

Bond Case Briefs

Municipal Finance Law Since 1971

Fitch: Pressures Mount on US Public Universities as State Revenue Weakens

Fitch Ratings-Chicago/New York/Austin-05 March 2026: Public universities in the U.S. could face more pressure over the next few years if states reduce higher education funding to manage tighter budgets as they assume greater spending responsibilities due to federal funding shifts and other demands, according to Fitch Ratings. Lower state funding may exacerbate other higher education sector challenges, such as weakening demographics, and ratings could be affected for some institutions that lack the means to fully offset revenue losses. Reduced support for state-funded scholarship programs could also worsen enrollment challenges.

State government support for higher education continues to increase, but the pace has slowed considerably. The State Higher Education Executive Officers Association (SHEEO) Grapevine report indicates total state support for higher education is up 1% in fiscal 2026 budgets after averaging more than 6% in each of the prior five years.

Growth in state funding is slowing even as public institution enrollment rises in 2025-2026 from 2024-2025. According to the National Student Clearinghouse, community college enrollment increased 3.0% yoy, while public four-year college enrollment grew 1.4%. This contrasts with a 1.4% decline in private nonprofit institution undergraduate enrollment.

[Continue reading.](#)