

Medians for Private Universities

Moody's Investors Service has released data on 2021 non-for-profit private university medians. Driven by federal support and expense cuts, private universities maintained overall steady operating performance in fiscal 2021 despite the pandemic, according to the fiscal 2021 private college and university medians data. Universities cut operating expenses as operating revenue remained constrained by weak net tuition revenue growth. Favorably, a median 273% return on cash and investments substantially boosted private university wealth, providing significant flexibility to help manager operational challenges. Medians are based on fiscal 2021 financial data and fall 2021 enrollment data.

Private University Fiscal 2021 Medians by Broad Rating Category:

	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>
Sample Size	13	57	81	62
Total Debt to Total Capitalization (%) *	8.0	12.3	19.1	21.8
Annual Days Cash on Hand (x) *	2,013	620	519	367
Operating Margin (%) *	6.7	5.7	4.7	3.4
MADS Coverage (x) *	2.08	2.15	2.50	2.16
Tuition & Auxiliaries (%) *	18.1	47.8	72.5	76.5

Private University Fiscal 2021 Medians by Size of Institution:

	<u>Comprehensive *</u>	<u>Moderate *</u>	<u>Small *</u>
Sample Size	56	75	95
Total Debt-to-Total Capitalization (%) *	16.4	22.7	12.8
Annual Days Cash on Hand (x) *	498	418	563
Operating Margin (%) *	6.1	4.5	3.6
MADS Coverage (x) *	2.51	2.28	1.99
Tuition & Auxiliaries (%) *	47.9	76.9	65.9

***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, pension imputed interest, 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 Helped by Federal Aid, Investment Returns in Fiscal 2021; May 4, 2022)