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Fitch: Tuition Revenue Growth Masks Strain at U.S. Not-fo--Profit Private Colleges

Fitch Ratings-New York/Chicago-23 June 2026: Fitch Ratings' fiscal 2025 median ratios for U.S. private not-for-profit colleges and universities show operating margin pressure across rating categories and capital spending at its lowest level since the pandemic. Lower-rated institutions reported negative adjusted operating margins for the third consecutive year, reflecting structurally constrained revenues and rising costs.

Net tuition and fee revenue grew across all rating categories in fiscal 2025, but median tuition discount rates reached a new high, above recent years' levels. Higher discount rates continued to weigh on margins, especially for institutions in the 'A' category and below, which all posted negative median operating margins in fiscal 2025 and unlike the positive median operating margins generated in the 'AA' and 'AAA' categories.

"Pent up capital and strategic needs may prompt an increase in new debt issuance for those that lack alternate means and could pressure institutions with less financial flexibility to absorb additional debt or other financial shocks," said Nancy Moore, Director at Fitch Ratings. Median capital spending declined sharply in fiscal 2025, with the portfolio median capex-to-depreciation ratio falling to 84.7%, signalling ongoing deferred maintenance pressure, particularly among lower-rated institutions.

Balance sheet liquidity remained a relative sector strength but could be pressured as other conditions evolve. The full "Fiscal 2025 Median Ratios for U.S. Not-for-Profit Private Colleges and Universities" report is available at www.fitchratings.com.