

SEPTEMBER 30, 2021 QUARTERLY UPDATE TO BONDHOLDERS

THE OHIO STATE UNIVERSITY

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NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Forward-Looking Statements

Certain statements included or incorporated by reference in this Quarterly Update to Bondholders constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend,” “projection” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in this Quarterly Update. A number of important factors, including factors affecting the University’s financial condition and factors which are otherwise unrelated thereto could cause actual results to differ materially from those stated in such forward-looking statements. **THE OHIO STATE UNIVERSITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.**

Projections and Financial Data

The projections set forth in this Quarterly Update to Bondholders were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to forward-looking information and preliminary financial data, but, in the view of the University’s management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management’s knowledge and belief, the expected course of action and the expected future financial performance of the University. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Quarterly Update to Bondholders are cautioned not to place undue reliance on the forward-looking information and preliminary financial data.

Impact of COVID-19 on Forward Looking Statements, Projections, and Financial Data

In addition to other factors, certain information in this Quarterly Update to Bondholders may be impacted by the ongoing effects of the COVID-19 pandemic as described herein under “**COVID-19 Pandemic.**” The impact of COVID-19 on University finances and operations may continue for at least the current fiscal year, depending on vaccination rates and whether the COVID-19 virus or variations of the virus continue to spread in the United States and around the world. SEE “**COVID-19 Pandemic**” herein for additional information concerning the current status of the COVID-19 outbreak and its potential effect on the University’s financial position and operations.

QUARTERLY UPDATE TO BONDHOLDERS

THE OHIO STATE UNIVERSITY

GENERAL

The Ohio State University (the “University”) was founded in 1870 by the Ohio General Assembly under provisions of the Morrill Act as the Ohio Agricultural and Mechanical College (the “College”). The College was located on 331 acres of land approximately two miles north of Columbus. In 1878, the General Assembly designated the College a university and changed its name to The Ohio State University. That same year, the University graduated its first class. Through December 2020, the University has awarded 816,141 undergraduate and graduate degrees.

The University is one of 14 state-supported universities in Ohio and is declared by statute to be a body politic and corporate. The University’s main campus is located in the City of Columbus on a 1,674-acre site containing 562 buildings (the “Columbus Campus”). Also in Columbus, the University owns two 18-hole regulation golf courses and the Don Scott Airport. In addition to the Columbus Campus, the University operates educational programs at Extended Campuses within the state located in Lima, Mansfield, Marion, and Newark (collectively, the “Extended Campuses”) housed in 77 buildings on 1,482 acres. The University also operates the Ohio Agricultural Research and Development Center (“OARDC”) in Wooster, Ohio and the Molly Caren Agriculture Center in London, Ohio, along with various other research farms throughout Ohio collectively comprising 10,784 acres and 397 buildings. An additional 298 buildings are located on 602 acres at various other locations across Ohio.

The Columbus Campus is the third largest individual campus of any public university or college in the United States in terms of both head count enrollment and full-time equivalent (FTE) enrollment. The enrollment for Autumn 2020 was 61,369 students for the Columbus Campus and 6,588 for the Extended Campuses, bringing the total enrollment for all campuses at that time to 67,957 students. During the academic year ending June 30, 2021, the University awarded a total of 17,807 degrees consisting of 11,919 baccalaureate degrees, 2,828 master’s degrees, 900 doctorate degrees, 823 professional degrees, 1,067 associate degrees, and 270 post-baccalaureate degrees. The University has more than 500,000 living alumni. The University has one of the largest athletic departments in the country with 36 varsity sports. The Athletics Department is self-supported and generated approximately \$228 million in revenues in Fiscal Year 2020. As of September 30, 2020, the University employed a total of 45,407 faculty and staff (including student employees) among its campuses.

The Board of Trustees

The University is governed by a Board of Trustees (the “Board”) which, under Ohio law, is directed and granted authority to do all things necessary for the proper maintenance and successful and continuous operation of the University. Two of the Trustees must be students at the University. The Trustees, other than charter Trustees and student Trustees, are appointed by the Governor with the advice and consent of the State Senate for overlapping nine-year terms. The student Trustees are appointed by the Governor with the advice and consent of the State Senate for overlapping two-year terms. The charter Trustees, who are not residents of Ohio, are appointed by the other members of the Board for three-year terms. There may be up to three charter Trustees. Charter Trustees have no voting privileges on the Board and are not considered as members of the Board when determining whether a quorum is present.

As of October 4, 2021, the officers and members of the Board and the years in which their respective terms expire are:

| | |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Gary R. Heminger, Chair (2027) | Former Chairman of the Board and Chief Executive Officer, Marathon Petroleum Corporation and MPLX GP LLC |
| Abigail S. Wexner, Vice Chair (2023) | Whitebarn Associates, Chief Executive Officer |
| Brent R. Porteus (2022) | Blair Porteus & Sons, Managing Partner |
| Erin P. Hoeflinger (2022) | Independent Board Director and Healthcare Executive |
| Alex R. Fischer (2023) | The Columbus Partnership, President and Chief Executive Officer |
| Hiroyuki Fujita (2024) | Quality Electrodynamics, Founder, President, Chief Executive Officer and Chairman of the Board |
| Alan A. Stockmeister (2025) | Foremost Management, Inc., President and Owner |
| John W. Zeiger (2026) | Zeiger, Tigges & Little LLP, Founding Partner |
| Elizabeth P. Kessler (2027) | Jones Day, Partner-in-charge, Columbus Office |
| Lewis Von Thae (2028) | Battelle Memorial Institute, President and Chief Executive Officer |
| Jeff M.S. Kaplan (2028) | The Ohio State University, Former Secretary and Senior Advisor to the Board |
| Elizabeth A. Harsh (2029) | Ohio Cattlemen’s Association and Ohio Beef Council, Executive Director |
| Reginald A. Wilkinson (2029) | Connecting the Dots, LLC, President |
| Michael F. Kiggin (2030) | Capitol Strategy Group, Principal |
| Tom B. Mitevski (2030) | DGD Group, Inc., Executive Vice President |
| James D. Klingbeil, Charter Trustee (2024) | Klingbeil Capital Management and The Klingbeil Company, Chairman and Klingbeil Medical Partners, Chief Executive Officer |
| Tanner R. Hunt (2023) | Undergraduate Student Trustee |
| Carly G. Sobol, Student (2022) | Graduate Student Trustee |

The secretary of the Board is Jessica A. Eveland.

Senior Management

Biographical information regarding certain individuals who are part of or have been approved to serve as the senior management of the University as of October 4, 2021 is set forth below.

Dr. Kristina M. Johnson serves as President of the University. Prior to joining the University in September 2020, Dr. Johnson served as chancellor of the State University of New York (SUNY) and served in that role since 2017. As SUNY’s chancellor, Dr. Johnson led a system of 64 public colleges and universities, including five academic health centers and three hospital systems, with 1.3 million students, 30,000 faculty and 90,000 employees. Prior to that, she founded and served as CEO of several successful science and technology companies. Dr. Johnson also served as undersecretary of energy at the U.S. Department of Energy and held academic leadership positions at institutions such as Johns Hopkins University where she was provost and senior vice president for academic affairs, Duke University where she was dean of the Pratt School of Engineering and the University of Colorado at Boulder where she served as a professor in the electrical and computer engineering department. Dr. Johnson has published nearly 150 referenced papers and proceedings and holds more than 100 U.S. and international patents. She has received the John Fritz Medal, one of the most prestigious honors in engineering, the Society of Women Engineers Lifetime Achievement Award and the Woman of Vision Award for Leadership. She earned her bachelor’s degree, master’s degree and doctorate in electrical engineering at Stanford University.

Dr. Melissa L. Gilliam serves as Executive Vice President and Provost for the University. Her appointment commenced August 1, 2021. Prior to joining the University, Dr. Gilliam served as the vice provost, the Ellen H. Block distinguished service professor of health justice and professor of obstetrics and gynecology and pediatrics at the University

of Chicago. As vice provost at the University of Chicago since 2016, Dr. Gilliam led efforts focused on faculty development, chair development, recruitment and retention, graduate student mentoring, inclusive pedagogy, and diversity and inclusion. Her research and scholarship have resulted in over 100 peer-reviewed publications. Prior to her role as vice provost, she served in several roles at University of Chicago, including at the Center for Interdisciplinary Inquiry and Innovation in Sexual and Reproductive Health and at the University of Chicago Medicine. She began her higher education career as a faculty member at the University of Illinois Chicago, where she served as director of the Center for Reproductive Health, director of the fellowship in family planning and co-director, research and clinical cores, for the National Institutes of Health Center of Excellence in Women's Health. She earned her bachelor's degree in English literature from Yale University, her master's degree in philosophy and politics from the University of Oxford, a medical degree from Harvard University, and a master's degree in public health from the University of Illinois Chicago.

Mark Larmore serves as interim co-leader, focusing on finance and operations, and Chief Financial Officer of the Wexner Medical Center and Vice President for Health Sciences. Mr. Larmore intends to retire from all positions at the University upon the appointment of the permanent leader for the Wexner Medical Center but no later than May 31, 2022. As Chief Financial Officer, Mr. Larmore is responsible for strategic financial planning for the University's hospitals and clinics, College of Medicine, the Faculty Group Practice and all affiliated programs. Mr. Larmore joined the Wexner Medical Center in October 2015 with a strong background in healthcare finance, most recently as Chief Financial Officer, group senior vice president and treasurer of New York-Presbyterian Hospital. In that role since 2011, he provided ultimate financial oversight to hospital operations as well as strategic leadership and direction to multiple areas of business. Mr. Larmore spent over 25 years at New York-Presbyterian, beginning as director of finance in 1989. He was promoted in 1994 to vice president of finance and became senior vice president of finance and assistant treasurer in 2007. Mr. Larmore earned a bachelor's degree in accounting and finance from the State University of New York at Oswego and is a certified public accountant.

Dr. Andrew Thomas serves as interim co-leader, focusing on clinical affairs and external relations, and Chief Clinical Officer of the Wexner Medical Center and Senior Associate Vice President for Health Sciences. In his role as Chief Clinical Officer, Dr. Thomas is responsible and has authority for all patient care services (inpatient, outpatient and emergency department services), outpatient clinics, specialized care facilities and medical staff administration. Dr. Thomas has been at the forefront of the University's and the State of Ohio's response to the COVID-19 pandemic. Previously, Dr. Thomas served as medical director of University Hospital from 2010-2013, assistant medical director for University Hospital from 1999-2010 and assistant dean for Graduate Medical Education from 2001-2010. Dr. Thomas earned a bachelor's degree in history and science from Harvard University, and a medical degree and a master's in business administration from the University. The University recently launched a national search for the next leader of the Wexner Medical Center, and Executive Vice President and Provost Dr. Melissa Gilliam and Chief Administrative Officer, Hospital Division, Elizabeth Seeley are serving as co-chairs of the search committee.

