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Many Factors Burden The U.S. Higher Education Sector In 2014

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Many Factors Burden The U.S. Higher Education Sector In 2014

The U.S. higher education sector faces mounting challenges on multiple fronts, including heightened scrutiny regarding affordability and the corresponding shift in demand, narrowing operating margins, and increased regulation. Because of these trends, Standard & Poor's Ratings Services' 2014 outlook for the U.S. not-for-profit higher education sector is "negative," meaning we expect to see more negative rating and outlook changes throughout the year.

A historically stable sector with approximately 90% of ratings affirmed each year, higher education was increasingly volatile last year, with a rising number of rating changes and outlook revisions (see "U.S. Higher Education Sector Could Experience A Rise In Rating And Outlook Changes In 2013," published Feb. 25, 2013 on RatingsDirect). The number of downgrades outpaced the number of upgrades, continuing the accelerating pace of negative rating activity to a rate of 1.5 to 1. The current number of obligors with negative outlooks is more than double those with positive outlooks; coupled with the challenges facing the sector, we expect negative actions to dominate our rating changes for 2014.

Overview

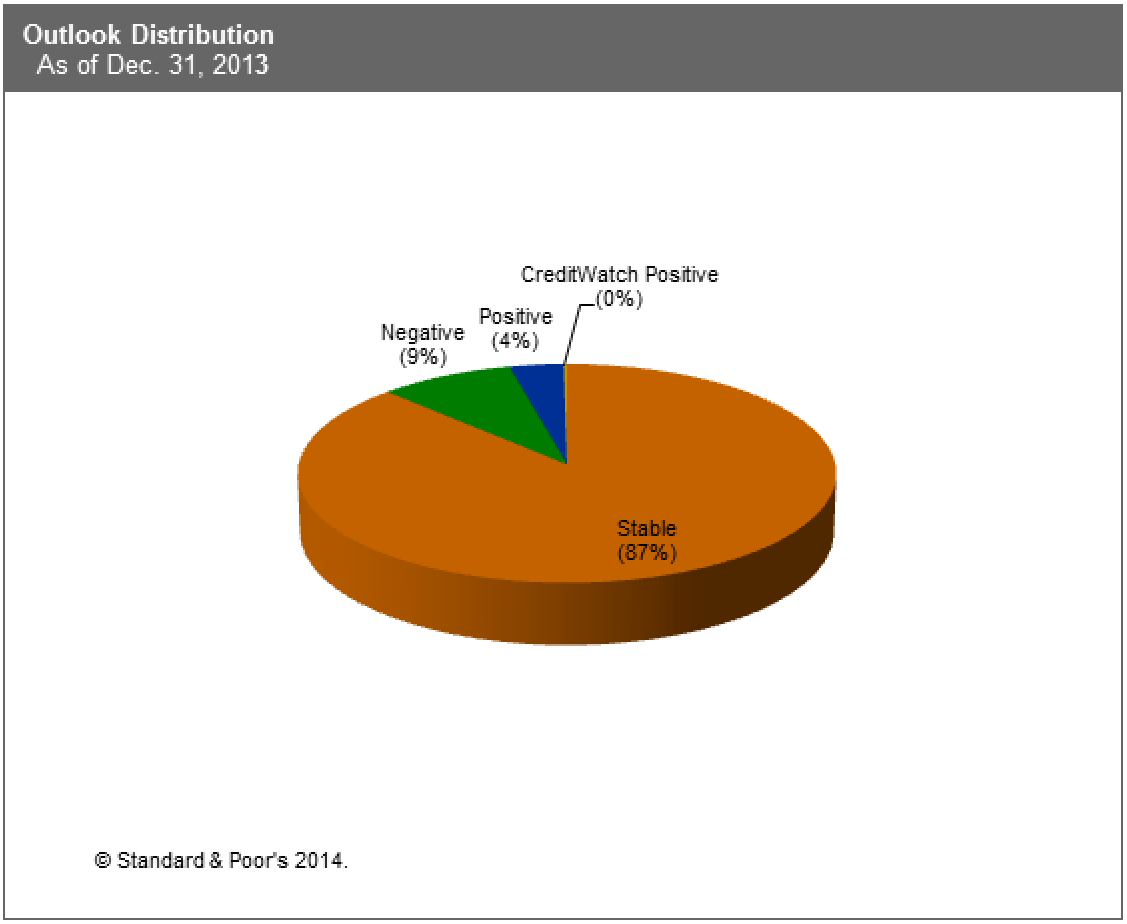
- The sector faces growing challenges on several fronts that will require institutional change for many.
- Typically slow to change, many colleges and universities will experience decreased credit quality in 2014.
- We expect universities with diverse operations and strong financial resources to fare better than the overall sector.
- The impact of affordability concerns on financial operations is greater for small private universities.

