

Medians for Private Universities

Moody's Investors Service has released data on 2015 non-for-profit private university medians. Large private universities have leveraged their brands and diverse operations to outperform their smaller counterparts and have had materially stronger growth in both size of operations and total wealth. While smaller universities have largely maintained their levels of operating performance, they have begun to pull back on capital investment and debt issuance. As competition continues to grow in the higher education sector, the largest universities with the strongest brands and most diverse operations will continue to outperform.

Small Private College & University Medians by Rating Category: Fiscal Year-End 2015:

(Small private universities have total FTE enrollment of less than 3,000 students with typically less than 15% of operating revenue from patient care revenue and grants and contracts combined.)

	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>
Sample Size	3	23	32	22
Total Debt-to-Total Capitalization (%) *	9.0	12.3	17.0	21.5
Annual Days Cash on Hand *	2,160	657	490	241
Operating Margin (%) *	17.1	4.6	2.2	2.2
MADS Coverage (x)	2.47	1.90	2.05	2.11
Tuition & Auxiliaries (%) *	33.8	57.0	74.7	84.3

Moderate Sized Private College & University Medians by Rating Category: Fiscal Year-End 2015:

(Moderate sized private universities have total FTE enrollment between 3,000 and 10,000 students, with less than 15% of operating revenue from patient care revenue and grants and contracts combined.)

	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>
Sample Size	0	9	33	28
Total Debt-to-Total Capitalization (%) *	0	17.2	20.9	31.8
Annual Days Cash on Hand *	0	663	344	199
Operating Margin (%) *	0	7.5	5.9	4.7
MADS Coverage (x)	0	2.57	2.74	2.60
Tuition & Auxiliaries (%) *	0	66.2	82.0	87.4

***Definitions:**

Total Debt-to-Total Capitalization (%) – debt outstanding / (sum of total net assets + direct debt)

Annual Days Cash on Hand – (annual liquidity x 365) / (total expenses – depreciation – less additional, unusually large non-cash expenses)

Operating Margin (%) – (adjusted total unrestricted revenue – total unrestricted operating expenses) / adjusted total unrestricted revenue

Tuition & Auxiliaries (%) – net tuition and auxiliaries revenue / total operating revenue

(Source: Moody's Investors Service – Sector In-Depth – Higher Education US: Medians – Largest Private Universities Outperform Smaller Counterparts; September 30, 2016)