Dr. "Grace" Jinliu Wang serves as Executive Vice President for Research, Innovation and Knowledge Enterprise for the University. Her appointment commenced in December 2020. In this newly-established position, Dr. Wang plays a lead role in expanding the University's research, creative expression and scholarship as well as in building strategic partnerships. Dr. Wang has consolidated and leveraged a number of existing offices and programs into one unit, including the Office of Research, Corporate Engagement and Technology Commercialization Offices, the Keenan Center for Entrepreneurship and the West Campus Innovation District. Prior to joining the University, Dr. Wang held dual roles as senior vice chancellor for research and economic development at the State University of New York (SUNY) System and interim president of SUNY Polytechnic Institute. Prior to joining SUNY, Dr. Wang served as acting assistant director for engineering at the National Science Foundation. Dr. Wang began her career at IBM/Hitachi Global Storage Technologies, focusing on research and development of magnetic thin film and carbon overcoat for data storage. Dr. Wang earned her doctorate in materials science and engineering at Northwestern University.

Michael Papadakis serves as Senior Vice President for Business and Finance and Chief Financial Officer for the University. Mr. Papadakis joined the University in June of 2011 as Treasurer and Vice President of Financial Services, was subsequently elevated to Deputy Chief Financial Officer, Treasurer and Vice President of Financial Services & Innovation and served as Interim Senior Vice President for Business and Finance and Chief Financial Officer for a year prior to his permanent appointment. Prior to joining the University, he served as a Director of energy investment banking at KeyBanc Capital Markets. Additionally, Mr. Papadakis held previous roles in corporate tax at Deloitte & Touche, strategic business valuation at Arthur Andersen and is a Certified Public Accountant. He earned his master's in finance from the Fisher College of Business at the University and a bachelor's of business administration in accounting from the University of Cincinnati and has completed the General Management Program at Harvard Business School.

Anne K. Garcia serves as Senior Vice President and General Counsel for the University. Ms. Garcia serves as the chief legal adviser to the president, Board of Trustees and the University, including the Wexner Medical Center. In addition, Ms. Garcia oversees the Office of University Compliance and Integrity, which is responsible for compliance

efforts across the University, including the Wexner Medical Center. As an attorney for a state university of the State of Ohio, she is also an Assistant Attorney General for the State of Ohio. Prior to her current appointment in September 2020, Ms. Garcia served as Interim Vice President and General for almost a year and prior to that as senior associate general counsel and Vice President for Legal and Compliance for the Wexner Medical Center. An experienced healthcare and higher education attorney, Ms. Garcia came to the University in 2016 from Saint Louis University, where she worked for six years and most recently served as senior associate general counsel and executive director of compliance. While there, she led the team that negotiated the reinvestment of the university hospital into a new joint venture with SSM Healthcare. She also served in private practice, defending physicians, nurses and hospitals involved in medical malpractice litigation. Ms. Garcia earned her J.D. degree from Tulane University School of Law and her bachelor's degree from the University of Notre Dame.

Jay Kasey serves as Senior Vice President for Administration and Planning at the University. Prior to his appointment to this post, Mr. Kasey had management responsibility for elements of the OSU Health System hospitals. He has also been instrumental in leading the medical center expansion project. Mr. Kasey has worked in senior level healthcare positions since 1985. After serving as the COO or CEO of two different five-hundred bed community hospitals, Mr. Kasey joined The Hunter Group, a consulting firm specializing in hospital and health systems operations.

Michael Eicher was named Senior Vice President for Advancement in September 2012. He oversees the full integration of the University's fundraising, alumni relations, and communications efforts. He joined the University from Johns Hopkins University, where he served as senior vice president for external affairs and development. Prior to working at Johns Hopkins, Mr. Eicher was vice chancellor at the University of California, Los Angeles. Mr. Eicher graduated from the University of California, San Diego.

Eugene D. Smith serves as Senior Vice President and Wolfe Foundation Endowed Athletics Director. Mr. Smith was named the University's Director of Athletics in March of 2005 and was elevated to his current position in May of 2016. Prior to joining the University, Mr. Smith served as athletic director at Arizona State University from 2000 to 2005, athletic director at Iowa State University from 1993 to 2000 and athletic director at Eastern Michigan University from 1986 to 1993. Mr. Smith earned his bachelor's degree in business administration from the University of Notre Dame in 1977.

Dr. Melissa Shivers serves as Senior Vice President for Student Life. Dr. Shivers joined the University as Vice President for Student Life in January of 2020 and was elevated to her current position as of December 1, 2020. Prior to joining the University, Dr. Shivers served as Vice President for Student Life at the University of Iowa where she focused on strategic initiatives related to student life and student success, especially those with a focus on health, safety, and well-being. Prior to that, Dr. Shivers spent seven years at the University of Tennessee where she held various roles, including associate vice chancellor for student life and dean of students. Dr. Shivers also held positions at the University of Georgia, Clemson University and Georgia Southern University. Dr. Shivers earned her bachelor's degree in communication arts from Georgia Southern University, her master's degree in education, counseling and guidance services from Clemson University and her PhD in counseling and student personnel services from the University of Georgia.

Dr. Jeff Risinger serves as Senior Vice Present of Talent, Culture and Human Resources. His appointment commenced August 16, 2021. Dr. Risinger provides leadership across the University to support the University's values, help advance its diversity and inclusion efforts, and continue to foster a Buckeye culture that positively impacts our entire community. Prior to joining the University, Dr. Risinger was vice president for human resources and organizational effectiveness at Texas A&M since April 2019. At Texas A&M, Dr. Risinger led efforts to increase diverse recruitment for faculty and staff, created new leadership development and coaching programs, and established human resources as a university-wide strategic partner. From 2014 until April 2019, he served as chief human resources officer and vice chancellor of the University of Arkansas for Medical Sciences, a 12,000-employee academic medical center. Prior to that, he was chief human capital officer at the Federal Housing Finance Agency, and chief human capital officer at the U.S. Securities and Exchange Commission. Dr. Risinger received his bachelor of science degree in psychology from East Texas State University—Texarkana (now Texas A&M University—Texarkana), his master of business administration from Texas A&M, his master of arts degree in human resource management from Louisiana Tech University—Ruston and his Ph.D. in human resource development from the University of Texas-Tyler.

Elizabeth Parkinson serves as Senior Vice President for Marketing and Communications. Her appointment commenced in March 2021. In this newly created position, Ms. Parkinson has consolidated the University's marketing and communications efforts into one unit responsible for brand, marketing and communications strategy and implementation. She leads an integrated team of strategic marketing and communications leaders focused on centralized centers of expertise, as well as college and unit-based professionals who support the distinct needs of their organizations. Prior to joining the University, Ms. Parkinson served as assistant vice president for marketing communications at the

University of Michigan for five years, where she was responsible for the overall marketing and brand strategy for the university with direct oversight of creative, photography and video, digital media and brand management. Prior to joining the University of Michigan, Ms. Parkinson served as senior vice president of marketing and partnerships for the Detroit Lions, where she led a 30-person team. She previously served as senior vice president of marketing and communications for the Michigan Economic Development Corporation, led marketing and public relations for Ann Arbor SPARK and worked for the public relations agency Edelman. Ms. Parkinson earned her bachelor's degree from Alma College.

Academic Structure

The academic organization of the University consists of 15 colleges, seven schools, the Graduate School and the Agricultural Technical Institute. The University offers more than 200 undergraduate majors, 166 programs leading to the master's degree, 120 programs leading to the doctoral degree, and over 12,000 different courses.

The 15 colleges within the University are:

| | | |
|-----------------------------|-----------------------------------------------|---------------------|
| Arts and Sciences | Food, Agricultural and Environmental Sciences | Pharmacy |
| Business | Law | Public Affairs |
| Dentistry | Medicine | Public Health |
| Education and Human Ecology | Nursing | Social Work |
| Engineering | Optometry | Veterinary Medicine |

The seven schools within the University's colleges are:

| | |
|--------------------|------------------------------------|
| Architecture | Environment and Natural Resources |
| Biomedical Science | Health and Rehabilitation Sciences |
| Communication | Music |
| Earth Sciences | |

University Libraries consists of the Thompson Library and ten department library and special collections locations on the Columbus campus. The libraries on the Columbus campus have a combined collection size of over 5.8 million volumes. The University Libraries website provides access to more than 11.5 million books and journal volumes in print and microformat, as well as an extensive collection of electronic databases.

Accreditations and Memberships

The Ohio State University has been accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools (NCA) since 1913, and in 2017, the University underwent its decennial reaffirmation of accreditation. Additionally, the University has programs, departments and colleges that are accredited by 38 specialized accrediting bodies. The University is a member of both the Association of American Universities and the Association of Public and Land-Grant Universities.

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Faculty and Employees

As of September 30, 2020, the University had a faculty and non-instructional staff of 45,407 full and part-time employees on all campuses. The numbers of staff members for the Columbus Campus and the Extended Campuses as of September 30, 2020 were as follows:

| | Columbus Campus | Extended Campuses | Total University |
|---------------------------------------|----------------------------|------------------------------|-----------------------------|
| <u>Instructional Staff</u> | | | |
| Regular Faculty ⁽¹⁾ : | | | |
| Professor | 1,200 | 73 | 1,273 |
| Associate Professor | 778 | 139 | 917 |
| Assistant Professor | 573 | 56 | 629 |
| Instructor | <u>7</u> | <u>1</u> | <u>8</u> |
| Total Regular Faculty | 2,558 | 269 | 2,827 |
| Other Faculty: | | | |
| Clinical Faculty ⁽²⁾ | 2,005 | 4 | 2,009 |
| Auxiliary Faculty ⁽³⁾ | 2,375 | 280 | 2,655 |
| Research Faculty ⁽⁴⁾ | <u>104</u> | <u>1</u> | <u>105</u> |
| Total Other Faculty | 4,484 | 285 | 4,769 |
| Total Instructional | 7,042 | 554 | 7,596 |
| <u>Non-Instructional Staff</u> | | | |
| Unclassified Staff | 22,199 | 892 | 23,091 |
| Classified Civil Service Staff | 4,756 | 354 | 5,110 |
| Professional & Technical Staff | 43 | 0 | 43 |
| Graduate Associates | 4,176 | 69 | 4,245 |
| Other Students ⁽⁵⁾ | <u>5,127</u> | <u>195</u> | <u>5,322</u> |
| Total Non-Instructional Staff | 36,301 | 1,510 | 37,811 |
| Total Staff | 43,343 | 2,064 | 45,407 |

(1) Regular faculty are tenure track with at least 50% FTE.