Table 1

History Of Higher Education Rating Changes As Of Jan. 1, 2014

	2013	2012	2011	2010	2009	2008	2007	2006
Upgrades	12	12	26	26	19	23	14	27
Downgrades	18	16	17	4	7	5	5	8
Totals	30	28	43	30	26	28	19	35
Downgrade to upgrade ratio	1.5 to 1	1.3 to 1	0.7 to 1	0.2 to 1	0.4 to 1	0.2 to 1	0.4 to 1	0.3 to 1

Chart 1



Despite the challenges facing institutions, strong and growing demand for higher education will likely continue in the U.S. The number of careers requiring special training or post-secondary education will only continue to increase with time, and we believe U.S. colleges and universities will remain a major draw for both American and international students. According to a recent study by the Federal Reserve Bank of New York, college graduates will still do better financially than their non-college peers, (see "Out Of School Doesn't Always Mean Out Of Work," published Aug. 5, 2013) and the growing number of applicants and enrollments at many colleges and universities suggests students and their parents still find value in a college, graduate, or professional degree.

However, the decline in applicants to certain schools and degree programs demonstrates that the worth of a higher education degree is increasingly coming into question with continued tuition increases and students' need for loans (see "As Law School Demand Drops, Credit Quality Among U.S. Schools Diverges," published Dec. 5, 2013).

While many institutions have been able to manage through the financial pressures to date by trimming budgets and changing tuition, financial aid, and operations at the margins, some are considering larger adjustments that are more difficult and take much longer to implement. Colleges and universities change particularly slowly, as compared with other industries due to both academic culture and the need to balance the concerns of students, faculty, parents, alumni, donors, state legislators, neighbors, partners, and other constituents. We expect that, in 2014, management teams will continue to wrestle with how to demonstrate, prove, or improve the "value" of their offerings. As they make and implement these strategic decisions, operating margins and financial resources may erode. While we anticipate that the most highly rated institutions should have sufficient resources, and that large, comprehensive universities should have diverse enough operations to offset these pressures, many other colleges and universities will suffer deteriorating credit quality through the year.

We expect the topics of affordability, student debt, and the value of a degree to continue to be issues for the industry. We believe that rising college costs -- both from tuition and other expenses -- could begin to significantly stress the ratings on some schools and universities, particularly those in highly competitive markets. While affordability and financial health are concerns for both public and private universities nationally, the pressure is more acute at those that don't receive governmental financial support. We believe tuition discount rates (financial aid expense divided by gross tuition revenue), the net tuition revenue change (net tuition growth or declines from year to year), matriculation rates, and full-time equivalent (FTE) enrollment could all take a hit at private universities, which could ultimately affect our ratings on them. And although the problems extend across the ratings spectrum, we expect rating pressure will most likely occur at the lower end of the rating scale ('A' category and lower, see "Higher Costs For Students Could Spell Trouble For Private U.S. College and University Credit Quality, published Aug. 13, 2013).

Growing Diversity

Expanding diversity from a student profile perspective has been a topic of interest for colleges and universities for decades, but as the traditional higher education operating model has become increasingly strained, many of the institutions we rate are looking for other ways to diversify various parts of their organizations in an effort to insulate the organization from potentially negative effects in any one area, such as specialized degree programs or satellite campuses geared toward particular populations. While we generally view operational diversity positively, the possible impact on a university's credit quality depends on the components' sizes relative to the overall organization, the components' own inherent strengths and weaknesses, and whether they are additive or dilutive to the university. In addition, new initiatives may pull significant time and resources away from other areas of focus. We expect to see the continuation of these and other forms of expanding diversity by universities in 2014, which could result in increased debt issuance or equity contributions by universities to fund such projects.

Enrollment and programmatic diversity

The most common modification for colleges and universities is increasing enrollment and programmatic diversity. This could include the addition of nontraditional, graduate, or online students; the transition of a single-sex school to co-ed; or approving new schools, degrees, or majors. In each case, the university expands its target market and broadens the number and type of student it attracts. Such programmatic diversity helps offset declines in demand or enrollment for any one area. For example, we've seen schools with declining undergraduate enrollment bolstered by a growing graduate program, or law schools with falling enrollment assisted by the addition of an LLM degree.

In recent years, programmatic diversity has equated to an increase of online programs and classes for many. The fervor surrounding massive open online courses (MOOCs) has diminished significantly the past year as their reach, completion rates, faculty buy-in, and financial benefit have come into question. However, we expect the expansion of online teaching and programs to continue in the higher education space in a variety of forms, as well as the continued evaluation and possible expansion of on-campus programs for many institutions.

