

## Medians for Private Universities

Moody's Investors Service has released data on 2019 non-for-profit private university medians. Revenue grew nearly in line with expenses at private universities in fiscal 2019. This kept operating performance relatively steady. While median expense growth was similar to previous years, revenue growth strengthened in fiscal 2019. However, relatively flat enrollment in fall 2019 and coronavirus-related shocks will likely constrain fiscal 2020 revenue growth. Medians are based on Fiscal Year 2019 financial data and fall 2019 enrollment data.

### Private University Medians by Broad Rating Category: Fiscal Year-End 2019

	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>
Sample Size	12	55	89	58
Total Debt to Total Capitalization (%) *	10.6	15.0	19.8	25.6
Annual Days Cash on Hand (x) *	1,705	474	378	269
Operating Margin (%) *	6.3	3.5	3.6	1.9
MADS Coverage (x) *	2.21	1.98	2.39	1.80
Tuition & Auxiliaries (%) *	19.0	50.9	77.4	82.9

### Private University Medians by Size: Fiscal Year-End 2019

	<u>Comprehensive *</u>	<u>Moderate *</u>	<u>Small *</u>
Sample Size	46	88	97
Total Debt-to-Total Capitalization (%) *	19.9	23.5	15.0
Annual Days Cash on Hand (x) *	341	326	446
Operating Margin (%) *	4.5	3.2	2.3
MADS Coverage (x) *	2.60	2.34	1.74
Tuition & Auxiliaries (%) *	52.3	81.3	69.9

#### **\*Definitions:**

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

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

Operating Margin (%) – (operating revenue - operating expenses) / operating revenue

MADS Coverage (x) – (annual operating surplus (deficit) + interest and depreciation expenses + additional, unusually large non-cash expenses) / (the maximum principal and interest payment)

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

Comprehensive Private Universities – either have total FTE enrollment of greater than 10,000 students, or greater than 3,000 students with at least 15% of operating reliance from patient care plus grants and contracts combined.

Moderate Sized Private Universities - have total FTE enrollment between 3,000 and 10,000 students and less than 15% total revenue reliance from patient care revenue plus grants and contracts combined.

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.

(Source: Moody's Investors Service; Sector Profile: Medians –Private Universities Produced Steady Operating Performance in Fiscal 2019; June 25, 2020)