(2) Clinical faculty includes the following titles: Professor-Clinical, Associate Professor-Clinical, Assistant Professor-Clinical, and Instructor Clinical with at least (>10% FTE).

(3) Auxiliary faculty includes all other instructional staff including Lecturers, House Staff and Visiting Faculty.

(4) Research faculty includes: Research Professor, Research Associate Professor, and Research Assistant Professor with >50% FTE.

(5) Decline versus prior year reflects reduced use of students as a result of virtual learning and de-densification of campus due to COVID-19.

The University faculty membership in distinguished academic societies includes the National Academy of Sciences (10 members), the National Academy of Engineering (9 members), and the Institute of Medicine (7 members). The faculty also includes 20 members of the American Academy of Arts and Sciences and more than 100 fellows of the American Association for the Advancement of Science. Many Fulbright Fellowships have been awarded to University faculty and graduate students each year.

The University is a party to collective bargaining agreements with the Communications Workers of America, the Fraternal Order of Police and the Ohio Nurses Association, which agreements cover only some of its employees. The remaining University employees, including faculty and other instructional staff, have not elected to join a bargaining unit.

Retirement Plans

The University participates in contributory retirement plans administered by the State Teachers Retirement System of Ohio (“STRS”) and the Ohio Public Employees Retirement System (“OPERS”). As an alternative to STRS and OPERS, eligible employees may elect to participate in the University’s Alternative Retirement Plan (“ARP”). The ARP was approved by the University’s Board of Trustees in February 1999. The number of OSU employees who contributed to the various retirement plans during calendar year 2020 is as follows:

| | |
|-------|--------|
| OPERS | 40,738 |
| STRS | 5,497 |
| ARP | 7,014 |

STRS and OPERS are two of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The Ohio General Assembly has

the power to amend the format of those systems and to revise rates and methods of contributions to be made by public employers and their employees and eligibility criteria, benefits or benefit levels for members.

STRS and OPERS both offer three separate retirement plans: a defined benefit plan, a defined contribution plan, and a combined plan.

- The STRS and OPERS defined benefit plans are cost-sharing multiple-employer defined benefit pension plans. Subject to eligibility requirements, the defined benefit plans currently provide for retirement benefits, disability benefits, postretirement health care coverage, and death benefits.
- The STRS and OPERS defined contribution plans are plans in which the member selects where both member and employer contributions are invested.
- The STRS and OPERS combined plans have features of both a defined contribution plan and a defined benefit plan. Subject to eligibility requirements, the combined plans currently provide for retirement benefits, disability benefits, postretirement health care coverage, and death benefits.

Ohio law requires the University to offer the ARP to certain employees. The ARP is a tax-qualified, defined contribution plan under Section 401(a) of the Internal Revenue Code maintained for eligible full-time faculty and staff.

STRS, OPERS and the ARP are funded by both employee and employer contributions at rates established under Ohio law. Currently, the statutory employee contribution rate is 10% of eligible compensation for OPERS and 14% of eligible compensation for STRS and the employer contribution rate is 14% of eligible compensation for both OPERS and STRS. Law enforcement employees contribute 13% of eligible compensation to OPERS and the University contributes 18.1%. Employee and employer contributions to the ARP are equal to the amount the University would have contributed to STRS or OPERS, as applicable to the employee, less any amount required to be paid by the University to the applicable state retirement system (“mitigating rate”). The mitigating rate is charged independently by OPERS and STRS and may differ between OPERS and STRS. A mitigating rate also applies to the OPERS and STRS defined contribution plans and can differ from the rate applied to the ARP. Contributions to STRS, OPERS and the ARP are subject to limits under the Internal Revenue Code.

The University also maintains a tax-qualified retirement plan and a related Section 415(m) plan for eligible employees whose contributions to STRS, OPERS or the ARP are limited under the Internal Revenue Code. Contributions may be funded from both employee and employer contributions. In addition, optional supplemental retirement programs (403(b) and 457(b) plans) are available for eligible employees.

Federal law requires University employees hired after March 31, 1986, to participate in the federal Medicare program. The current rate for Medicare is 1.45% of covered wages for both the employer and the employee. Otherwise, University employees do not currently contribute to the federal Social Security system.

In accordance with GASB Statement Nos. 68 and 75, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension and other post-employment benefit (OPEB) liabilities of the plans. Although changes in net pension and OPEB liabilities generally are recognized as expense in the current period, GASB 68 and 75 require certain items to be deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 9 years).

The collective net pension liabilities of the retirement systems and the University’s proportionate share of these liabilities as of June 30, 2021 are as follows (dollars in thousands):¹

| | <u>STRS-Ohio</u> | <u>OPERS</u> | <u>Total</u> |
|------------------------------------------------------|------------------|--------------|--------------|
| Net pension liability – all employers | \$24,196,442 | \$14,500,930 | - |
| Proportion of the net pension liability – University | 4.9% | 10.4% | - |
| Proportionate share of net pension liability | \$1,175,835 | \$1,503,497 | \$2,679,333 |

¹ The preliminary financial data included in this Quarterly Update to Bondholders has been prepared by and is the responsibility of the University’s management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the preliminary financial data and, accordingly, does not express an opinion or any other form of assurance with respect thereto.

The collective net OPEB assets of the retirement systems and the University's proportionate share of these assets as of June 30, 2021, are as follows (dollars in thousands):²

| | <u>STRS-Ohio</u> | <u>OPERS</u> | <u>Total</u> |
|------------------------------------------------|------------------|---------------|--------------|
| Net OPEB assets – all employers | \$(1,757,498) | \$(1,781,580) | - |
| Proportion of the net OPEB assets – University | 4.9% | 10.7% | - |
| Proportionate share of net OPEB assets | \$(85,406) | \$(189,776) | \$(275,182) |

Enrollment

The University attracts students from a variety of backgrounds and geographical locations, with representation in the Autumn Semester of 2020 from all 50 states and 114 foreign countries. Ohio residents represent 75.0% of the University's enrollment, while 16.8% are from other states and 8.2% are international students. The head count enrollment (full-time and part-time students) for each of the Columbus Campus and the Extended Campuses of the University for the Autumn Semesters of 2016 through 2020 is shown below:

| <u>Academic Year</u> | <u>Columbus Campus</u> | <u>Extended Campuses</u> | <u>Total Enrollment</u> |
|----------------------|------------------------|--------------------------|-------------------------|
| 2016-17 | 59,482 | 6,564 | 66,046 |
| 2017-18 | 59,837 | 6,607 | 66,444 |
| 2018-19 | 61,170 | 6,930 | 68,100 |
| 2019-20 | 61,391 | 6,871 | 68,262 |
| 2020-21 | 61,369 | 6,588 | 67,957 |

The following table shows the total Autumn head count enrollment for undergraduate and graduate students for all campuses, and for students enrolled in professional programs, as well as the aggregate FTE enrollment for all campuses.

| <u>Academic Year</u> | <u>Undergraduate</u> | <u>Graduate</u> | <u>Professional</u> | <u>Total</u> | <u>Full-Time Equivalent</u> |
|----------------------|----------------------|-----------------|---------------------|--------------|-----------------------------|
| 2016-17 | 52,349 | 10,529 | 3,168 | 66,046 | 60,040 |
| 2017-18 | 52,517 | 10,708 | 3,219 | 66,444 | 60,427 |
| 2018-19 | 53,734 | 11,113 | 3,253 | 68,100 | 61,654 |
| 2019-20 | 53,669 | 11,305 | 3,288 | 68,262 | 61,631 |
| 2020-21 | 53,557 | 11,110 | 3,290 | 67,957 | 61,179 |

In 1969, the General Assembly, upon recommendation of the Ohio Board of Regents, set enrollment limitations for several of the larger state universities. The limitation for the Columbus Campus is 42,000 FTE resident undergraduate enrollment. Excluded from this enrollment calculation is the FTE enrollment in certain categories, including Medical Sciences (Medicine, Dentistry, Veterinary Medicine, Nursing, Allied Medicine and Optometry) and Agriculture programs, and part-time commuter students in evening courses. With these exclusions, the FTE enrollment for the Columbus Campus is substantially below the enrollment limitation.

Prior to 1987, the University practiced open admissions for freshmen, accepting applications on a first-come, first-served basis. Admissions would "close" when the number of applications received reached the FTE enrollment limitation. Because of increased demands for the Columbus Campus, the University adopted a selective admissions policy beginning with applications for Autumn Quarter 1987.

The application deadline is fixed at February 1st of each year. All resident and nonresident applicants are considered within a competitive process. Primary criteria for admission are the applicant's high school college preparatory program and performance as measured by class rank, and standardized test scores. Other factors include courses exceeding the minimum in mathematics, natural sciences and foreign languages, competitiveness of high school, leadership, special talents, or special circumstances. In addition, special consideration is given to students who will provide cultural, racial, economic, and geographic diversity to the University.

² The preliminary financial data included in this Quarterly Update to Bondholders has been prepared by and is the responsibility of the University's management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the preliminary financial data and, accordingly, does not express an opinion or any other form of assurance with respect thereto.

Admissions

The table below sets forth, for the Columbus Campus, the number of completed freshman applications received and accepted, the percentage of applicants accepted for admission, the number of freshmen enrolled, the percentage of accepted applicants who enrolled and the average ACT scores and retention rates of enrollees in the Autumn Quarters or Semesters of the academic years indicated.

| <u>Academic Year</u> | <u>Applications Completed</u> | <u>Applicants Accepted</u> | <u>Percent Accepted</u> | <u>Applicants Enrolled</u> | <u>Percent Enrolled</u> | <u>Average ACT</u> | <u>Retention Rate</u> |
|----------------------|-------------------------------|----------------------------|-------------------------|----------------------------|-------------------------|--------------------|-----------------------|
| 2016-17 | 44,821 | 24,240 | 54.1% | 7,885 | 32.5% | 29.1 | 94.2% |
| 2017-18 | 47,758 | 22,939 | 48.0% | 7,136 | 31.1% | 29.2 | 94.5% |
| 2018-19 | 48,033 | 24,943 | 51.9% | 7,851 | 31.5% | 29.3 | 94.1% |
| 2019-20 | 47,675 | 25,606 | 53.7% | 7,630 | 29.8% | 29.5 | 93.9% |
| 2020-21 | 49,068 | 33,598 | 68.5% | 8,602 | 25.6% | 28.8 | TBD |
| 2021-22 | 58,161 | 33,247 | 57.2% | 8,340* | 25.1%* | 28.6* | TBD |

**Reflects number of freshman registered for Autumn 2021 classes as of August 31, 2021. Actual Autumn 2021 enrollment will differ from this registration-based estimate.*

The average freshman composite scores on the Scholastic Aptitude Test (SAT critical reading and math) for the Columbus Campus was 1,336 for the Autumn Semester 2021; the average ACT Composite was 28.6. With the exception of the 2020-21 and 2021-22 academic years, which were impacted by the COVID-19 pandemic, these averages have steadily increased over the past decade as the University invested in strategic recruitment initiatives. Per the goals of the University Strategic Enrollment Plan, the composition of the freshman class has become increasingly more diverse. Non-Ohio resident freshman enrollment was 28.9% for Autumn Semester 2020.