Geographic footprint diversity

Rather than adding international students or a study abroad program, geographic footprint diversity refers to multiple and significant campus locations. This could be an expansion or contraction of current campuses to better meet student demand. For example, Roseman University, a pharmacy school in Nevada, recently added a Utah campus, and New York University (NYU) expanded operations into Abu Dhabi and Shanghai. Conversely, some schools have consolidated or merged operations, such as NYU's acquisition of Polytechnic University. For many, campus expansion is difficult and may not make strategic sense, but it can be beneficial for some. While we've seen an increase in the number of international partnerships and campuses, the contribution each international campus makes is relatively small compared with the institutions' overall operations, and has not had any rating impact to date.

Revenue diversity

Revenue diversity is one of the most common diversity strategies we examine for an obligor. We view revenue diversity as a credit strength and revenue concentration as a credit weakness. As nonprofit entities with a highly fixed expense structure and weakening operating margins, many colleges and universities have management teams that look for ways to expand or diversify their revenue in order to improve the bottom line. To reduce reliance on student-driven revenue (tuition, room, board, parking, and fees), many institutions have historically aimed for greater revenue diversity through increased focus on research, gifts and grants, growing endowment and investment returns, and (for public universities) state support. More recently, some universities have explored new sources of revenue diversity, including rental income for university-owned properties, commercialization of intellectual property, and revenue related to alternative energy/fuel initiatives.

Management teams hope these nonacademic revenues will buffer their operations from potentially negative trends in enrollment or provide additional revenues to support their academic endeavors. While they can be a good hedge against challenges with tuition, these revenue streams can carry their own challenges.

Some institutions have opted for a revenue concentration strategy in which they outsource nonacademic or noncore operations, such as student housing, parking, bookstore, etc. While this strategy would lower the school's overall revenue diversity and eliminate those sources of revenue for the institution, these institutions believe third-party partners are better equipped and more effective at operating these activities and that the outsourcing will improve their bottom line and eliminate risk.

Tuition and student revenue. While net tuition and student-dependent revenue is still growing at most of the institutions we rate, given the wide-ranging concerns and media attention on student affordability and the cost of higher education, we expect such increases to moderate in the next year for most and decrease for those at the lower investment-grade rating levels. We expect to see an increasing variety of tuition and discounting strategies over the next year, including decreasing tuition rates; implementing differential tuition by class, major, or degree; moving from need-blind to need-aware policies; and increasing fundraising to support growing financial aid needs.

The fiscal 2014 federal budget proposal maintains funding for the Pell Grant program and includes a slight increase in the maximum award offered per student. We continue to closely monitor an institution's cohort default rate. Those schools with consistently high default rates, particularly above 25%, or a single-year default rate of greater than 40%, could lose eligibility for participating in certain Title IV programs, including the Pell Grant program. This could be a credit risk, particularly for community colleges where Pell Grant revenues constitute a significant portion of funding.

Research. Once a very stable or growing source of revenue for many institutions, federal research revenue will likely remain flat at best over the next year. In addition, in what appears to be the new normal for Washington D.C., risk of sequestration-like events and deferred payments has increased the chance that payments of grants and contracts won't be timely. While we believe universities are equipped to successfully manage through uncertain payments, the shrinking pie of research dollars will, in our opinion, favor large, well-established research programs while smaller programs will see larger cuts to their funding.

Hospital or academic medical centers While the hospitals and academic medical centers associated with large universities have historically performed quite well and have produced steady operating surpluses, we believe performance in 2014 will be steady at best and likely decline for some. Standard & Poor's currently has a negative outlook on the health care sector. (See "The Outlook For U.S. Not-For-Profit Health Care Is Negative From Increasing Pressures," published Dec. 10, 2013). The factors behind this could hurt those medical centers with already slim or negative margins that comprise a significant portion of the university's operations.

Endowment draw and private gifts and grants. After lackluster returns in fiscal 2012, investment performance was much improved for fiscal 2013, and institutional fundraising (particularly for things like scholarships) seem to be on the rise at many institutions. Consequently, in a welcome contrast to the past few years, we expect investments and endowment contributions to be a steady or growing source of revenue for colleges and universities in the upcoming year. Most institutions are staying within stated endowment draw policies and haven't required additional strategic draws. Furthermore, most institutions have regained the ground lost in the Great Recession with endowment levels higher than those achieved prior to fiscal 2009. We also believe fundraising will continue to grow, particularly for those that already have well-established development teams.

State appropriations. For public universities, the outlook on state appropriations is mixed. About 17 states had declines in state appropriations in fiscal 2013 compared with 31 in fiscal 2010. Although allocations have increased, they remain below what they were before the recession.

