

MOODY'S RATINGS

US Public Finance

**Academic Horizons:
Shaping Higher Education's New Year
October 2024**



Webinar Series



 Schedule & Materials

<https://live.moodys.io/us-public-finance-in-focus-channel>

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 Live Q&A

Engage with the analysts and get your questions answered

Academic Horizons

1

Impact of election year

Role and impact of federal and state policy and funding on higher education

2

Fall enrollment projections

Trends and forecasts for student numbers as the new academic year begins

3

Financing the future

Strategies for addressing capital investment requirements in resource-limited institutions

4

Navigating change

Management and leadership transitions in higher education

5

Q&A



1. Impact of election year

Federal and state government continues to provide support, and risk

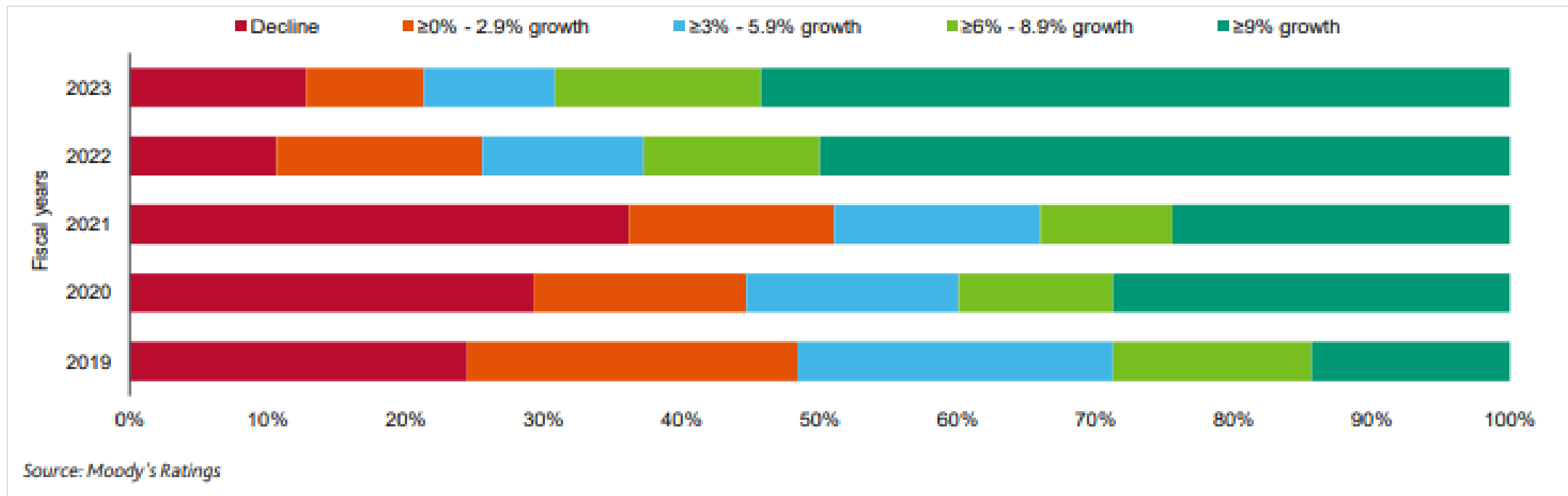
Federal and state governments provide support to credit, but also present risks through uncertainties around funding growth, timing, oversight and more

Presidential and congressional elections carry substantial uncertainty and risks

- Expiration of the 2017 tax cuts will put endowments and tax-exempt status at the forefront
- Discretionary spending cuts could impact research grant funding
- Ongoing changes and challenges to federal student loan policy