Fees and Charges

Approved instructional and general fee increases for the 2021-22 academic year include a 3.8% increase for incoming undergraduate students in the Tuition Guarantee Program (see “**Recent Developments**” below for a discussion of the Tuition Guarantee Program) and a 5.0% increase in the non-resident surcharge for out-of-state undergraduate and graduate students, while the international student surcharge is being held flat. Beginning in the 2021-22 academic year, the surcharge applicable to non-resident students reflects the full non-resident surcharge (\$11,541 for undergrads and \$12,976 for most graduate programs per semester) across both on-line (excluding designated on-line programs) and in-person modes of instruction. Base instructional fees for Master’s and Ph.D. students will not increase in the 2021-22 academic year, though some graduate and professional programs will charge a differential instructional fee based on market demand and pricing.

The instructional and general fees per full-time student (including the tuition surcharge paid by non-resident students) for the Columbus Campus for academic years 2017-18 through 2021-22 are shown below.

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| Columbus Campus | | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | |
|--------------------------|--------------------------------------------------------|--------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------|
| Resident | Undergraduate Tuition Guarantee 2018-19 ⁽¹⁾ | \$NA | 10,224 | 10,224 | 10,224 | 10,224 | |
| | Undergraduate Tuition Guarantee 2019-20 ⁽¹⁾ | NA | NA | 10,582 | 10,582 | 10,582 | |
| | Undergraduate Tuition Guarantee 2020-21 ⁽¹⁾ | NA | NA | NA | 11,016 | 11,016 | |
| | Undergraduate Tuition Guarantee 2021-22 ⁽¹⁾ | NA | NA | NA | NA | 11,434 | |
| | Undergraduate-Non-Guarantee | 9,540 | 9,540 | 9,540 | 9,540 | 9,540 | |
| | Graduate | 11,928 | 11,928 | 11,928 | 11,928 | 11,928 | |
| | MHRM (Formerly MLHR) | 16,568 | 16,568 | 16,568 | 17,378 | 17,378 | |
| | MBA | 30,120 | 30,120 | 30,120 | 30,120 | 30,120 | |
| | Working Professional MBA | 25,512 | 25,512 | 25,512 | 25,512 | 25,512 | |
| | EMBA | 48,032 | 64,987 | 48,032 | 64,987 | 56,471 | |
| | Masters of Accounting | 31,824 | 31,824 | 31,824 | 31,824 | 31,824 | |
| | Masters of Audiology | 12,504 | 12,504 | 12,504 | 12,504 | 12,504 | |
| | MSLP | 12,504 | 12,504 | 12,504 | 12,504 | 12,504 | |
| | Masters of Health Admin. | 14,336 | 14,336 | 14,336 | 14,336 | 14,336 | |
| | Masters of Public Health | 12,760 | 12,760 | 12,760 | 12,760 | 12,760 | |
| | Public Health PEP | 12,760 | 12,760 | 12,760 | 12,760 | 12,760 | |
| | MPT/DPT | 13,368 | 13,368 | 13,368 | 13,368 | 13,368 | |
| | MOT/DOT – Ranks 1-2 | 12,472 | 13,440 | 13,440 | 13,440 | 13,440 | |
| | MSW | 12,600 | 12,600 | 12,600 | 12,600 | 12,600 | |
| | MBOE | 34,646 | 34,710 | 34,518 | 37,079 | 35,371 | |
| | SMB Finance | 55,632 | 55,632 | 55,632 | 55,632 | 55,632 | |
| | MBLE | 27,552 | 27,552 | 27,552 | 27,552 | 27,552 | |
| | MAEE-DL | 14,712 | 14,712 | 14,712 | 14,712 | 14,712 | |
| | GC Med | 19,504 | 19,504 | 19,504 | 19,504 | 19,504 | |
| | GMB | 11,828 | 11,828 | 11,828 | 23,656 | 23,656 | |
| | MGEL | 17,072 | 17,072 | 17,072 | 17,072 | 17,488 | |
| | SMB-Analytics | NA | 35,189 | 35,189 | 35,189 | 27,700 | |
| | Law-MSL | NA | NA | 16,552 | 16,552 | 14,720 | |
| | MS-Nursing | NA | NA | 15,928 | 15,928 | 15,928 | |
| | DNP-Nursing | NA | NA | 15,928 | 15,928 | 15,928 | |
| | Non-Resident | Undergraduate Tuition Guarantee 2018-19 ⁽¹⁾ | NA | 30,240 | 31,201 | 32,208 | 33,307 |
| | | Undergraduate Tuition Guarantee 2019-20 ⁽¹⁾ | NA | NA | 31,559 | 32,566 | 33,665 |
| | | Undergraduate Tuition Guarantee 2020-21 ⁽¹⁾ | NA | NA | NA | 33,000 | 34,099 |
| | | Undergraduate Tuition Guarantee 2021-22 ⁽¹⁾ | NA | NA | NA | NA | 34,517 |
| | | Undergraduate-Non-Guarantee | 28,644 | 29,556 | 30,517 | 31,524 | 32,623 |
| | | Graduate | 33,400 | 34,432 | 35,512 | 36,644 | 37,880 |
| | | MHRM (Formerly MLHR) | 36,312 | 37,256 | 38,250 | 40,100 | 41,236 |
| | | MBA | 51,592 | 52,624 | 53,704 | 54,836 | 56,072 |
| | | Working Professional MBA | 44,592 | 45,504 | 46,464 | 47,470 | 48,568 |
| | | EMBA | 48,042 | 64,997 | 48,042 | 64,997 | 56,481 |
| Masters of Accounting | | 53,296 | 54,328 | 55,408 | 56,540 | 57,776 | |
| Masters of Audiology | | 33,976 | 35,008 | 36,088 | 37,220 | 38,456 | |
| MSLP | | 33,976 | 35,008 | 36,088 | 37,220 | 38,456 | |
| Masters of Health Admin. | | 35,808 | 36,840 | 37,920 | 39,052 | 40,288 | |
| Masters of Public Health | | 34,232 | 35,264 | 36,344 | 37,476 | 38,712 | |
| Public Health PEP | | 34,232 | 35,264 | 36,344 | 37,476 | 13,160 | |
| MPT/DPT | | 31,536 | 32,408 | 33,322 | 34,280 | 35,326 | |
| MOT/DOT – Ranks 1-2 | | 30,640 | 31,608 | 32,480 | 33,394 | 34,392 | |
| MSW | | 34,072 | 35,104 | 36,184 | 37,316 | 38,552 | |
| MBOE | | 34,656 | 34,720 | 34,528 | 34,528 | 35,381 | |
| SMB Finance | | 55,642 | 55,642 | 55,642 | 55,642 | 55,642 | |
| MBLE | | 46,632 | 47,544 | 48,504 | 49,510 | 50,608 | |
| MAEE-DL | | 14,722 | 14,722 | 14,722 | 15,112 | 15,112 | |
| GC Med | | 41,552 | 31,552 | 32,130 | 32,736 | 33,398 | |
| GMB | | 11,833 | 11,833 | 11,833 | 23,666 | 23,666 | |
| MGEL | | 17,082 | 17,082 | 17,082 | 17,472 | 17,888 | |
| SMB-Analytics | | NA | 35,199 | 35,199 | 35,589 | 28,100 | |
| Law-MSL | | NA | NA | 31,504 | 31,804 | 29,972 | |
| MS-Nursing | | NA | NA | 39,512 | 40,644 | 41,880 | |
| DNP-Nursing | | NA | NA | 15,938 | 15,938 | 16,328 | |