Many states have regained footing and have started to increase the allocation of annual operating funds to institutions of higher learning, albeit modestly. For others, fiscal improvement at the state level has come at the expense of education. We expect appropriations levels to continue to vary among states and to continue to favor large, comprehensive universities that not only have much larger enrollments, but tend to have better graduation, retention, and other student quality metrics that many states are considering as part of their funding formula (see "How Will U.S. Public Universities Measure Up To New Performance-Based Funding Standards?," published Aug. 15, 2013).

Types Of Institutions

While we believe no institution is immune to the forces creating change in higher education and that most higher education organizations will need to make at least some operational adjustments, we believe the magnitude of any rating impact will vary depending on the type of institution.

Liberal arts colleges

The small enrollment of liberal arts colleges combined with their typically regional draw and high tuition dependence make these institutions particularly at risk over the next few years. While highly endowed institutions with significant brand recognition and domestic or international draws should be able to manage through these challenges, regional institutions or those with small endowments have a much more difficult task ahead of them.

Comprehensive universities

While the higher education space is becoming more challenging for everyone, we believe large, comprehensive universities, both public and private, are better positioned than their smaller counterparts. Thus, they will likely see less of an impact on enrollment, fundraising, research, and financial operations and, therefore, their ratings. These institutions tend to have strong brand recognition and reputation, as well as a national student draw, experienced management teams, good academics, and significant infrastructure and student support services that insulate them from fluctuations in demand. We believe their diversity of programming, revenue sources, operations, and investments will help to insulate these institutions from challenges from any one area. While these institutions can be more resistant to change and slower to recognize problems due to their size and complexity, they also have significant resources and a greater variety of options and possible tactics to handle a situation.

Specialty institutions

Typically defined by their niche programs that appeal to a much smaller subset or demographic, specialty institutions are incredibly varied in scope and performance. However, while schools of pharmacy or those related to health professions face increasing demand and will likely continue to perform quite well, others are facing sharply decreasing demand and faltering financial profiles. We expect the next few years to be particularly difficult for law schools, single-sex institutions, and small regional religious institutions.

Regional public colleges and universities

Small public colleges and universities will also face increased credit risk in 2014 in our view. These institutions do typically have lower tuition rates than their larger peers, which could help with student demand. However, they also tend to have fewer available resources to fall back on in times of stress, and nontuition revenue sources, such as state appropriations, philanthropic support, and research are less robust and more susceptible to economic swings than they are at flagship institutions or peers with a more national draw.

Debt

Universities and colleges continue to issue long-term debt in order to meet various capital and strategic needs. Standard & Poor's rated more than $22 billion of debt for this sector in fiscal 2013, a 21% increase over 2012. In addition, the median debt levels increased across all rating categories for private universities and for the 'AA' and 'AAA' rated public universities in fiscal 2011 and 2012. We expect to see more debt issued this year as various institutions replace outdated facilities, fund strategic initiatives, and replace expiring liquidity facilities or direct placement agreements.

General Economic Outlook

We view the higher education sector as only moderately influenced by general economic trends because college attendance for most students is a long-term goal that families prepare and plan on for years -- and that typically outlasts economic shifts. That said, economic forces definitely affect the type of institution selected, the length of time to graduation, amount of student debt, ability to pay for tuition, and -– for part-time or nontraditional students particularly -– their ability and willingness to attend college at all.

Table 2

Standard & Poor's Economic Outlook

January 2014

	2013		2014								
	Q3	**Q4e**	**Q1e**	**Q2e**	**2009**	**2010**	**2011**	**2012**	**2013e**	**2014e**	**2015e**
	Percent change										
Real consumer spending	2.0	3.5	2.5	3.0	(1.6)	2.0	2.6	2.2	2.0	2.8	3.1
Federal Government purchases, (2005 $)	(1.5)	(4.0)	(2.8)	1.8	5.7	4.3	(2.6)	(1.4)	(4.6)	(1.1)	0.0
Consumer Price Index	2.6	0.8	0.9	2.2	(0.3)	1.6	3.1	2.1	1.5	1.4	1.8
	Levels										
Unemployment rate	7.3	7.1	6.8	6.6	9.3	9.6	8.9	8.1	7.4	6.5	5.8
S&P 500 Index	1675	1769	1782	1802	947	1139	1269	1380	1642	1824	1918

e--Estimated.

Our scenarios project that the consumer price index will rise 1.4% in 2014, which affects expense growth and revenue projections for the sector (see "U.S. Forecast Update: Ringing In An Improving New Year," published Jan. 3, 2014). Having reached record price levels, we expect appreciating values to level off. Fundamentals don't point to bubble-like conditions, thus reducing the risk of a large sustained drop. This is important to higher education given the sector's reliance on investment earnings and endowment appreciation. Because many institutions use a 5% annual endowment draw, investment returns would need to exceed 6.4% (5% draw plus 1.4% inflation) to preserve sustainable investment levels.

