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Elite College Credit Ratings Take a Hit From Struggling Hospital Systems.

- **Growing academic health-care systems squeeze schools' finances**
- **Hospitals continue to struggle with higher costs for labor**

Like other major universities, the University of Southern California has poured resources into expanding its health system. But it's coming at a cost.

Moody's Ratings downgraded USC a notch to Aa2 last month, citing underperformance from its growing health system. Similarly, the agency lowered its outlook for Emory University to negative in January, citing "current and expected future weak operating performance stemming largely from Emory Healthcare."

The moves reveal a difficult reality: The medical complexes that burnish universities' reputations and bring in significant revenue are also becoming a drag on financial performance. The credit impact on USC, a marquee school that saw almost 82,000 applicants for its incoming freshman class, reflects both the growing importance of health-care revenue at many universities and the significant pressures facing even renowned hospital systems whose resources draw far-flung patients.

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