Strong state government appropriations provide steady support to publics

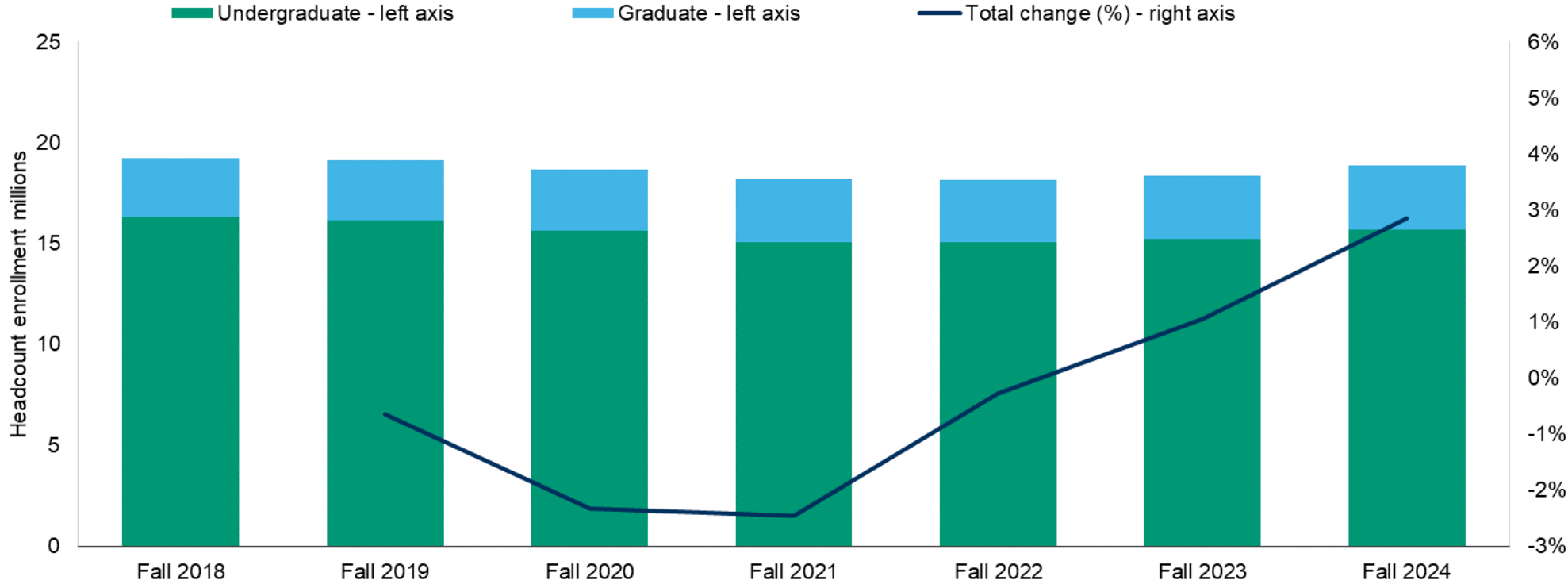
Public universities by percentage changes in government appropriations per student