We expect federal government spending to decrease by 1.1%, which may affect research grant and contract awards and could potentially alter Pell Grant program awards as well.

Our projections also predict that the national unemployment rate will improve to 6.5%. College enrollment typically runs counter-cyclical to the economy as students return to school after a job loss or to re-train. However, after multiple years of high unemployment, most of these students have now graduated and are unlikely to re-enroll for another degree. We believe an improved employment rate would help the sector because working students or families of students would be better able to afford tuition. A second measure of students' willingness to pay tuition is real consumer spending, which we project will grow by 2.8% in 2014.

Rating And Outlook Activity In 2013 Reflected The Sector's Increase In Volatility

Despite the increase in rating activity in 2013, our overall ratings distributions on both public and private universities remain largely unchanged. We currently rate 170 public universities and 285 private universities. For public colleges and universities, the average rating remains 'A+' with a stable outlook. About 40% of ratings are in the 'AA' category, and 55% are in the 'A' category. Similarly, for the private education institutions, the average rating remains 'A-' with a stable outlook with about 38% of ratings in the 'A' category and 34% of ratings in the 'BBB' category.

In 2013, both public and private higher education ratings continued to be very stable overall with more than 87% of rating committees resulting in an affirmation. However, about 12.5% of our ratings currently do not have a stable outlook -- meaning that the rating has a one-in-three likelihood that it could change in the next two years. At year end, 87.5% of our ratings had a stable outlook; 8.8% had a negative outlook, and 3.5% had a positive outlook. (1) In 2013, we revised 33 outlooks negatively and 15 revisions positively for a negative outlook revision ratio of 2.2 to 1. (2) This is the highest ratio we have had in the past several years. And as noted, in 2013 the number of downgrades exceeded the number of upgrades by a ratio of 1.5 to 1; similar to outlooks, the downgrade activity has steadily increased since the Great Recession.

Table 3

History Of Outlook Revisions Since The Great Recession

Revisions*	**2013**	**2012**	**2011**	**2010**
Positive§	16	20	25	16
Negative†	33	14	13	28
Total	48	34	38	44

* Outlook revisions were only counted when not accompanying a rating change. §Positive revisions include changes from a stable outlook to a positive outlook, as well as changes from a negative outlook back to stable. †Negative revisions include changes from a stable outlook to a negative outlook, as well as changes from a positive to a stable outlook.

Downgrades and negative outlook revisions have been more prevalent among the private universities. We downgraded 11 private institutions compared with seven publics, and all but two were downgrades from the 'BBB' category or within the speculative-grade categories. This reflects the increasing pressures that private institutions face as they don't benefit from the receipt of programmatic government support. This is especially true for smaller private institutions, which tend to have fewer financial resources and face a continued erosion or weakening of their financial margins and gravitate toward the 'BBB' category. Conversely, this reflects increased strength at the state level for public universities, particularly the large public institutions with comprehensive programs.