| Professional Schools | | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | |
|------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|----------------|----------------|----------------|----------------|--------|
| Resident | Law | 29,768 | 30,352 | 30,952 | 31,564 | 32,188 | |
| | Medicine - Rank 1 | 29,648 | 30,008 | 30,008 | 30,008 | 30,452 | |
| | Medicine - Rank 2 | 29,648 | 30,008 | 30,008 | 30,008 | 30,563 | |
| | Medicine - Rank 3 | 29,648 | 30,008 | 30,008 | 30,008 | 30,263 | |
| | Medicine - Rank 4 | 29,648 | 30,008 | 30,008 | 30,008 | 30,008 | |
| | Dentistry - Rank 1 | 34,128 | 35,144 | 36,708 | 38,888 | 40,432 | |
| | Dentistry - Ranks 2-4 | 30,264 | 31,168 | 32,248 | 33,368 | 34,032 | |
| | Optometry - Ranks 1 | 26,264 | 26,776 | 27,304 | 27,304 | 27,304 | |
| | Optometry - Ranks 2 | 26,264 | 26,776 | 27,304 | 27,304 | 27,304 | |
| | Optometry - Ranks 3-4 | 23,320 | 23,776 | 24,240 | 24,240 | 24,240 | |
| | Veterinary Medicine - Ranks 1 | 30,688 | 31,288 | 31,904 | 32,536 | 33,178 | |
| | Veterinary Medicine - Rank 2-4 | 30,688 | 31,288 | 31,904 | 32,536 | 33,178 | |
| | Pharmacy - Ranks 1 | 22,000 | 22,864 | 23,760 | 24,696 | 25,668 | |
| | Pharmacy Rank 2-4 | 22,000 | 22,864 | 23,760 | 24,696 | 25,668 | |
| | Non-Resident | Law | 44,720 | 45,304 | 45,904 | 46,816 | 47,440 |
| | | Medicine - Rank 1 | 51,296 | 52,696 | 53,786 | 54,928 | 55,372 |
| Medicine - Rank 2 | | 51,296 | 52,696 | 53,786 | 54,928 | 55,483 | |
| Medicine - Rank 3 | | 51,296 | 52,696 | 53,786 | 54,928 | 55,183 | |
| Medicine - Rank 4 | | 51,296 | 52,696 | 53,786 | 54,928 | 54,928 | |
| Dentistry - Rank 1 | | 74,112 | 76,328 | 79,128 | 82,580 | 85,434 | |
| Dentistry - Ranks 2-4 | | 65,720 | 67,688 | 69,864 | 72,112 | 73,938 | |
| Optometry - Ranks 1 | | 47,320 | 47,832 | 48,360 | 48,360 | 48,360 | |
| Optometry - Ranks 2 | | NA | NA | NA | 27,314 | 27,314 | |
| Optometry - Ranks 3-4 | | 41,144 | 41,600 | 42,064 | 24,250 | 24,250 | |
| Veterinary Medicine - Ranks 1 | | 69,064 | 69,664 | 71,240 | 71,872 | 73,300 | |
| Veterinary Medicine - Rank 2-4 | | 69,064 | 69,664 | 71,240 | 32,546 | 33,188 | |
| Pharmacy - Ranks 1 | | 44,608 | 46,560 | 48,594 | 50,722 | 52,996 | |
| Pharmacy Rank 2-4 | | 44,608 | 46,560 | 48,594 | 50,722 | 25,678 | |
| Extended Campuses | | | | | | | |
| Resident | | Undergraduate Tuition Guarantee 2018-19 ⁽¹⁾ | NA | 7,644 | 7,644 | 7,644 | 7,644 |
| | Undergraduate Tuition Guarantee 2019-20 ⁽¹⁾ | NA | NA | 7,912 | 7,912 | 7,912 | |
| | Undergraduate Tuition Guarantee 2020-21 ⁽¹⁾ | NA | NA | NA | 8,237 | 8,237 | |
| | Undergraduate Tuition Guarantee 2021-22 ⁽¹⁾ | NA | NA | NA | NA | 8,550 | |
| | Undergraduate (Non-Guarantee) | 7,140 | 7,140 | 7,140 | 7,140 | 7,140 | |
| | Graduate | 11,736 | 11,736 | 11,736 | 11,736 | 11,736 | |
| | ATI-Tuition Guarantee-2018-19 ⁽¹⁾ | NA | 7,608 | 7,608 | 7,608 | 7,608 | |
| | ATI-Tuition Guarantee-2019-20 ⁽¹⁾ | NA | NA | 7,874 | 7,874 | 7,874 | |
| | ATI-Tuition Guarantee-2020-21 ⁽¹⁾ | NA | NA | NA | 8,197 | 8,197 | |
| | ATI-Tuition Guarantee-2021-22 ⁽¹⁾ | NA | NA | NA | NA | 8,508 | |
| | ATI (Non-Guarantee) | 7,104 | 7,104 | 7,104 | 7,104 | 7,104 | |
| | Non-Resident | Undergraduate Guarantee 2018-19 ⁽¹⁾ | NA | 27,660 | 28,621 | 29,628 | 30,727 |
| Undergraduate Guarantee 2019-20 ⁽¹⁾ | | NA | NA | 28,889 | 29,896 | 30,995 | |
| Undergraduate Guarantee 2020-21 ⁽¹⁾ | | NA | NA | NA | 30,221 | 30,221 | |
| Undergraduate Guarantee 2021-22 ⁽¹⁾ | | NA | NA | NA | NA | 31,633 | |
| Undergraduate (Non-Guarantee) | | 26,244 | 27,156 | 28,117 | 29,124 | 30,223 | |
| Graduate | | 33,208 | 34,240 | 35,320 | 36,452 | 37,888 | |
| ATI Guarantee 2018-19 ⁽¹⁾ | | NA | 27,624 | 28,585 | 29,592 | 30,691 | |
| ATI Guarantee 2019-20 ⁽¹⁾ | | NA | NA | 28,851 | 29,858 | 30,957 | |
| ATI Guarantee 2020-21 ⁽¹⁾ | | NA | NA | NA | 30,181 | 30,181 | |
| ATI Guarantee 2021-22 ⁽¹⁾ | | NA | NA | NA | NA | 31,591 | |
| ATI (Non-Guarantee) | | 26,208 | 27,120 | 28,081 | 29,088 | 30,187 | |

⁽¹⁾ First-year students who started their college careers on or after the 2017-18 academic year were enrolled under the Ohio State Tuition Guarantee, which provides certainty for those students and their families about the cost of in-state tuition, general fees, and housing and dining for four years. There is a non-resident surcharge that is not covered by the Tuition Guarantee Program that may result in annual increases for non-resident students.

Comparative information concerning the academic year 2020-21 instructional and general fees charged Ohio residents by the University and the other state universities are set forth below.

Instructional and General Fees 2020-21*

| <u>Institution</u> | <u>Undergraduate</u> | <u>Graduate</u> |
|----------------------------------|----------------------|-----------------|
| Bowling Green State University | \$11,471 | \$12,770 |
| Central State University | 6,600 | NA |
| Cleveland State University | 10,274 | 15,017 |
| Kent State University | 10,359 | 11,766 |
| Miami University | 14,839 | 14,656 |
| The Ohio State University | 10,037 | 12,425 |
| Ohio University | 10,810 | 9,510 |
| Shawnee State University | 7,838 | 10,156 |
| University of Akron | 10,815 | 9,362 |
| University of Cincinnati | 11,000 | 14,902 |
| University of Toledo | 10,027 | 16,165 |
| Wright State University | 9,132 | 14,298 |
| Youngstown State University | 8,766 | 12,688 |

* Based on Fall 2020 full-time charges or 15 credit hours and 2 semesters. Amounts shown include both Instructional and General Fees and certain other fees that are not uniform to all state universities.

Source: Ohio Department of Higher Education Fall 2020 Survey of Student Charges.

The following student budget has been used by the University’s Office of Financial Aid and represents estimated average undergraduate student costs at the Columbus Campus for academic year 2021-22.

Estimated Annual Expenses 2021-22

| <u>Basic Fees</u> | <u>Per Student</u> |
|-----------------------------------------------------|--------------------|
| Tuition and fees for In-State Residents | \$11,936 |
| Tuition and fees for Out-of-State-Residents* | 35,018 |
| Room and Board** | 13,392 |
| Books and Supplies | 1,012 |
| Miscellaneous Costs, Personal Expenses, Phone, etc. | 2,682 |
| Additional Out-of-State Travel | 818 |
| Total In-State Expenses | \$29,022 |
| Total Out-of-State Expenses | \$52,922 |

* Includes the non-resident tuition surcharge

** Based on the most popular room and board plan

Financial Aid

Approximately 80% of the students of the University receive some form of financial assistance. The primary responsibility for this function is placed with the Office of Student Financial Aid. During Fiscal Year 2020, students received total assistance amounting to \$1.20 billion. The primary sources included the Pell Grant Program, Ford Federal Direct Student Loan Programs, Federal Work Study, Federal Supplemental Educational Opportunity Grants, Ohio College Opportunity Grants, and the University scholarships, loans, employment, and graduate student fee waivers.

The following table summarizes the financial aid provided to University students for the five fiscal years ended June 30, 2020. A portion of funds provided are derived from sources outside the University. All programs assisted by the federal and state governments are subject to appropriation and funding by those governments.

**Student Financial Aid
(dollars in thousands)**

| <u>Source</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Scholarships and Grants | | | | | |
| University | \$401,132 | \$ 423,481 | \$ 442,194 | \$469,848 | \$502,355 |
| State Funds | 15,028 | 14,741 | 16,465 | 16,615 | 20,062 |
| Pell Grants | 51,449 | 50,654 | 55,365 | 57,645 | 58,688 |
| Other Federal Grants | 3,076 | 4,551 | 3,717 | 4,661 | 9,079 |
| Other Funds | <u>50,612</u> | <u>51,138</u> | <u>52,686</u> | <u>54,071</u> | <u>50,174</u> |
| Total Scholarships and Grants | \$521,297 | \$544,565 | \$570,427 | \$602,839 | \$640,358 |
| Loan | | | | | |
| University | \$1,082 | \$885 | \$ 724 | \$818 | \$904 |
| Federal Perkins | 4,103 | 6,632 | 7,084 | 0 | 0 |
| Federal Stafford & PLUS | 345,442 | 347,692 | 343,700 | 338,591 | 332,629 |
| Other Loans | <u>45,788</u> | <u>46,934</u> | <u>45,089</u> | <u>48,196</u> | <u>50,056</u> |
| Total Loans | \$396,415 | \$402,143 | \$396,596 | \$387,605 | \$383,589 |
| Student Employment | | | | | |
| Federal Work-Study | \$2,614 | \$2,865 | \$ 2,842 | \$3,360 | 3,392 |
| University Student Payroll | <u>158,655</u> | <u>164,014</u> | <u>168,740</u> | <u>173,282</u> | <u>171,151</u> |
| Total Student Employment | \$161,269 | \$166,879 | \$171,583 | \$176,642 | \$174,543 |
| Total Financial Assistance | \$1,078,982 | \$1,113,587 | \$1,138,606 | \$1,167,086 | \$1,198,490 |

Physical Plant

In total the University consists of 1,334 buildings and structures on 16,095 acres. The Columbus Campus programs are housed in 562 structures on the 1,674 acre campus. There are 77 additional structures located on 1,482 acres at the University's Extended Campuses. The OARDC has 365 buildings on 8,652 acres in Wooster, Ohio and eight other research farms throughout Ohio. The Molly Caren Agricultural Center in London, Ohio comprises 32 buildings on 2,092 acres. An additional 298 buildings, including county extension buildings, are located on 602 acres across Ohio. The total estimated replacement value of the University's buildings and infrastructure, all of which are either owned by the University or by the State for the use and benefit of the University is \$16.2 billion. The replacement value of the Columbus Campus alone is nearly \$14.1 billion. In 2013, the University entered into a 50-year lease and concession agreement with QIC Global Infrastructure pursuant to which the University, among other things, leased its parking lots and garages.

In July 2017, the University entered into a 50-year agreement to lease the University's utility system to Ohio State Energy Partners LLC (the "Concessionaire") and granted the Concessionaire the exclusive right to operate, maintain and make capital investments in the utility system and to charge the University a utility fee in connection therewith, which includes fixed, variable, and operating and maintenance components. The variable rate portion of the utility fee reflects the University's obligation to reimburse the Concessionaire over time for costs incurred by the Concessionaire in completing approved capital projects. The University's Board of Trustees has approved capital projects for the University's utility system through Fiscal Year 2021 in an aggregate amount of \$611.0 million. Certain of those projects require additional Board approval. The variable rate portion of the utility fee for Fiscal Year 2021 was \$16.8 million.