2. Fall enrollment projections

Fall enrollment is poised to edge upward in 2024 but remain below peak

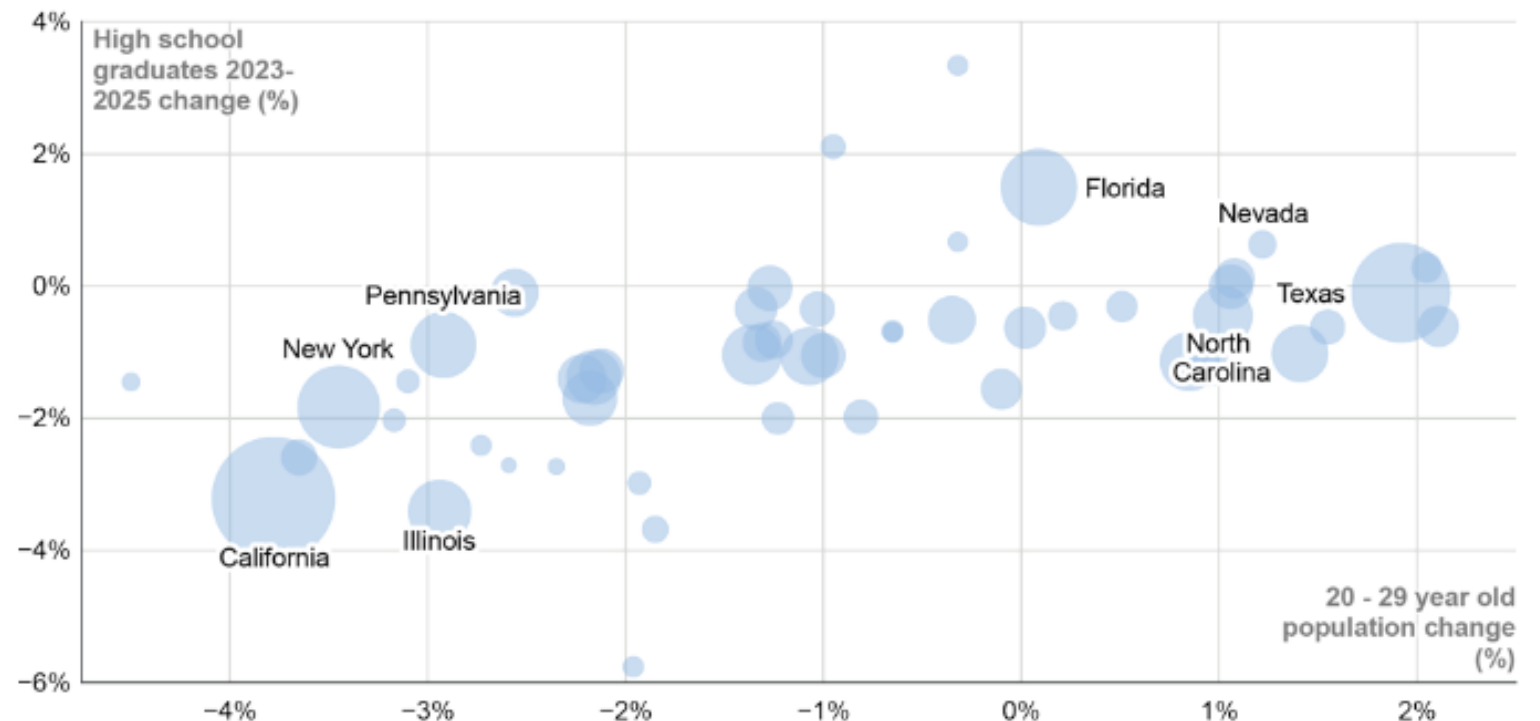


Source: National Student Clearinghouse and Moody's Ratings

Demographic changes bring varied enrollment challenges and opportunities across the country

Bubble size based on spring 2024 semester enrollment

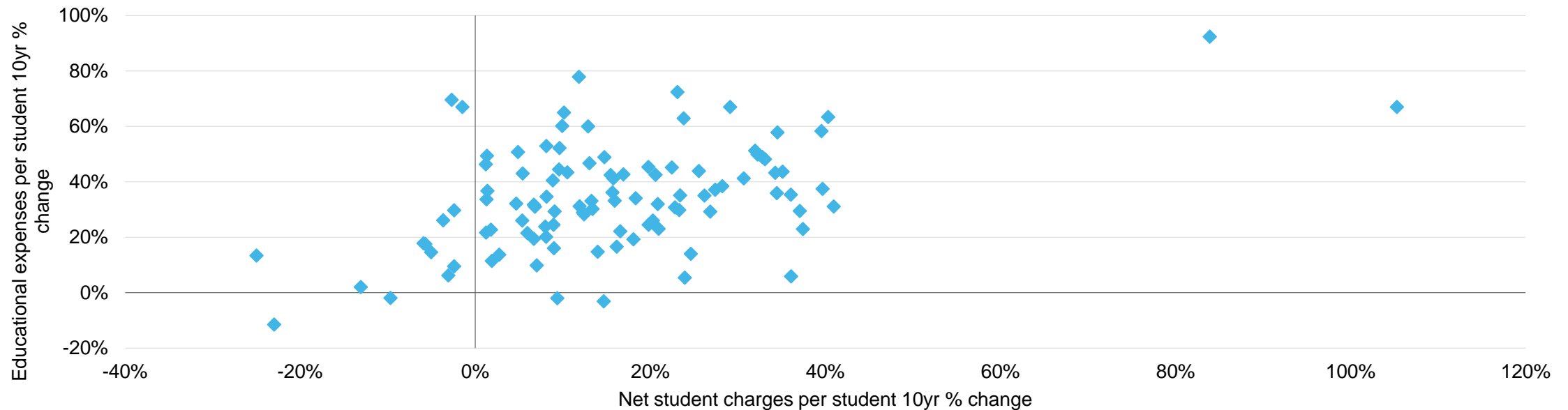
- US population is growing, but a significant segment of it is less likely to enroll in higher education
- Demographic shifts suggest a narrowing of the traditional college-going population
- Among the largest states, population headwinds are greatest in California, New York, Pennsylvania and Illinois
- While opportunities exist in Texas, Florida, Nevada, Idaho and North Carolina
- 30-and-older segments will also inform enrollment strategies



Source: Western Interstate Commission for Higher Education, Moody's Economy and National Student Clearinghouse

Universities most reliant on student charges will continue to have limited pricing power

