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## Forbes: Colleges Big And Small Issue Bonds Amid Political Chaos And Trump's Higher Ed Assault.

**The threat of federal funding cutbacks turned 2024 into a record year for higher education bond issuance. 2025 is on track to beat it.**

As the Trump administration wages its war on American colleges, schools are shoring up liquidity and taking on new debt while they wade through financial uncertainty. Debt issuance—tax-exempt and taxable—has increased this spring, says Jennifer Johnston, a senior vice president and director of municipal bonds research at Franklin Templeton. “2024 was a record issuance year and we are currently going to outpace that if this trend keeps up,” she says. “Last week we saw what was the second largest week of issuance, and it’s all coming at a time, [summer], where issuance usually slows.” According to data from investment firm Janney Montgomery Scott, 99 colleges and universities have issued \$20.8 billion in public debt so far this year, up from \$17 billion by 71 institutions at the same time last year.

The elite, name-brand schools—which have borne the brunt of Trump’s attacks on higher education revenue, especially to research dollars—are beefing up their liquidity while they can, explains Jessica Wood, a senior director at ratings agency S&P Global. Despite its \$50-plus billion endowment Harvard, Trump’s current favorite target, has issued bonds twice this year, totaling \$1.18 billion. Other “wealthy” top schools, MIT, Northwestern, Princeton, Stanford and Yale have also issued new debt this spring. The group as a whole, which have endowments totaling \$152 billion, or more than \$2.1 million on average per student, have issued no less than \$3.45 billion in both tax exempt and taxable municipal bonds. “We are seeing a lot of higher education institutions issuing taxable debt, which gives a borrower more flexibility in terms of what they’re going to use the proceeds for,” says Johnston. “We’ve seen a lot of the Ivies issuing debt for cash purposes to sock away for the future.”

But smaller colleges are also entering the bond market, worried about market uncertainty and potential limitations on access to tax-exempt debt. While it wasn’t included in the final version of the House of Representatives’ “big, beautiful bill,” there have been efforts by Congress to change the tax law to rid individual colleges of their tax-exempt status or make it harder for schools to access tax-exempt municipal bonds. Schools are also issuing debt they had planned for the fall in an effort to get ahead of any federal policy changes. “They’re not pinched in terms of liquidity, but they’re trying to keep options open,” Wood says of the smaller schools. “So some capital projects that they might have funded from their own reserves, if they have a little bit of debt capacity right now, they’re exploring that as an option.”

Dozens of colleges sold or will sell bonds this month. Among them are Holy Family University in Philadelphia, which issued \$13.7 million in tax-exempt bonds last week to finance capital projects, including the construction of a new welcome center and field house, and renovations to the nursing building. The Catholic University of America in Washington D.C. issued \$111 million in bonds to refinance existing debt and pay for capital projects, including facilities upgrades. Suffolk University in Massachusetts issued \$110 million in tax-exempt bonds, some of which will fund a \$42.5 million total renovation of the humanities building. In Kansas, Washburn University issued \$25.3 million in

bonds for facilities upgrades and debt refinancing.

Despite the myriad political attacks, S&P remains confident in top schools. The outlook for small, tuition-dependent colleges is more tenuous. “We have a bifurcated outlook on the sector for the year,” Wood says. “What it means is that we’re negative for less selective, less flexible, lower rated institutions that tend to be more regional, but we remain stable for the higher end of institutions.”

## **Forbes**

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