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Fitch: Resilience Tested as State Support Peaks for U.S. College and University Medians

Fitch Ratings-New York/Chicago-24 July 2025: Fiscal 2024 medians for U.S. public colleges and universities reveal increasing financial strain, according to a new report by Fitch Ratings. The sector faces declining student fee revenue, rising tuition discounting, and a recent high in median reliance on state appropriations.

Fitch notes in its latest report that while “public U.S. college and university medians were largely stable in fiscal 2024, signs of strain are showing across key revenue sources, with increases in discount rates outpacing net tuition and fee gains and federal funding flattening out.”. State appropriations provided a critical buffer, rising to a decade high of 27% of median total revenue in 2024, but this dependence highlights an elevated vulnerability to state and federal policy shifts.

Median tuition discounting climbed to 33.4% in 2024, another recent high, underscoring the growing need for financial aid to attract or retain students. Meanwhile, capital spending increased for a third consecutive year, yet the average age of plant also rose to 13.7 years, signaling ongoing deferred investment.

Looking ahead, Fitch’s outlook is negative as core median metrics—while still resilient—are under mounting pressure. Senior Director Emily Wadhwani notes, “Fundamental credit factors are increasingly challenged on various fronts, with federal funding and other policy changes compounding stresses from ongoing demographic and expense management pressures.” With revenue growth likely to remain modest and margin compression expected to escalate, the sector’s financial flexibility will be tested in the coming year.

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