Private universities with 70%+ revenue derived from tuition and auxiliaries

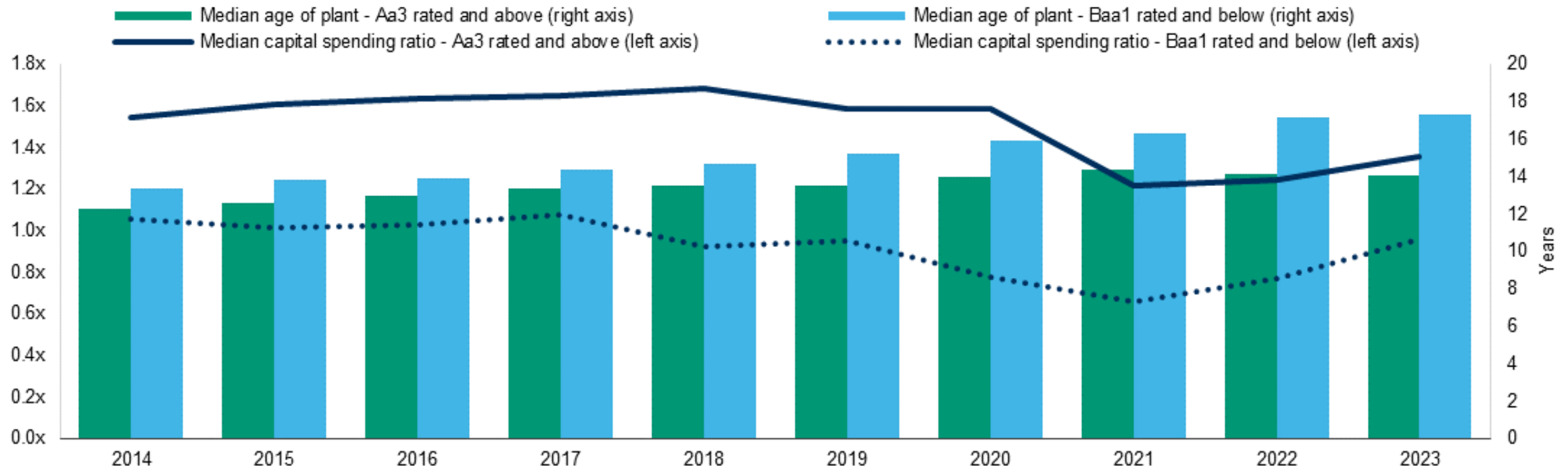


Source: Moody's Ratings



3. Financing the future

Consistently higher capex at higher rated institutions provide for more updated campus infrastructure