The Columbus Campus includes 1,674 acres comprising the east and west academic campuses, two 18-hole golf courses across 485-acres, and the 1,338-acre Don Scott Field. The Don Scott Field area contains the airport and experimental and demonstration farms and research areas on 801 acres and has 595 acres of undeveloped land. The Columbus Campus includes numerous academic and laboratory buildings and facilities, a 645 staffed bed University Hospital (does not include 356 staffed beds at the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute or the 193 staffed beds at the University Hospital East), one of the largest academic research libraries in North America, 41 residence hall buildings which can house approximately 14,750 students and a 102,082 seat stadium.

In pursuit of its teaching, research, and public service missions, the University continues to make significant investments in its facilities. As of June 30, 2021, the net book value of the University's land, buildings, improvements,

equipment, library books, and construction in progress was \$6.37 billion (preliminary and unaudited). In Fiscal Year 2021, University capital expenditures totaled \$926 million of which \$452 million went toward University projects and \$474 million supported health system projects. Several major construction projects are under way including new Arts District facilities, the Interdisciplinary Research facility, the Interdisciplinary Health Sciences center, various athletic facilities, and the relocation of Cannon Drive. Major health system capital projects include a new 820-bed inpatient hospital (and associated parking garage and central sterile supply building) and three outpatient care facilities (one on west campus and two regional facilities). The University’s estimated future capital commitments, based on contracts and purchase orders, total approximately \$1.7 billion at June 30, 2021.

The Ohio State University Wexner Medical Center

Part of one of the most comprehensive health sciences campuses in the country, The Ohio State University Wexner Medical Center includes the College of Medicine and its School of Health and Rehabilitation Sciences; the Office of Health Sciences, including the OSU Faculty Group Practice; various research centers, programs and institutes; and the Ohio State Health System (the “Health System”), which includes the Arthur G. James Cancer Hospital and Richard J. Solove Research Institute, University Hospital, East Hospital, Ohio State Harding Hospital, the Richard M. Ross Heart Hospital, Dodd Rehabilitation Hospital, the Ohio State Brain and Spine Hospital, the Ohio State Primary Care Network, Outpatient Care multispecialty facilities and Ohio State Same Day Care locations. The University’s Wexner Medical Center hospitals served more than 62,900 adult inpatients and more than 2.1 million outpatients in Fiscal Year 2021.

In 2020, *U.S. News & World Report* named the Wexner Medical Center to its list of America’s “Best Hospitals,” based on structure, patient experience, outcomes and reputation, for the 28th consecutive year. The Wexner Medical Center was also among the 9% of hospitals in the U.S. to receive the highest rating of five stars in the most recent update to the Centers for Medicare and Medicaid Services’ Hospitals Compare website.

The Ohio State University Wexner Medical Center is at the forefront of medicine, where discovery and ingenuity in research laboratories make unique, effective therapies available to patients months, even years, before other hospitals. One of the nation’s leading academic health centers, The Ohio State University Wexner Medical Center offers healthcare services in virtually every specialty and subspecialty in medicine. Thousands of patients come to the Wexner Medical Center each month for treatments and services they cannot find anywhere else. The Wexner Medical Center is dedicated to improving health in Ohio and across the world through innovation in research, education and patient care.

A comparative summary of The Ohio State University Wexner Medical Center patient activity statistics for the five years ended June 30 is as follows:

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Inpatient Admissions | 61,701 | 64,529 | 64,534 | 62,352 | 62,916 |
| Outpatient Visits | 1,763,707 | 1,815,070 | 1,915,176 | 1,868,222 | 2,116,454 |
| Surgeries | 44,090 | 44,888 | 46,703 | 44,741 | 50,741 |

University Hospital specialties include organ and tissue transplantation, women and infants, digestive diseases, bariatric surgery and minimally invasive surgery. In addition to having a Level I Trauma Center as designated by the American College of Surgeons, University Hospital is also home to a Level III Neonatal Intensive Care Unit, central Ohio’s only adult burn center and the only adult solid organ transplant program in central Ohio. University Hospital has been re-designated a Magnet® hospital by the American Nurses Credentialing Center; one of the highest awards a hospital can receive for outstanding nursing services.

Ohio State East Hospital blends academic medicine with a community-based setting in a comprehensive outpatient facility and a 200-bed hospital on Columbus’s East Side. The hospital provides a full range of medical and surgical services to patients throughout central Ohio, including orthopedics, general surgery, vascular surgery, plastic surgery, ENT, cardiovascular and pulmonary care, family medicine, general internal medicine and emergency medicine. Additionally, patients at East Hospital have access to central Ohio’s leading alcohol and drug addiction recovery services, a comprehensive wound-healing center with limb preservation program, digestive disease treatment, a full-range of diagnostic services, a sleep disorders center and outpatient oncology services.

The Ohio State Heart and Vascular Center comprises the Richard M. Ross Heart Hospital and Dorothy M. Davis Heart and Lung Research Institute (DHLRI) and is dedicated to advancing the field of cardiovascular medicine and surgery. The University’s Ross Heart Hospital is a 150-inpatient-bed facility that offers comprehensive heart and vascular care

spanning every specialty from open heart surgery to electrophysiology, vascular surgery, advanced heart failure care and emergency cardiac care. The DHLRI is one of the nation's few free-standing facilities devoted entirely to the research of diseases affecting the heart, lungs and blood vessels.

Ohio State Harding Hospital offers counseling services along with the most comprehensive inpatient and outpatient mental health and behavioral health services in central Ohio. Programs are available for adolescents, adults and older adults with complex psychiatric disorders. Ohio State Harding Hospital's team includes psychiatrists, psychologists, social workers, registered nurses, occupational therapists, recreational therapists, chaplains and licensed counselors. Treatment for anxiety disorders, panic attacks, post-traumatic stress disorders, depression, bipolar disorder, schizophrenia, ADHD and trauma occurs in a supportive environment emphasizing family participation and a return to independent living.

The only free-standing cancer hospital in central Ohio and the first in the Midwest, the University's Comprehensive Cancer Center – Arthur G. James Cancer Hospital and Richard J. Solove Research Institute (OSUCCC – James) is an international leader in cancer prevention, detection and treatment. The OSUCCC – James is a 356-bed cancer hospital, one of only 51 comprehensive cancer centers designated by the National Cancer Institute (NCI) and one of only a few institutions nationally funded by the NCI to conduct both phase I and phase II clinical trials on novel anticancer agents sponsored by the NCI. The OSUCCC – James achieved Magnet® status in 2013.

Ohio State University Physicians, Inc. (OSUP) is a physician-led affiliated entity of The Ohio State University established in 2002 designated by the Board as the faculty practice plan for the College of Medicine. The University's Faculty Group Practice (FGP) is a business unit of the Office of Health Sciences that represents the majority of the physicians delivering care to patients at The Ohio State University Wexner Medical Center. Both OSUP and FGP physicians have an employment relationship with the College of Medicine in support of its teaching, patient care and research mission areas.

The Ohio State Brain and Spine Hospital has 116 beds, bringing together a multidisciplinary team of physicians, nurses and scientists committed to meeting the specialized needs of patients with brain and spine disorders by restoring function, optimizing recovery and providing hope. The hospital includes more than 60,000 square feet of space with dedicated units for stroke care, neurotrauma and traumatic brain injuries, spinal cord injuries and spine surgery, epilepsy, chronic pain, acute rehabilitation, neurosurgery and sleep medicine.

Dodd Rehabilitation Hospital is home to Ohio State's high-performing and nationally accredited rehabilitation inpatient program specializing in stroke, brain and spinal cord rehabilitation. The program was the first in Ohio and is dedicated to physical medicine and rehabilitation research, training and treatment. Our Department of Physical Medicine and Rehabilitation works to restore function for a person who has been disabled as a result of a disease, disorder or injury.

On November 14, 2018, the Wexner Medical Center and Mercy Health launched Healthy State Alliance. Healthy State Alliance brings together two organizations with complementary missions, capabilities and talents to leverage their respective strengths, significantly expand access to life-changing care and improve the health of all those they serve. Early efforts are focused on addressing the opioid epidemic and increasing access to cancer and transplant care.

As part of its strategic planning and development process, the University and its Wexner Medical Center are continually evaluating opportunities that may involve the addition or acquisition of, or affiliation with, other organizations and enterprises including acute care hospital facilities, long-term care entities and other healthcare enterprises, or the divestiture of enterprises, operations or facilities that the University's Wexner Medical Center currently owns or operates. In addition, the University's Wexner Medical Center may engage in such discussions with health insurers, HMOs, preferred provider organizations, third-party administrators and other health insurance-related businesses. Because the healthcare field is rapidly evolving, the Wexner Medical Center is often simultaneously discussing or evaluating a variety of potential acquisitions, divestitures, combinations, affiliations, expansions and joint ventures. Many of those discussions and evaluations never progress to an actual agreement, and the University does not typically disclose such discussions or evaluations unless and until a definitive agreement is reached.

Other Public Institutions

Publicly owned higher education institutions in Ohio now include 14 state universities (with a total of 24 branches), one freestanding medical college (in addition to five at state universities) and 23 community and technical colleges. Those institutions all receive State assistance and conduct full-time educational programs in permanent facilities.

Ohio Department of Higher Education

The Ohio Department of Higher Education (formerly known as the Ohio Board of Regents) is a cabinet-level agency for the Governor of the State of Ohio that oversees higher education for the State. The Chancellor of the Ohio Department of Higher Education is an appointee of the Governor, with the advice and consent of the State Senate. The current Chancellor is Randy Gardner. The Chancellor has statewide coordinating, recommendatory, advisory and directory powers with respect to state-supported and state-assisted institutions of higher education. Among the Chancellor's powers and responsibilities are to formulate and revise a state master plan for higher education; to make recommendations to the Governor and General Assembly concerning the development of state-financed capital plans for higher education; to prepare a state plan for and be the state agency responsible for participation in federal programs relative to the construction of higher education academic facilities; to approve or disapprove the establishment of technical colleges, state institutions of higher education, community colleges and new branches or academic centers of state universities; to approve or disapprove all new degree programs at higher education institutions; to review and recommend the elimination of graduate and professional programs; to approve increases in fees and fee pledges of higher education institutions related to the issuance of new debt, and to review appropriation requests of those institutions and make recommendations to the General Assembly concerning the biennial higher education operating and capital appropriations.

The Ohio Board of Regents acts as an advisory board to the Chancellor. The Ohio Board of Regents consists of nine voting members appointed to six-year terms by the Governor with the advice and consent of the State Senate. Ex-officio non-voting members are the chairpersons of the respective education committees of the State Senate and the State House of Representatives.

