenues)	37.1	38.6	32.3	33.7
Federal Grants & Contracts	18.4	18.7	12.5	24.4
Total Grants & Contracts	26.6	26.5	21.6	30.2
State Appropriations	29.8	28.4	28.0	27.6
Healthcare Operations	0.0	0.0	0.0	0.0
Gifts & Contributions	0.6	0.5	0.2	0.3
Total Investment Return	1.3	0.9	0.5	0.6
Expense Ratios (% Operating Expenses)				
Instruction	36.3	34.3	34.3	30.4
Research	2.1	1.9	2.0	1.7
Financial Aid Ratios (%)				
Tuition Discounting	403.0	35.4	34.4	31.5
Net Tuition & Fees ($000)	61,163	62,190	53,650	67,284
Change in Net Tuition & Fees	-4.1	2.5	-3.8	0.1
Operating Performance Ratios (%)				
Adjusted Operating Margin	-5.7	-12.7	3.3	0.5
Cash Flow Margin, Adjusted	8.1	4.2	14.9	8.5
Capital Expenditures/Depreciation Expense	166.3	44.0	38.3	70.7
Average Age of Plant	15.5	15.5	16.3	17.2
Liquidity Ratios (%)				
Available Funds/Total Operating Expense	26.8	24.9	36.5	37.6
Available Funds/Adjusted Debt	26.0	21.2	27.9	66.0
Total Wealth/Adjusted Debt	40.0	27.3	35.5	93.1
Leverage Ratios				
Current Debt Service Coverage (x)	0.7	-0.1	1.3	1.7
Current Debt Burden (%)	9.8	8.9	9.9	6.0
Variable Rate Bonds as % of Total Bonds	0.0	0.0	0.0	0.0

Source: Fitch Ratings

Public Institution Ratings List

Institution Name (State)	Long-Term Rating
Clemson University (SC)	AA
College of Charleston (SC)	AA–
Fayetteville State University (NC)	A+
Florida Atlantic University (FL)	AA–
Florida Gulf Coast University (FL)	AA–
Florida International University (FL)	AA–
Florida State University (FL)	AA+
Georgia Tech Athletic Association (GA)	A+
Indiana State University (IN)	AA–
Ivy Tech Community College (IN)	AA
James Madison University (VA)	AA–
Louisiana State University & Agricultural & Mechanical College Board of Supervisors (LA)	AA–
Marshall University (Board of Governors) (WV)	AA–
Miami University (OH)	AA
Midwestern State University (TX)	AA–
Mississippi State Institutions of Higher Learning (MS)	AA
Montclair State University (NJ)	A+
Montgomery College (MD)	AA–
Nevada System of Higher Education (NV)	AA
New Jersey City University (NJ)	BB+
New Mexico State University (NM)	A+
North Carolina Agricultural & Technical State University (NC)	AA–
Oklahoma State University (OK)	AA–
Pennsylvania State System of Higher Education (PA)	A+
State University of New York (NY)	AA–
Stephen F. Austin State University (TX)	A+
Stockton University (NJ)	A
Texas A&M University System (TX)	AAA
Texas Southern University (TX)	BBB+
Texas State Technical College System (TX)	A+
Texas State University System (TX)	AA
Texas Tech University System (TX)	AA+
The Ohio State University (OH)	AA+
The University of South Carolina (SC)	AA
University System of Maryland (MD)	AA+
University of Akron (The) (OH)	A
University of California (CA)	AA
University of Central Florida (FL)	AA
University of Colorado (CO)	AA+
University of Florida (FL)	AA+
University of Hawaii (HI)	AA
University of Massachusetts (MA)	AA
University of North Carolina at Chapel Hill (NC)	AAA
University of North Florida (FL)	A+

Public Institution Ratings List

Institution Name (State)	Long-Term Rating
University of North Texas System Board of Regents (TX)	AA
University of Oklahoma (OK)	A+
University of Oklahoma Health Sciences Center (OK)	AA
University of South Florida (FL)	AA
University of Texas System (TX)	AAA
University of Virginia (VA)	AAA
West Virginia University (WV)	AA
William Paterson University of New Jersey (NJ)	BBB+

Note: Excludes private ratings
Source: Fitch Ratings

Key Definitions

Term	Definition	Significance
Issuer Default Rating (IDR)	An expression of overall operating risk and relative vulnerability to default.	Provides an opinion on the relative ability of an entity to meet financial commitments, expressed as an ordinal measure of credit risk.
Base Case	The expected forward-looking case in the current macroeconomic environment.	Provides the analytical starting point in the forward-looking analysis, and also informs the stress case.
Stress Case	Forward-looking performance under a common set of assumptions.	Illustrates how cycles affect individual institutions differently, and informs the level of rating stability and credit resiliency.
Asymmetric Risk	Risk factors that work on a one-sided basis, where only below-standard features are factored into the final rating levels and more credit-positive features are expected to be the rule with neutral impacts on the rating.	Identifies those factors that may affect the final rating. The presence of asymmetric risks supports a conclusion that the rating suggested by the rating position table will have a higher risk of transition (and thus a lower rating) than for institutions similarly rated but not exposed to such risks.
Financial Metrics		
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 (AF)	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.
AF to Total Long-Term Debt	AF/total long-term debt	Indicates the level of unrestricted balance sheet resources available against long-term debt liabilities.
AF to Adjusted Debt	AF/total adjusted debt	Indicates the level of unrestricted balance sheet resources available against all long-term liabilities.
AF to Operating Expenses	AF/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 nonrecurring/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.

Key Definitions

Term	Definition	Significance
Debt Service Coverage	Cash flow/current debt service	Indicates the net income available to meet annual debt service requirements.
Maximum Annual Debt Service (MADS)	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.
Acceptance Rate (%)	Accepted students/student applications	Provides an indication of institutional ability to control future enrollment. Lower acceptance rates among non-specialty institutions indicate more selectivity in choosing the entering class.
Matriculation Rate (%)	Enrolled students/accepted students	Provides an indication of greater desirability among students. Institutions with the highest matriculation rates are likely the first choice among their applicants.
Retention Rate (%)	Returning sophomore students/freshman enrolled	Provides an indicator of relative student satisfaction.

Source: Fitch Ratings

FitchRatings