Research Update:

Duquesne University, PA Series 2026 Revenue Bonds Rated 'A'; Existing Bonds Affirmed; Outlook Stable

December 19, 2025

Overview

- S&P Global Ratings assigned its 'A' long-term rating to Duquesne University (Duquesne or the university), Pa.'s series 2026 revenue bonds, issued by Allegheny County Higher Education Building Authority.
- We also affirmed our 'A' long-term rating on the university's general revenue bonds outstanding, issued by Allegheny County Higher Education Building Authority and Pennsylvania Higher Educational Facilities Authority.
- The outlook is stable.

Primary Contact

Vicky Stavropoulos
Chicago
1-3122337035
vicky.stavropoulos
@spglobal.com

Secondary Contact

Laura A Kuffler-Macdonald
New York
1-212-438-2519
laura.kuffler.macdonald
@spglobal.com

Rationale

Security

The educational and general revenue bonds are secured by Duquesne University's general revenue pledge, which we view as equivalent to a general obligation pledge. Total debt as of fiscal 2025 year-end was $216.1 million, which includes $209.6 million in educational and general revenue bonds and $6.2 million in leases.

The university is issuing approximately $127.9 million in series 2026 bonds to construct a new integrative health sciences building, fund improvements to a student housing project and other capital projects, fund capitalized interest, and refund all or a portion of the series 2014A and series 2016 debt. Securing the bonds is the university's general obligation, which is not limited to any particular source of funds or revenue. Total pro forma debt post issuance will be approximately $295.9 million. Given the growth of the university's financial resources in the past few years, we believe there is capacity for the debt at the current rating.

Credit highlights

We assessed Duquesne University's enterprise risk profile as strong, characterized by increasing enrollment, healthy retention rates, and an experienced management team that has proactively

managed financial operations and the start-up of the College of Osteopathic Medicine (COM). We believe these factors are offset by a weak matriculation rate, reflective of the competitive market in the region. We also assessed the university's financial risk profile as strong, demonstrated by consistent positive operations on a generally accepted accounting principles (GAAP) basis--except for fiscal 2025 based on our calculations--and healthy financial resources ratios, offset by dependence on student-generated revenue. These credit factors, combined, lead to an anchor of 'a' and final rating of 'A'.

The rating further reflects in our view of Duquesne's:

- History of consistent operating surpluses that we expect to continue in fiscal 2026, and effective management of start-up costs associated with the COM;
- Solid student retention and graduation rates and good diversity in academic offerings; and
- Growth in financial resources over the past few years due to good investment performance and asset monetization.

Partially offsetting these credit strengths are its:

- Weak matriculation rate and selectivity rate of about 13% and over 80%, respectively, in fall 2025;
- Highly competitive environment that could pressure Duquesne's demand metrics and good enrollment trend; and
- Balance-sheet metrics relative to pro forma debt that are below rating category medians, at 279%.

Duquesne University of the Holy Spirit is a private Catholic residential university. The 50-acre hilltop campus is adjacent to the downtown area of Pittsburgh's business and cultural centers. The university currently has 10 academic schools: business education, health sciences, law, liberal arts, medicine, music, nursing, pharmacy, science, and engineering.

Environmental, social, and governance

We analyzed Duquesne University's environmental, social, and governance credit factors pertaining to its market position, management and governance, and financial performance. We believe the university is affected by demographic pressure, which we view as a social capital risk, with fewer graduating high school students in Pennsylvania and the surrounding region anticipated for the next several years. However, we note Duquesne benefits from good diversity in academic offerings, which could help offset pressures in traditional undergraduate enrollment. We view the university's environmental and governance risks as neutral factors in our credit rating analysis.

Outlook

The stable outlook reflects our expectation that in the near term Duquesne University will maintain its enrollment and demand metrics. We also expect the university will produce positive operations on a GAAP basis in fiscal 2026, while maintaining its healthy financial resources. The university does not have plans to issue additional new money debt in the outlook period.