FINANCIAL OPERATIONS OF THE UNIVERSITY

General

The financial statements of the University are prepared in a "business type activity" format in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities - an amendment of GASB Statement No. 34*. GASB Statement No. 35 defines business type activities as those financed in whole or in part by fees charged to external parties for goods and services. Most public colleges and universities have elected to use the business type activity format. For further information see the audited financial statements of the University as of June 30, 2020 and 2019.

Summary of Revenues, Expenses, and Other Changes in Net Position

It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss" for state-supported colleges and universities such as the University. This is primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all University expenses, except for interest on long-term debt. Operating revenues, however, exclude certain significant revenue streams that the University and other public institutions have traditionally relied upon to fund current operations, including state instructional support, current-use gifts, and investment income.

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The following “Summary of Revenues, Expenses and Other Changes in Net Position” presents summary financial information for Fiscal Years 2016 through 2020.

Summary of Revenues, Expenses and Changes in Net Position
(dollars in thousands)

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Operating Revenues: | | | | | |
| Tuition and fees, net* | \$884,805 | \$927,317 | \$935,893 | \$969,633 | \$953,569 |
| Grants and contracts | 683,809 | 737,060 | 757,036 | 789,873 | 796,229 |
| Auxiliary enterprises sales and services, net | 261,761 | 309,497 | 328,692 | 339,615 | 298,064 |
| OSU Health System sales and services, net | 2,625,075 | 2,844,327 | 3,103,891 | 3,432,271 | 3,449,681 |
| OSU Physicians sales and services, net | 487,429 | 496,364 | 525,796 | 560,322 | 584,222 |
| Departmental sales and other operating revenues | <u>182,639</u> | <u>213,026</u> | <u>193,292</u> | <u>211,223</u> | <u>196,443</u> |
| Total operating revenues | \$5,125,518 | \$5,527,591 | \$5,844,600 | \$6,302,937 | \$6,278,208 |
| Operating Expenses: | | | | | |
| Educational and general | \$2,418,561 | \$2,495,255 | \$2,062,211 | 2,724,436 | 2,867,230 |
| Auxiliary enterprises | 254,137 | 313,185 | 322,149 | 361,346 | 320,392 |
| OSU Health System | 2,242,256 | 2,595,797 | 2,720,988 | 3,109,070 | 3,345,167 |
| OSU Physicians | 441,333 | 444,361 | 484,132 | 507,366 | 563,200 |
| Depreciation | <u>358,326</u> | <u>381,753</u> | <u>402,135</u> | <u>421,816</u> | <u>435,284</u> |
| Total operating expenses | \$5,714,613 | \$6,230,351 | \$5,991,615 | \$7,124,034 | \$7,531,273 |
| Net operating income (loss) | (\$589,095) | (\$702,760) | (\$147,015) | (\$821,097) | (\$1,253,065) |
| Non-Operating Revenues (Expenses): | | | | | |
| State share of instruction and line-item appropriations | \$456,063 | \$473,061 | \$475,593 | \$469,679 | \$461,838 |
| Gifts - current use | 156,737 | 181,212 | 168,209 | 160,102 | 157,511 |
| Net investment income (loss) | (10,376) | 543,300 | 440,393 | 232,287 | 233,115 |
| CARES Act assistance** | - | - | - | - | 169,863 |
| Grants, interest expense and other non-operating | (26,586) | (61,632) | (29,027) | (39,464) | 4,528 |
| Income (loss) before changes in net position | (13,257) | 433,181 | 908,153 | 1,507 | (226,210) |
| Changes in Net Position: | | | | | |
| State capital appropriations | 36,381 | 68,270 | 83,217 | 64,900 | 69,905 |
| Private capital gifts | 10,422 | 26,761 | 15,470 | 26,565 | 77,425 |
| Additions to permanent endowments | 64,537 | 60,177 | 61,708 | 68,696 | 88,273 |
| Increase (decrease) in net position | 98,083 | 588,389 | 1,068,548 | 161,668 | 9,393 |
| Net Position - beginning of year | \$4,992,309 | \$5,090,392 | \$5,666,558 | \$5,494,631 | \$5,672,928 |
| Effect of GASB 81 (Irrevocable Split Interest Agreements)*** | | (12,223) | | | |
| Effect of GASB 75 (OPEB)**** | | | (1,225,012) | | |
| Effect of GASB 83 (Certain Asset Retirement Obligation) ***** | | | (15,463) | | |
| Effect of Change in Financial Reporting Entity (Sci Tech) | | | | 16,629 | |
| Net Position-end of year | \$5,090,392 | \$5,666,558 | \$5,494,631 | \$5,672,928 | \$5,682,321 |

* Net of scholarship allowances of \$180,828, \$179,071, \$199,405, \$218,936, and \$238,920 respectively.

** See **COVID-19 Pandemic** below for a discussion concerning CARES Act assistance.

*** In Fiscal Year 2017, the University implemented GASB Standard No.81, Irrevocable Split-Interest Agreements. The cumulative effect of adopting GASB No. 81 was a \$12,223 reduction in the University’s net position as of July 1, 2016.

**** In Fiscal Year 2018, the University implemented GASB Standard No.75, Accounting and Financial Reporting for OPEB. The effect of adopting GASB 75 was a reduction in the University’s net position as of July 1, 2017. Balances reported for the year ended June 30, 2017 and all prior fiscal years presented have not been restated due to limitations on the information available from the retirement systems.

*****In Fiscal Year 2018, the University implemented GASB Standard No. 83, Certain Asset Retirement Obligation. The cumulative effect of adopting GASB No. 83 was a \$15,463 reduction in the University’s net position as of July 1, 2017.

The following Net Position (Equity) Summary presents net investment in capital assets, restricted – nonexpendable, restricted – expendable and unrestricted net position balances for Fiscal Years 2016 through 2020.

Net Position (Equity) Summary
(dollars in thousands)

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|----------------------------------|----------------|----------------|----------------|---------------|------------------|
| Net Investment in Capital Assets | \$2,382,715 | \$2,364,637 | \$2,488,574 | \$2,764,692 | \$3,226,206 |
| Restricted – Nonexpendable | 1,370,064 | 1,473,074 | 1,551,278 | 1,580,115 | 1,622,782 |
| Restricted – Expendable | 908,953 | 1,190,162 | 1,328,793 | 1,303,269 | 1,125,359 |
| Unrestricted* | <u>428,660</u> | <u>638,685</u> | <u>125,986</u> | <u>24,852</u> | <u>(292,026)</u> |
| Total Net Position | \$5,090,392 | \$5,666,558 | \$5,494,631 | \$5,672,928 | \$5,682,321 |

* The decreases in unrestricted net position relate to the implementation of the GASB 68 pension and GASB 75 OPEB standards.

General Receipts of the University

General Receipts pledged to the security of the Bonds and to the University’s payment obligations under its swaps/derivative agreements (including termination payments if any) include virtually all the receipts of the University, excepting only receipts expressly excluded by the Indenture. Among receipts expressly excluded are State appropriations and any grants, gifts, donations and pledges, and receipts therefrom, which under restrictions imposed in the grant or promise or as a condition of the receipt are not available for payment of Debt Service Charges.

General Receipts for the five most recent fiscal years were as follows:

General Receipts of the University*
(dollars in thousands)

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021³</u> |
|--------------------------------------------|---------------|---------------|---------------|---------------|-------------------------|
| Tuition, Fees and Other Student Charges | \$1,106,385 | \$1,135,298 | \$1,188,569 | \$1,192,489 | \$1,104,466 |
| Unrestricted Government Grants & Contracts | 82,051 | 84,258 | 89,762 | 95,394 | 67,207 |
| Private Gifts and Grants | 44,167 | 41,310 | 41,206 | 46,994 | 55,784 |
| Unrestricted Endowment Income | 22,859 | 28,792 | 41,291 | 37,515 | 4,707 |
| Dept. & University Sales & Services | 155,779 | 157,841 | 165,638 | 146,963 | 173,942 |
| Auxiliary Sales & Services | 346,260 | 369,891 | 384,556 | 344,870 | 202,336 |
| Hospital Sales & Services | 2,853,177 | 3,103,891 | 3,432,271 | 3,449,681 | 3,853,048 |
| Other Sources | <u>53,649</u> | <u>26,687</u> | <u>33,936</u> | <u>36,004</u> | <u>20,857</u> |
| Total General Receipts | \$4,664,327 | \$4,947,968 | \$5,377,229 | \$5,349,910 | \$5,482,347 |

*Reflects preliminary and unaudited FY 2021 financial results

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³ The preliminary financial data included in this Quarterly Update to Bondholders has been prepared by and is the responsibility of the University’s management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the preliminary financial data and, accordingly, does not express an opinion or any other form of assurance with respect thereto.

Outstanding General Receipts Obligations

The University's General Receipts Bonds (including Senior Lien Obligations and Special Purpose General Receipts Obligations) as of September 30, 2021, consist of the following:

| <u>General Receipts Bonds</u> | <u>Original Amount</u> | <u>Amount Outstanding</u> |
|-------------------------------|------------------------|---------------------------|
| Series 1997 Bonds | \$79,540,000 | \$1,700,000 |
| Series 1999 B1 Bonds | 83,400,000 | 820,000 |
| Series 2001 Bonds | 76,950,000 | 3,450,000 |
| Series 2008 B Bonds | 127,770,000 | 9,000,000 |
| Series 2010 C Bonds | 654,785,000 | 654,785,000 |
| Series 2010 D Bonds | 88,335,000 | 79,990,000 |
| Series 2010 E Bonds | 150,000,000 | 125,000,000 |
| Series 2011 A Bonds | 500,000,000 | 500,000,000 |
| Series 2012 A Bonds | 91,165,000 | 41,440,000 |
| Series 2012 B Bonds | 23,170,000 | 8,985,000 |
| Series 2013 A Bonds* | 337,955,000 | 337,955,000 |
| Series 2014 A Bonds | 135,985,000 | 121,560,000 |
| Series 2014 B1 Bonds | 75,000,000 | 75,000,000 |
| Series 2014 B2 Bonds | 75,000,000 | 75,000,000 |
| Series 2016 A Bonds | 600,000,000 | 600,000,000 |
| Series 2016 B Bonds | 30,875,000 | 16,130,000 |
| Series 2017 Bonds | 69,950,000 | 55,595,000 |
| Series 2020 A Bonds | 185,995,000 | 185,995,000 |
| Series 2021 A Bonds | <u>600,000,000</u> | <u>600,000,000</u> |
| Total: | \$3,985,875,000 | \$3,492,405,000 |

* The Series 2013 A Bonds are the only outstanding series of Special Purpose General Receipts Obligations backed by a pledge of the gross revenues of Special Purpose Revenue Facilities (i.e., all housing, dining, and recreation facilities owned by the University). Special Purpose General Receipts pledged to the Series 2013A bonds totaled \$185.4 million in Fiscal Year 2020.