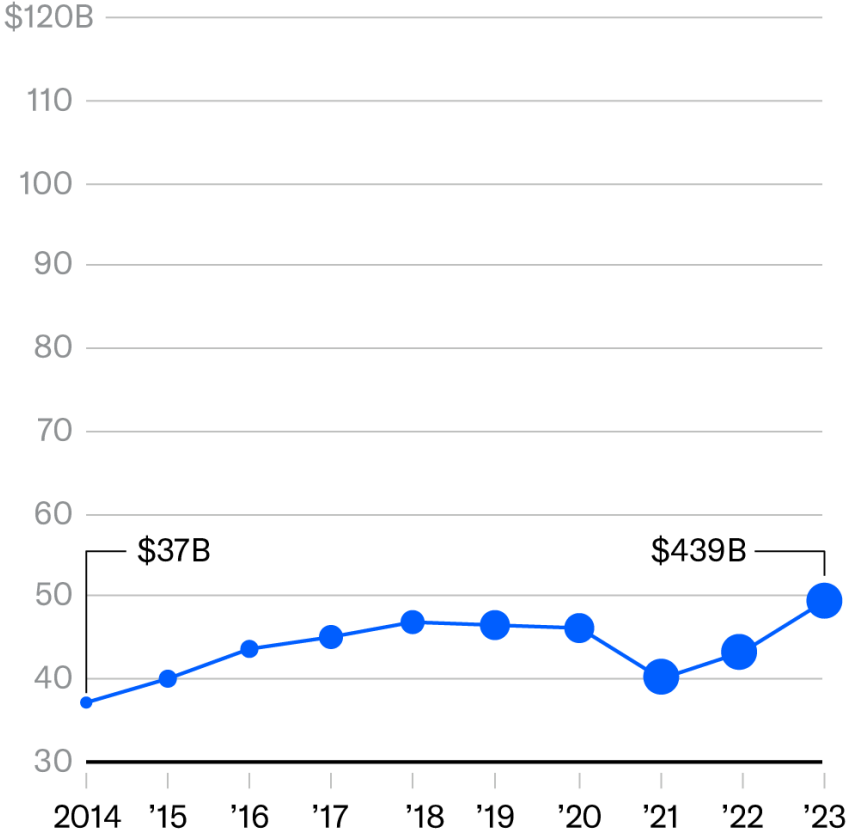


Source: Moody's Ratings

Rising levels of capital needs pose credit risk for the sector

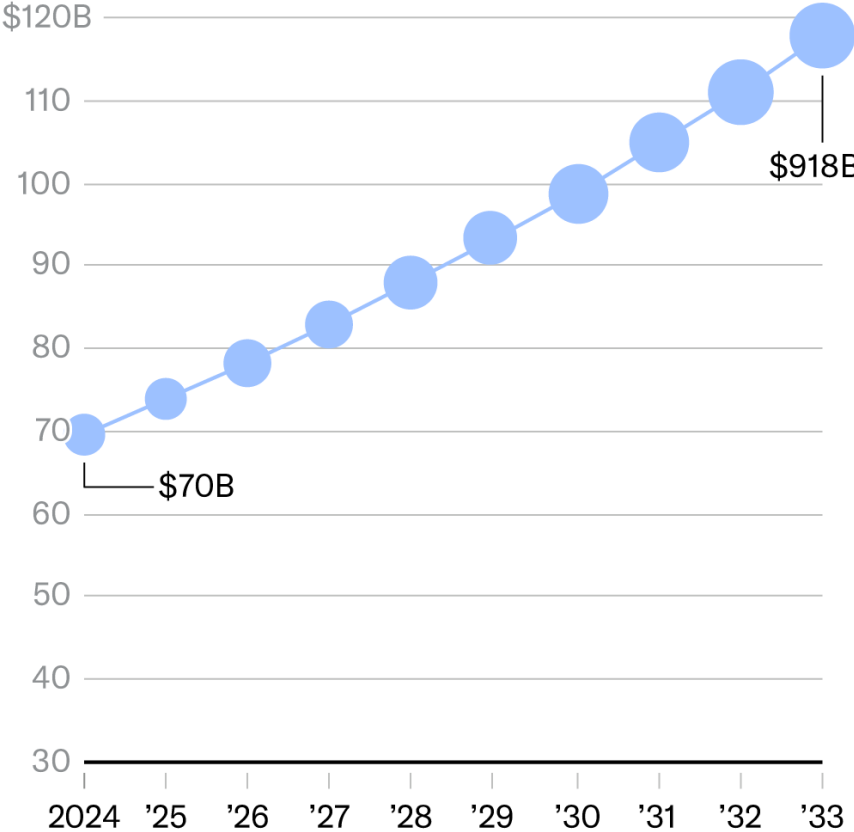
Actual capital spending