Chart 2

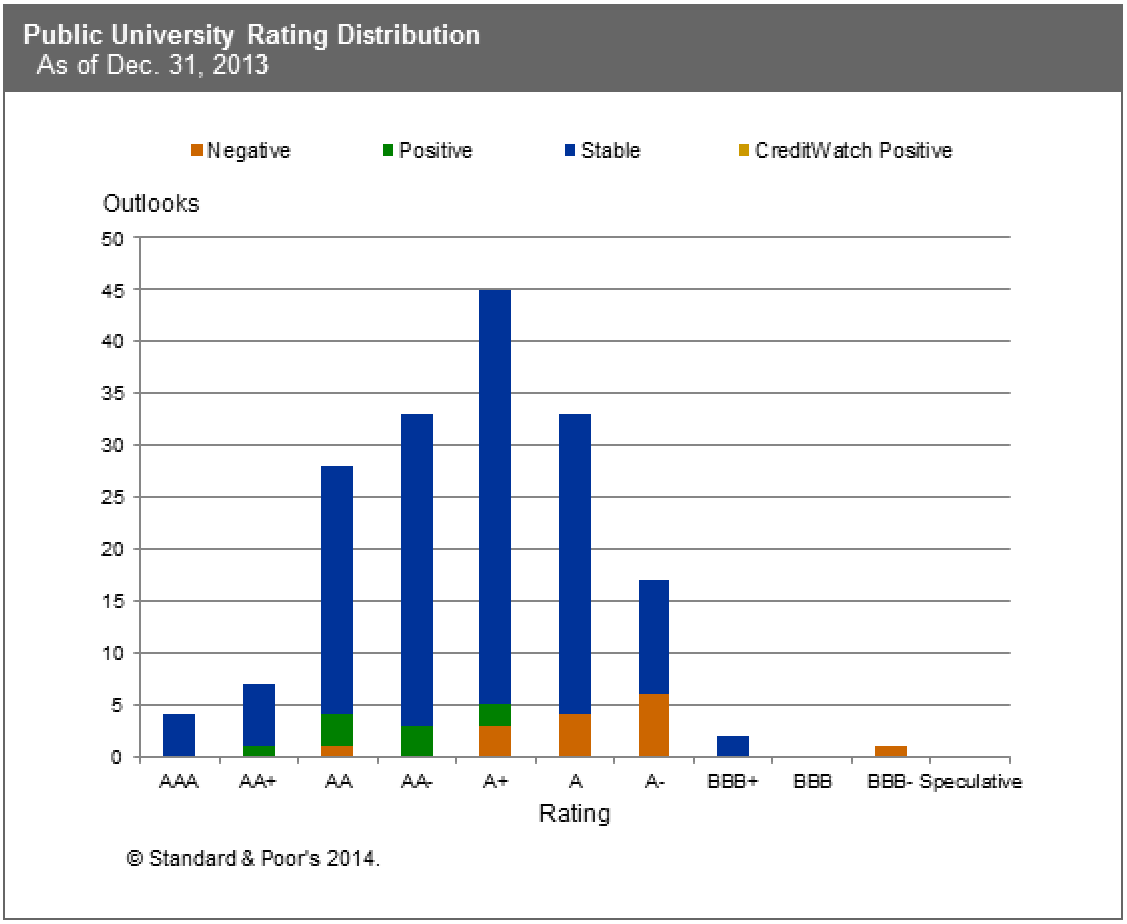

Public University Rating Distribution
As of Dec. 31, 2013
Negative
Positive
Stable
CreditWatch Positive
Outlooks
50
45
40
35
30
25
20
15
10
5
0
AAA
AA+
AA
AA-
A+
A
A-
BBB+
BBB
BBB-
Speculative
Rating
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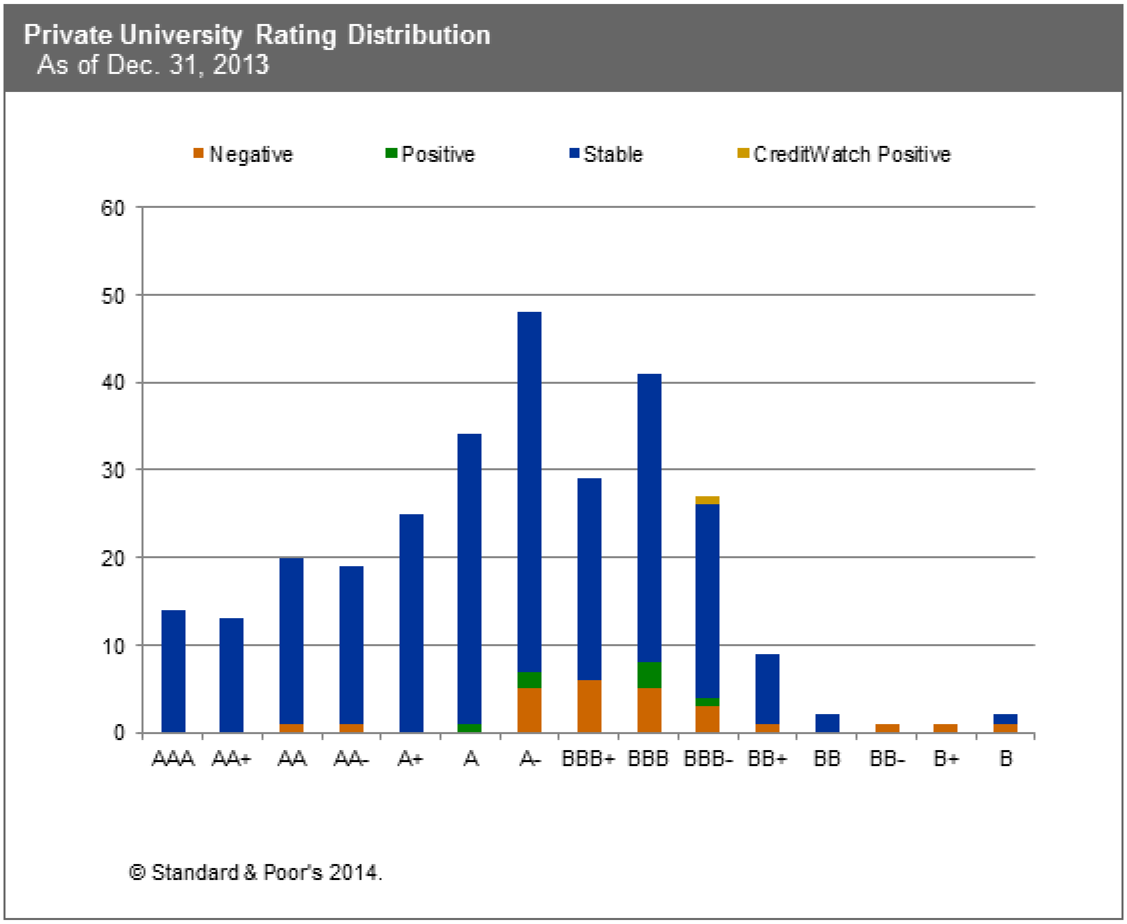
Chart 3