Downside scenario

We could consider a negative rating action should the university's financial operations trend negatively on a GAAP basis, or if it takes on additional debt beyond what is currently planned, such that financial resource ratios significantly weaken.

Upside scenario

We could consider a positive outlook if Duquesne University's enrollment trend is stable, and demand metrics improve. This would be coupled with a trend of robust surpluses absent one-time funds or supplemental draws, and continued improvement of balance-sheet ratios to levels more consistent with those of higher-rated peers.

Credit Opinion

Enterprise Risk Profile--Strong

Market position and demand

Total enrollment at Duquesne University has increased the past three years after multiple years of decline due to competitive pressures and area demographics. Full-time-equivalent (FTE) enrollment improved to 8,103 (a 0.8% increase) in fall 2025, compared with 8,040 in fall 2024 and 7,919 in fall 2023. Much of the improvement in fall 2025 was due to freshman enrollment rebounding over the past four years to the 1,400-1,470-range following several years of classes of about 1,200-1,300. Management has implemented a comprehensive strategic enrollment initiative, focused on enhancing marketing, leveraging financial aid, and improving retention, and anticipates a continued improvement in freshman enrollment, with a goal to return to about 1,500-1,600 freshman students in the near term. Graduate FTE, including law and professional program students, held relatively steady at 2,756, spurred by consistent enrollment in the university's law program and ramp up in enrollment at the COM, which has helped partially offset some declines in other programs aligned with national trends.

Total completed applications increased about 3% in fall 2025 following a decrease in fall 2024 after a longer-term trend of growth. Selectivity weakened slightly to 86% in fall 2025 compared with 84% the previous year. Matriculation has been stable at about 12%-13%, which we consider weaker compared with the median for the rating category and reflective of the competitive market in the region. Student retention was relatively consistent at 85% in fall 2025 and graduation rates have held steady at 77%, both of which we consider solid for the rating category.

Duquesne has a successful history of fundraising. Recently, the university surpassed its goal in its "Ignite" campaign launched in October 2022, raising more than $335 million to date relative to a $333 million goal. In addition, the university has raised $63 million to date for the COM to support operations, capital, and the endowment.

Management and governance

Dr. David Dausey was appointed president of Duquesne University effective July 1, 2026. He has served as the executive vice president and provost since 2018, led efforts to establish the university’s COM, and oversaw the university’s new curriculum. We believe Dr. Dausey brings continuity and significant experience to the role. Duquesne also welcomed a new senior vice president for university advancement in August 2025. Otherwise, the management team has been stable in the past few years, with good tenure. In our view, management has generally conservative budgeting and financial management practices, which we view positively.

Management continues to take an active approach to prepare for possible unplanned expenses and proactively manages the start-up costs and timeline for the COM.

Management decided to extend its strategic plan, covering 2018-2023, for the next few years. Primary goals include improving student success through enhanced student services and enrollment management, broadening community engagement, increasing interdisciplinary learning, and capitalizing on entrepreneurial opportunities. Management budgets on a full-accrual basis and produces full-accrual interim statements monthly, which we view as a best practice. Management has demonstrated its ability to cut expenses through the implementation of three rounds of voluntary retirement programs in the past few years, and other expense savings. We believe this budgetary flexibility shows prudent fiscal management.

Financial Risk Profile--Strong

Financial performance

The university has historically produced operating surpluses on a GAAP basis. In fiscal 2025, Duquesne generated a $11.2 million deficit (negative 2.2% margin) after excluding $48.1 million of proceeds from the gain on the sale of property, plant, and equipment associated with the sale of its plant distribution system. We recognize that had we included these funds, the results would have been a much stronger surplus of $36.9 million. For fiscal 2026, management expects positive operations to continue, albeit with a more modest surplus without extraordinary one-time funds, driven by muted revenue growth as enrollment continues to ramp up at the COM. Beginning in fiscal 2026, the college is expected to generate operating surpluses starting at $8.5 million that will gradually increase. Coupled with cost-containment measures, we expect this should support continued positive operations.