— Annual ● Cumulative



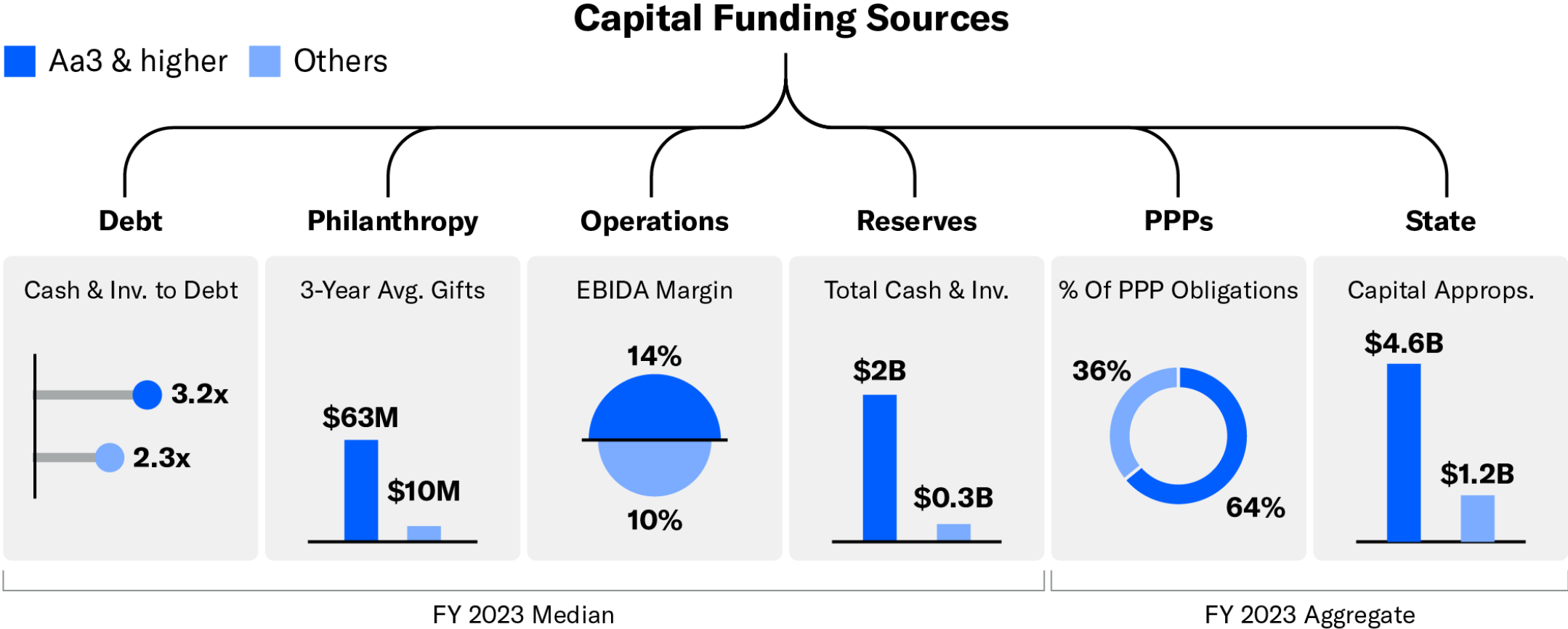
Needed capital spending

— Annual ● Cumulative



Source: Moody's Ratings

Diverse capital funding sources aid credit quality

