

3.10.1 The institution's recent financial history demonstrates financial stability. **(Financial stability)**

The University's past performance reflects a consistently strong financial position. Moody's recently issued an Aaa rating for USC based in part on increasing enrollment trends with over 36,000 full-time equivalent students and improving student qualifications. Moody's cited consistently positive operating performance with three year *average* operating margin of 4.8 percent supporting debt service *coverage* of 3.5 times.

The University provided an extensive Trend Analysis Report dated July 2010 to demonstrate its financial condition. Per the report, expenditures per FTE for the senior campuses have increased at least 25 percent over the last seven years (nominal - not adjusted for inflation). Headcount enrollment has increased from 39,329 in fall 2005 to 43,100 in fall 2009. The institution has reported increases in unrestricted net assets for at least seven years.