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Moody's: Fiscal 2014 Medians Show Easing Pressures at Public and Private Universities.

New York, July 06, 2015 — Fiscal year 2014 medians for public and private universities show much of the higher education sector stabilizing into balanced operations, increased liquidity, and slowly strengthening balance sheets, Moody's Investors Service says in two new reports. Nonetheless, approximately 20% of universities continue to confront material revenue growth pressures.

For private colleges and universities, revenue growth outpaced expense growth for the first time in four years, with median revenue growth at 3.4% while expense growth was 2.9%.

"Double-digit investment returns, robust philanthropic support and limited borrowing led to continued strengthening of private university balance sheets. Strongly correlated with investment returns, total gift revenue grew 7.3% in FY 2014, and larger, wealthier institutions continue to benefit the most," Moody's AVP-Analyst Michael Osborn says in "Signs of Moderating Stress in Private University FY 2014 Medians."

Median growth in net tuition revenue, typically a private university's largest revenue source, stabilized in the 3% range for FY 2013 and 2014. This is much lower than the 7% range from 2005-2008 but equivalent to inflation.

For the public college and university sector, a majority of schools have increased liquidity, balanced operations and grown financial resources, although revenue growth remains pressured for some regional universities. Net tuition revenue growth remains low for many, however, forcing continued expense management.

"Weak demographics combined with the national focus on affordability have thwarted previously strong annual net tuition increases. Regional universities suffered the most, with over half having net tuition revenue growth below an inflationary 3%," Moody's AVP — Analyst Erin Ortiz says in "Public University FY 2014 Medians Highlight Sector Differentiation."

Even as net tuition revenue growth has slowed for the public sector, aggregate state funding modestly increased for the first time in over a decade, which modestly narrowed the gap between state appropriations and revenue from tuition and student fees. State appropriations comprised 24.3% of operating revenue in FY 2014 compared to 23.9% in FY 2013.

The private university report is available to Moody's subscribers [here](#).

The public university report is available to Moody's subscribers [here](#).