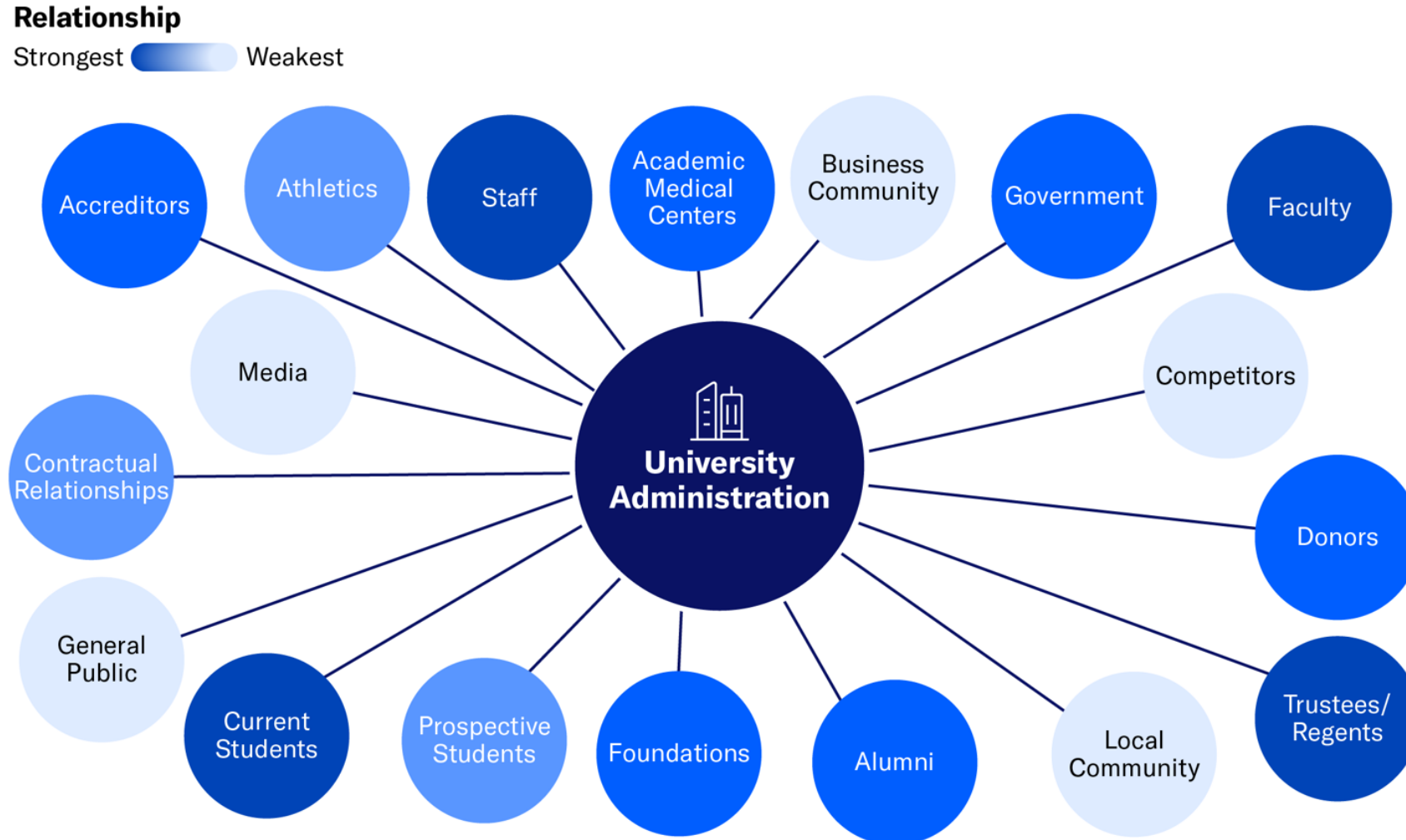


Source: Moody's Ratings



4. Navigating change

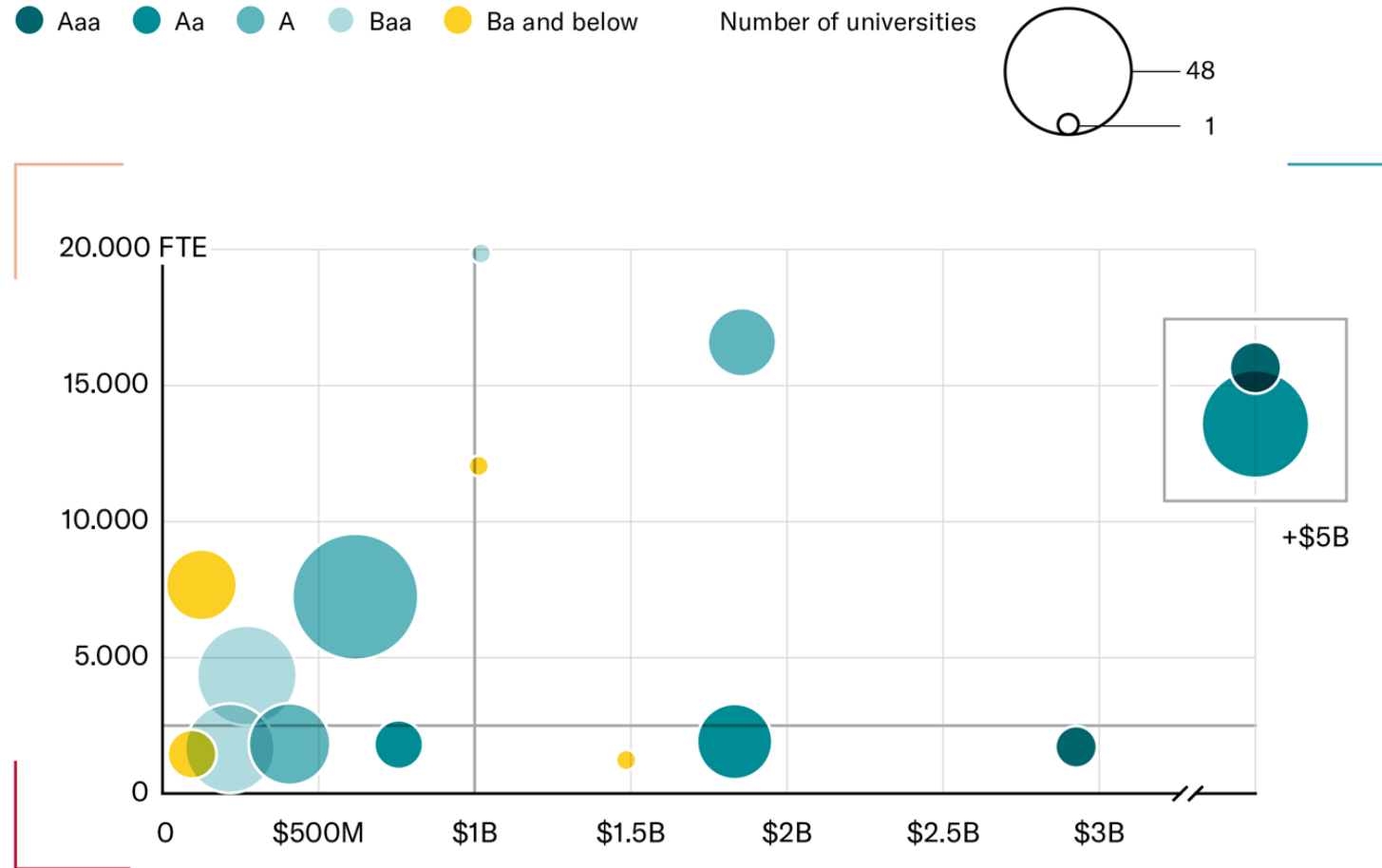
Relationships between higher education stakeholders are numerous and complex