Rating And Outlook Activity In 2014 Will Be Increasingly Negative

While U.S. higher education has been, and will continue to be, a relatively stable sector compared with other industries, given the continued challenges that the sector faces in the near and intermediate term, we expect to see a continuation of the negative ratings trend experienced in 2013, which the number of negative outlooks reflects, resulting from the sector's ongoing operational squeeze. The majority of negative outlooks are currently in the 'BBB' category or lower for private universities while the majority are in the 'A' category for public institutions. The majority of positive outlooks are in the 'A' or 'BBB' categories for private universities while the overwhelming majority of positive outlooks are in the 'AA' category for public institutions, which is indicative of the strength of these large public institutions. Overall, we expect the underlying factor propelling the ratings on these institutions will be the success or failure of the cost-containment and revenue-diversification endeavors that their management teams will implement.

Table 4

Public And Private University Rating Changes In 2013

Ratings as of Dec. 31, 2013

University	State	Month of rating action	Rating	Outlook	Action
Agnes Scott College	GA	December	AA	Negative	Rating affirmed; outlook revised from stable
Alabama State University	AL	June	A	CreditWatch Negative	Rating affirmed; outlook revised from negative
Alabama State University	AL	November	A-	Negative	Rating lowered from 'A'
Albany College of Pharmacy & Health Sciences	NY	February	BBB	Stable	Rating raised from 'BBB-'
Albany Law School	NY	March	BBB	Stable	Rating affirmed; outlook revised from positive
Arcadia University	PA	November	BBB	Stable	New sale; rating lowered from 'BBB+'
Babson College	MA	November	A-	Positive	New sale; rating affirmed; outlook revised from stable
Benedict College	SC	April	BB-	Stable	Rating lowered from 'BB'
Bethany College	WV	December	BBB-	Negative	Rating affirmed; outlook revised from stable
Broadway Housing LLC	OR	December	A	Stable	Rating lowered from 'A+'
Brooklyn Law School	NY	October	BBB+	Negative	Rating affirmed; outlook revised from stable
California State University	CA	June	AA-	Stable	New sale; rating raised from 'A+'
Carroll University	WI	July	BBB+	Stable	Rating raised from 'BBB'
Chatham University	PA	May	BBB	Negative	Rating affirmed; outlook revised from stable
Clark University	MA	January	A+	Stable	Rating raised from 'A'
DePaul University	IL	April	A	Stable	Rating raised from 'A-'
Dowling College	NY	March	B	CreditWatch Negative	Rating lowered from 'BB'
Dowling College	NY	June	B	Negative	Rating affirmed; outlook revised from CreditWatch negative
Eastern Michigan University	MI	September	BBB+	Stable	Rating lowered from 'A-'
Emory University	GA	March	AA	Negative	Rating affirmed; outlook revised from stable
Fayetteville State University	NC	August	A-	Stable	New sale; rating lowered from 'A'
Franklin Pierce University	NH	July	B	Stable	Rating lowered from 'BB'
Georgetown University	DC	April	A-	Negative	Rating affirmed; outlook revised from stable
Governors State Univ Board of Trustees	IL	December	A-	Negative	Rating affirmed; outlook revised from stable
Gwynedd-Mercy College	PA	July	BBB	Stable	Rating raised from 'BBB-'
Illinois College	IL	September	A-	Stable	Rating affirmed; outlook revised from negative
Judson College	AL	March	BB+	Stable	Rating lowered from 'BBB-'
Lindsey Wilson College	KY	December	BBB-	Negative	Rating affirmed; outlook revised from stable
Lynchburg College	VA	May	BBB	Positive	New sale; outlook revised from stable
Marywood University	PA	October	BBB-	Stable	Rating lowered from 'BBB'

Table 4

Public And Private University Rating Changes In 2013 (cont.)