Tuition and fees (including room and board) were $68,139 in fall 2025, in line with those of peers. The overall tuition discount rate increased to 42.1% in fiscal 2025 on an institutional basis compared with 40.4% in fiscal 2024, which we believe is manageable. The institutional discount rate is expected to moderate as the COM's enrollment continues to ramp up. Net tuition revenue increased solidly in fiscal 2025 (by 3.7%) following a more modest increase (0.9%) in fiscal 2024. Duquesne University still has limited revenue diversity and depends heavily on tuition and other student-generated revenue for 87% of fiscal 2025 operating revenue. As the balance sheet has strengthened, the endowment has been able to further support operations, although we recognize revenue is still concentrated.

Financial resources

Cash and investments increased to $825.5 million at the end of fiscal 2025, equal to 164% of operations and 382% of debt. The balance sheet increased solidly over one year from $725.8 million in fiscal 2024 due to the about $50 million asset sale--from which the proceeds were added to the long-term investment portfolio--in addition to good investment performance. Including the series 2026 debt with new money of about $85 million, cash and investments relative to pro forma debt would be 279%, which is weaker than the median for the rating category.

The market value of the endowment was about $730.8 million as of June 30, 2025. Management states that approximately 77% of the portfolio is liquid within 30 days. The university is not planning to significantly change its current investment strategy.

The investment spending policy currently sets an all-in spending rate of 4.5% of the average fair market value of the endowment fund over a rolling 16-quarter average (4.25% endowment payout plus 0.25% administrative fee). Management reports a supplemental draw of $6.4 million in fiscal 2025 and budgeted for $5.5 million in fiscal 2026 to support the start of COM operations, with no plans to continue the supplemental draws beyond fiscal 2026. We would view negatively significant additional draws beyond what is currently planned.

College of Osteopathic Medicine

As part of its long-term strategic plan, Duquesne University opened the COM, welcoming its inaugural class of 91 students in fall 2024. In accordance with accreditation requirements, the university is planning a ramp-up process reaching full enrollment of 712 students in its doctorate program and 54 students in its master's programs by fiscal 2030. According to management, Duquesne has already received more than 3,300 applicants for fall 2026 admission for 183 spots. The university is expecting operating deficits in the initial phases of the program due to the increase in expenses, since accreditation requires the college to be fully operational while enrollment ramps up. In anticipation of expected negative operations, Duquesne has set aside $30 million in cash reserves, and we believe it has effectively managed startup costs.

Debt and contingent liabilities

Total debt as of fiscal year-end 2025 was $216.1 million. Factoring in the series 2026 debt, total pro forma debt is $295.9 million. The pro forma maximum annual debt service (MADS) burden is manageable, in our opinion, at 4% of fiscal 2025 operating expenses. The university has no contingent liability risk exposures from financial instruments with payment provisions that change upon the occurrence of certain events.

Historically, the university participates in single-employer contributory retirement plans, to which the employee contributes 5% and Duquesne contributes up to 8%. The university annually funds the retirement costs under the plans, which totaled $5.9 million for the year ended June 30, 2025.

Management continued to assess new opportunities for asset monetization to increase financial resources. It engaged in various asset monetization exercises, occurring in 2018, 2019, 2020, 2022, and most recently in 2025. In May 2019, Duquesne University entered into a 40-year energy service agreement with Cordia (formerly Clearway Energy Inc.). The university realized a substantial upfront payment of $102 million as part of the agreement, under which it retains ownership of the land, building, and distribution network. Cordia is responsible for operating and maintaining the utility system and in providing the university with electricity, steam, and chilled water services. Most recently, Duquesne expanded its partnership with Cordia and closed on a $50 million sale of its plant distribution system, which added $48 million to its long-term investment portfolio.