Source: Moody's Ratings

Private universities: larger, wealthier universities have strong ability to weather turmoil

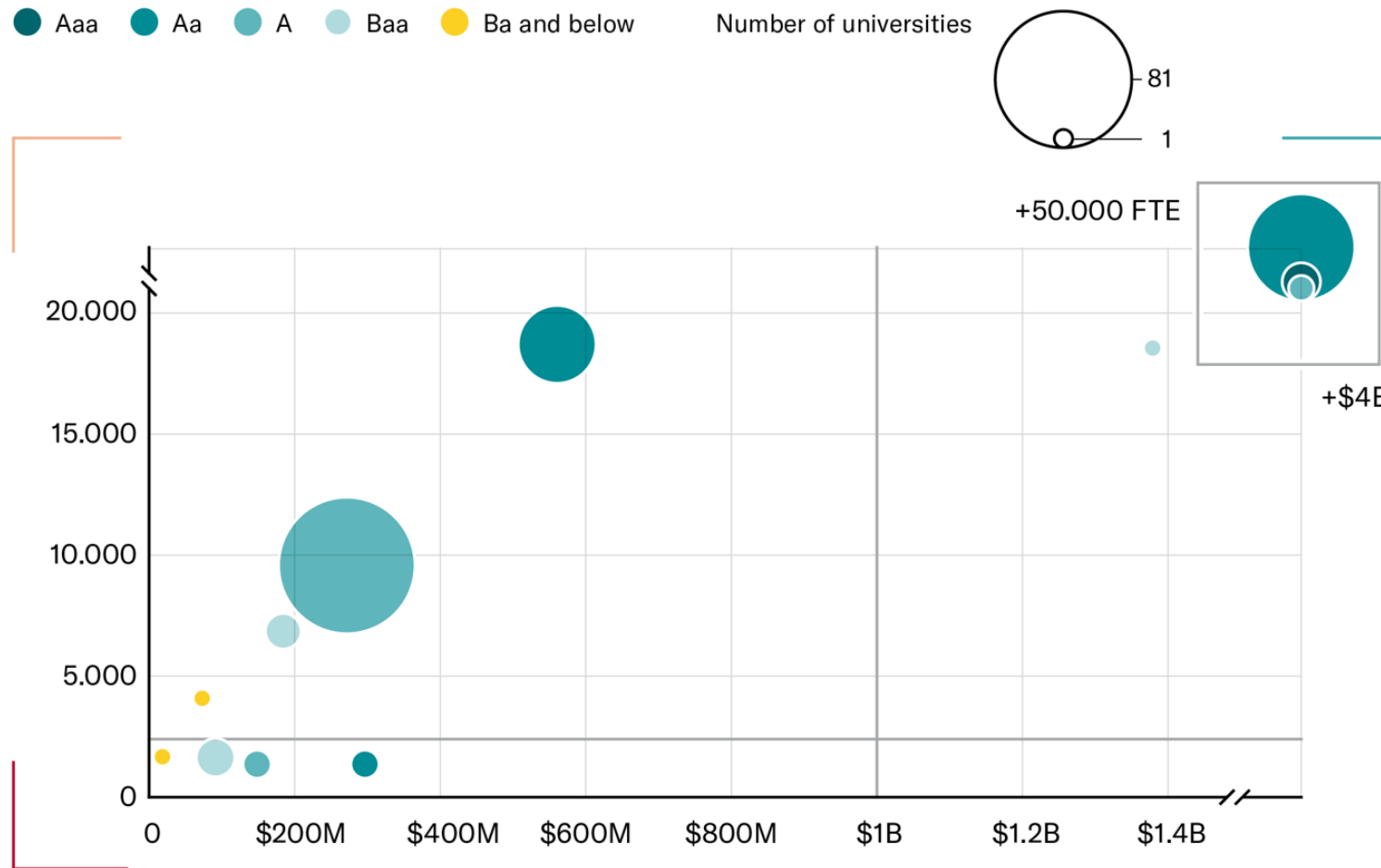
By quadrant, average FTE enrollment and total cash and investments



Source: Moody's Ratings

Public universities: large scope and benefits of state support provide stability for most

By quadrant, average FTE enrollment and total cash and investments



Source: Moody's Ratings



4. Questions?

Thank you

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