Massachusetts College of Pharmacy & Health Sciences	MA	January	A	Positive	New sale; rating affirmed; outlook revised from stable
Meredith College	NC	July	BBB	Negative	Rating affirmed; outlook revised from stable
Moravian College	PA	December	A-	Negative	Rating affirmed; outlook revised from stable
Mount St. Mary's University	MD	March	BB+	Negative	Rating affirmed; outlook revised from stable
New York Chiropractic College	NY	September	BBB	Positive	Rating affirmed; outlook revised from stable
New York Law School	NY	May	A-	Negative	Rating affirmed; outlook revised from stable
Niagara University	NY	May	BBB+	Stable	Rating affirmed; outlook revised from positive
North Dakota State University	ND	October	AA-	Stable	Rating raised from 'A+'
Northeastern Illinois University	IL	December	A-	Negative	Rating affirmed; outlook revised from stable
Olivet Nazarene University	IL	January	BBB	Stable	Rating affirmed; outlook revised from positive
Oregon Health & Science University	OR	December	A+	Positive	Rating affirmed; outlook revised from stable
Pennsylvania State University	PA	December	AA	Stable	Rating affirmed; outlook revised from negative
Polytechnic Institute of New York University	NY	July	BBB-	CreditWatch positive	Rating affirmed; placed on CreditWatch Positive
Ragin' Cajun Facilities Corp.	LA	November	A	Negative	New sale; rating affirmed; outlook revised from stable
Regent University	VA	May	BBB+	Negative	Rating affirmed; outlook revised from stable
Rockhurst University	MO	April	BBB-	Stable	Rating lowered from 'BBB'
Rutgers University	NJ	February	AA	Negative	Rating affirmed; outlook revised from stable
Saint Francis University	PA	November	BBB-	Positive	Rating affirmed; outlook revised from stable
Southern Illinois University	IL	December	A	Stable	Rating lowered from 'A+'
Southern Wesleyan University	SC	April	BBB-	Stable	Rating affirmed; outlook revised from negative
St. Louis College of Pharmacy	MO	September	BBB+	Negative	New sale; rating lowered from 'A-'
Syracuse University	NY	August	AA-	Stable	New sale; rating raised from 'A+'
Tennessee State School Bond Authority	TN	November	AA	Stable	Rating affirmed; outlook revised from positive
Texas Lutheran University	TX	February	BBB	Stable	Rating affirmed; outlook revised from positive
Texas State Technical College System	TX	December	A-	Stable	Rating lowered from 'A'
The Trustees of Ivy Tech Community College	IN	October	AA-	Positive	New sale; rating affirmed; outlook revised from stable
Thomas Jefferson School of Law	CA	September	B+	Negative	Rating lowered from 'BB'
Thomas M Cooley Law School	MI	May	BBB	Negative	Rating affirmed; outlook revised from stable

Table 4

Public And Private University Rating Changes In 2013 (cont.)					
Trinity University	TX	November	AA	Stable	New sale; rating affirmed; outlook revised from positive
University of Alabama	AL	December	AA-	Positive	Rating affirmed; outlook revised from stable
University of Houston System	TX	August	AA	Positive	New sale; rating raised from 'AA-'
University of Mississippi	MS	April	AA	Stable	Rating raised from 'AA-'
University of Montevallo	AL	November	A	Stable	Rating Raised from 'A-'
University of North Carolina at Chapel Hill	NC	October	AAA	Stable	Rating raised from 'AA+'
University of North Carolina at Greensboro	NC	December	A+	Negative	Rating affirmed; outlook revised from stable
University of Pittsburgh	PA	May	AA	Positive	Rating affirmed; outlook revised from stable
University of Puerto Rico	PR	March	BBB-	Negative	Rating affirmed; outlook revised from stable
University of Toledo	OH	June	A+	Negative	New sale; rating affirmed; outlook revised from stable
University of Utah	UT	June	AA	Positive	New sale; rating affirmed; outlook revised from stable
University of Washington	WA	August	AA+	Positive	Rating affirmed; outlook revised from stable
Valley City State University	ND	May	A-	Negative	New sale; outlook revised from stable
Vaughn College of Aeronautics and Technology	NY	August	BB	Stable	Rating lowered from 'BB+'
Waynesburg University	PA	October	BBB+	Negative	Rating affirmed; outlook revised from stable
Western Illinois University	IL	December	A-	Negative	Rating lowered from 'A'
Western Michigan University	MI	September	A	Negative	New sale; rating affirmed; outlook revised from stable
Widener University	PA	August	BBB+	Negative	New sale; rating affirmed; outlook revised from stable
Xavier University	OH	March	A-	Negative	Rating affirmed; outlook revised from stable
Yeshiva University	NY	December	A	Stable	Rating lowered from 'A+'

Notes

(1)Two-tenths of a percent of public and private higher education ratings were on CreditWatch at year-end 2013, indicating that there is potential for the rating to change in a short period of time.

(2)Positive revisions include changes from a stable outlook to a positive outlook, as well as changes from a negative outlook back to stable. Similarly, negative revisions include changes from stable to negative, as well as changes from positive to stable.