In June 2020, Duquesne University closed on a transaction whereby it conveyed another student housing facility on its main campus to the developer that purchased the initial property in 2018. In addition, in December 2022, the university closed on a transaction wherein it sold a property near campus to the same developer, aimed at constructing a new student housing facility. For all three transactions, the university and the developer entered a long-term cooperation and services agreement that specifies the responsibilities and obligations of both parties. The developer also completely renovated and modernized the two facilities located on the main campus. The net proceeds from the transactions were applied to other capital expenditures as well as to the university's reserves.

Duquesne University, Pennsylvania--enterprise and financial statistics

	--Fiscal year ended June 30--					Medians for 'A' category rated private colleges & universities
	2026	2025	2024	2023	2022	2024
Enrollment and demand						
Full-time-equivalent enrollment	8,103	8,040	7,919	7,864	8,058	3,513
Undergraduates as a % of total enrollment	65.9	66.1	65.4	64.2	62.5	85.1
First-year acceptance rate (%)	86.4	83.6	78.9	87.5	91.9	67.8
First-year matriculation rate (%)	12.2	13.4	13.3	13.3	13.9	17.4
First-year retention rate (%)	85.3	84.7	86.5	84.0	84.0	85.0
Six-year graduation rate (%)	77.0	76.0	78.0	78.0	79.0	75.8
Financial performance						
Adjusted operating revenue ($000s)	N.A.	491,791	477,422	445,857	427,390	MNR
Adjusted operating expense ($000s)	N.A.	502,999	467,424	429,748	407,534	MNR
Net operating margin (%)	N.A.	(2.2)	2.1	3.7	4.9	0.0
Change in unrestricted net assets ($000s)	N.A.	62,006	35,899	25,548	(40,071)	MNR
Tuition discount (%)	N.A.	42.1	40.4	38.1	35.6	45.1
Student dependence (%)	N.A.	87.1	84.8	85.3	85.2	80.9
Research dependence (%)	N.A.	0.8	0.9	0.9	0.8	1.5
Financial resources						
Endowment market value ($000s)	N.A.	730,819	623,542	557,014	521,456	352,821
Cash and investments ($000s)	N.A.	825,534	725,760	664,715	627,872	419,028
Cash and investments to operations (%)	N.A.	164.1	155.3	154.7	154.1	162.1
Cash and investments to debt (%)	N.A.	382.1	329.0	330.1	296.1	364.1
Cash and investments to pro forma debt (%)	N.A.	279	N.A.	N.A.	N.A.	MNR
Debt						
Outstanding debt ($000s)	N.A.	216,072	220,616	201,372	212,041	131,811
Proposed debt ($000s)	N.A.	127,890	N.A.	N.A.	N.A.	MNR
Total pro forma debt ($000s)	N.A.	295,922	N.A.	N.A.	N.A.	MNR
Current MADS burden (%)	N.A.	3.9	4.0	4.4	4.3	4.0
Pro forma MADS burden (%)	N.A.	4.7	N.A.	N.A.	N.A.	MNR
Average age of plant (years)	N.A.	16.3	16.7	17.2	15.2	16.4

Total adjusted operating revenue = unrestricted revenue less realized and unrealized gains/losses and financial aid. Total adjusted operating expense = unrestricted expense plus financial aid expense. Net operating margin = 100*(net adjusted operating income/adjusted operating expense). Student dependence = 100*(gross tuition revenue + auxiliary revenue) / adjusted operating revenue. Current MADS burden = 100*(maximum annual debt service expense/adjusted operating expenses). Cash and investments = cash + short-term and long-term investments. Average age of plant = accumulated depreciation/depreciation and amortization expense. N.A.--Not available. MNR--Median not reported. MADS--Maximum annual debt service.

Ratings List	
New Issue Ratings	
US$131.525 mil univ rev bnds (Duquesne University) ser 2026 due 03/01/2050	
Long Term Rating	A/Stable

Ratings List	
Ratings Affirmed	
Education	
Duquesne Univ, PA General Obligation	A/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.