Bond Case Briefs

Municipal Finance Law Since 1971

Fitch: Slow US Higher Education Jobs Recovery Reflects Revenue Pressures

Fitch Ratings-New York/Chicago-02 February 2022: Employment recovery in higher education following the disruptive 2020-2021 school year is lagging that of the broader national jobs recovery, Fitch Ratings says. With lower enrollment and declining tuition, room and board, and athletic and other fee revenues, schools are taking measures to reduce costs to preserve financial health. Improvement in job recovery levels is not expected until enrollment evidences recovery to pre-pandemic levels, which is plausible beginning in the 2022-2023 academic year.

Colleges and universities received federal aid during the pandemic, but these one-off payments are not intended to address recurring expenses. For some community colleges and smaller private colleges in particular, the pandemic served to accelerate previously negative enrollment and revenue trends. Those institutions without donor or endowment support may face greater pressures to cut programs or staff. Schools with ongoing enrollment pressures face greater credit stress, particularly in an inflationary cost environment and without prospects for additional federal stimulus aid.

Jobs recovery in higher education has stagnated since June 2021, hovering 6.5% to 8.0% below February 2020 levels. Cumulative job losses were 7.6% and 6.8% as of November 2021 for public and private universities, respectively. This is not the result of a labor supply shortage in the sector; job vacancies in education are the lowest of any sector other than construction. Similarly, the quit rates for private and public education are among the lowest of any sector and are in line with pre-pandemic levels.

Continue reading.