Interest Rate Swaps

As part of its debt management, the University is also party to the following forward-starting floating-to-fixed interest rate swap agreements with a total notional amount of \$328,800,000:

| <u>Outstanding Notional Amount</u> | <u>Related Bond Series¹</u> | <u>University Pays</u> | <u>University Receives</u> | <u>Counterparty</u> | <u>Effective Date</u> | <u>Termination Date</u> |
|------------------------------------|----------------------------------------|------------------------|----------------------------|---------------------|-----------------------|-------------------------|
| \$164,400,000 | Series 2013 A | 1.188% | SIFMA ² | Barclays | 6/1/2023 | 6/1/2043 |
| \$164,400,000 | Series 2013 A | 1.264 | SIFMA ² | Wells Fargo | 6/1/2023 | 6/1/2043 |

¹ The forward-starting swaps were entered into to allow the University to lock in favorable fixed swap rates in connection with the planned refunding of the Series 2013 A Bonds in June 2023.

² Securities Industry and Financial Markets Association (SIFMA) weekly variable rate index.

The University's obligations with respect to its interest rate swap agreements, including any obligation to make termination payments, are secured by a pledge of the University's General Receipts on a parity with other General Receipts Obligations.

General Operating Budget Procedures

For its Fiscal Year 2022 Financial Plan, the University continued its long-standing approach of adopting a budget that encompasses all operating funds of the University. This approach affords a holistic view of all operations of the University in an easily understood format that enables the University to highlight the evolution of funding sources which allows leadership to make informed strategic decisions in a timely manner.

The University divides its operating funds budget into a general fund budget (Columbus Campus and, separately, Extended Campuses and the Agricultural Technical Institute), an earnings fund budget, and a restricted fund budget. The general fund budget includes instruction and departmental research, separately budgeted research, public service, student services, general administration, plant operation and maintenance, student aid, and reserves. General fund operating revenues are derived from two primary sources: student tuition/fees and State appropriations. Over the last decade, student tuition/fees have increased at a faster pace than State appropriations and have become the University's largest source of general fund revenue. The earnings fund budget includes all expenditures supported by the hospitals and student-generated revenues, including room and board, bookstore, intercollegiate athletics, and related income. The restricted fund budget includes all expenditures supported by revenues from grants, contracts, gifts, and donations, and appropriations from the State intended for specific purposes.

The University adopts a general fund operating budget for each fiscal year by allocating to the colleges the increases (or decreases) in State Share of Instruction, student tuition/fees, and indirect cost recoveries collected on research projects. These allocations are based on the enrollments and research efforts adjusted for each college's share of administrative, space, research, and student services costs. Recommendations concerning fees, salaries, benefits, other revenues and expenditures, as well as budget requests for the colleges and support units are developed by the President and senior staff in consultation with the Council of Deans, Senate Fiscal Committee, and other University constituencies and are subject to review and approval by the Board of Trustees.

Fiscal Year 2021 Financial Results and Fiscal Year 2022 Financial Plan

Fiscal Year 2021 preliminary unaudited financial results indicate that the University's financial position remains strong. The University's size, diversity of operations, and expenditure discipline enabled continued fiscal strength during the unprecedented disruptions caused by the COVID-19 pandemic. Fiscal Year 2021 outperformed Fiscal Year 2020, driven primarily by strong investment performance, decreases in pension and other post-employment benefit (OPEB) liabilities, and a positive margin at the Health System from increased patient volumes.

The following Summaries of Net Position (Equity) and of Revenues, Expenses and Other Changes in Net Position present preliminary unaudited financial results for the year ending June 30, 2021.⁴

Net Position (Equity) Summary (dollars in thousands)

| | <u>2021</u> ⁴ | <u>2020</u> |
|----------------------------------|--------------------------|------------------|
| Net Investment in Capital Assets | \$3,311,377 | \$3,226,206 |
| Restricted – Nonexpendable | 2,944,165 | 1,622,782 |
| Restricted – Expendable | 1,433,749 | 1,125,359 |
| Unrestricted | <u>904,512</u> | <u>(292,026)</u> |
| Total Net Position | \$8,643,803 | \$5,682,321 |

Revenues, Expenses, and Other Changes in Net Position Summary (dollars in thousands)

| | <u>2021</u> ⁴ | <u>2020</u> |
|-------------------------------------|--------------------------|----------------|
| Total Operating Revenues | \$6,564,358 | \$6,278,208 |
| Total Operating Expenses | 6,167,340 | 7,531,273 |
| Net Non-Operating Revenues | 2,410,905 | 1,026,855 |
| Total Other Changes in Net Position | <u>153,559</u> | <u>235,603</u> |
| Increase in Net Position | \$2,961,482 | \$9,393 |

⁴ The preliminary financial data included in this Quarterly Update to Bondholders has been prepared by and is the responsibility of the University's management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the preliminary financial data and, accordingly, does not express an opinion or any other form of assurance with respect thereto.

The University's Fiscal Year 2021 preliminary unaudited financial results show total operating and net non-operating revenues of \$8.97 billion, an increase of \$1.67 billion over Fiscal Year 2020 driven by investment returns and sales and services revenues within the Health System (including OSU Physicians). Declines in academic and auxiliary revenues and increases in COVID-19 related expenses were offset by a combination of cost reductions and federal assistance. Preliminary unaudited results show a Fiscal Year 2021 decline in total operating expenses of \$1.36 billion reflecting a significant decline in pension and OPEB accruals, with the Health System (including OSU Physicians) being the only notable category of expense growth. Taken together with other changes in net position, the result was an increase in total net position of \$2.96 billion in Fiscal Year 2021 versus growth of \$9 million in Fiscal Year 2020. Fiscal Year 2021 interim financial reports for each quarter are presented to the Audit, Finance & Investment Committee at each meeting of the Board of Trustees and are available following those meetings on the University's Office of Business and Finance website: <https://busfin.osu.edu/university-business/debt-management/investor-relations-continuing-disclosure>.*

The University's Fiscal Year 2022 Financial Plan reflects an estimated \$8.45 billion of revenues and \$7.89 billion of spending. The University's budget presentation is based on a modified cashflow approach for both revenues and spending that removes the impact of non-cash accruals and depreciation. The Fiscal Year 2022 Financial Plan projects total revenue growth of 9.6% reflecting an expected post-pandemic rebound for University operations with students returning to housing and dining, normal attendance at athletic and other events, and, for the Health System, increases in patient volume and some rate increases. Fiscal Year 2022 uses are projected to increase by 9.3% reflecting compensation and benefit increases and strategic hiring across the enterprise.

The University also approved a \$3.43 billion Fiscal Years 2022-2027 Capital Investment Plan which includes \$246 million for new projects for FY 2022 and \$3.18 billion of remaining spending for projects approved in prior fiscal years. Major capital projects approved in prior capital budgets that are currently in various stages of construction include: the Arts District facility, the Interdisciplinary Research facility, the Wexner Medical Center Inpatient Hospital, three Outpatient Care facilities, and the Interdisciplinary Health Sciences Center. New projects approved for Fiscal Year 2022 consist largely of cash funded renovation projects and equipment purchases within the Health System. Capital projects are funded from a variety of sources including gifts, state appropriations, debt financing, and University funds. The following table summarizes estimated spending by fiscal year for projects included in the Fiscal Years 2022-2027 Capital Investment Plan.

| <u>(\$ in millions)</u> | <u>FY 2022</u> | <u>FY 2023</u> | <u>FY 2024</u> | <u>FY 2025</u> | <u>FY 2026</u> | <u>FY 2027</u> | <u>Total</u> |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Prior Commitment Remaining Spend | \$875.2 | \$1,038.3 | \$597.0 | \$351.5 | \$164.5 | \$153.9 | \$3,180.3 |
| New FY 2022 Projects | <u>\$187.1</u> | <u>\$33.4</u> | <u>\$20.2</u> | <u>\$5.0</u> | <u>\$0.6</u> | <u>\$0.0</u> | <u>\$246.4</u> |
| Total Estimated Capital Spend | \$1,062.3 | \$1,071.7 | \$617.2 | \$356.5 | \$165.1 | \$153.9 | \$3,426.7 |

The Fiscal Year 2022 Financial Plan is available on the University's Office of Business and Finance website: <https://busfin.osu.edu/university-business/financial-planning-analysis/university-operating-budget>.*

* The Fiscal Year 2021 interim financial reports and the Fiscal Year 2022 financial plan are not incorporated into and do not constitute a part of this Quarterly Update to Bondholders.

State Operating Appropriations

All State universities in Ohio receive financial assistance for both operations and designated capital improvements through appropriations by the Ohio General Assembly. These appropriations constitute a portion of the University's annual operating budget and contribute substantially to the successful operation and maintenance of the University. State operating appropriations are allocated across State universities based on their share of enrollment and degree completions, indexed for financially and academically at risk resident undergraduate students, medical and doctoral subsidy as well as other criteria intended to advance the goals of the state. The following table shows historical State operating appropriations to the University for Fiscal Years 2017 through 2021.

| <u>Fiscal Year</u> | <u>State Operating Appropriations*</u> |
|---------------------------|-----------------------------------------------|
| 2017 | \$478,846,500 |
| 2018 | 478,443,500 |
| 2019 | 473,125,900 |
| 2020 | 466,930,500 |
| 2021 | 491,065,200 |

* Total University, including all campuses.

State Capital Appropriations

Every year the University updates its five-year capital investment plan. Administrators work with colleges and central offices to prioritize capital needs, based on standing criteria and areas of emphasis. This provides the basis for a State capital appropriation request which is submitted every other year to the Chancellor of the Ohio Department of Higher Education. The request identifies the projects proposed to be financed with State appropriations by the General Assembly and the purpose, priority, amount, and source of funds for those projects. The Chancellor of the Ohio Department of Higher Education may approve, modify or disapprove aspects of the University's capital appropriation request.

The following table shows capital spending funded, and for Fiscal 2021-2022 expected to be funded, from State capital appropriations to the University for the past five fiscal biennia.

| <u>Fiscal</u> <u>Biennium</u> | <u>State Capital</u> <u>Appropriations</u> |
|------------------------------------------------|-------------------------------------------------------------|
| 2013-14 | \$129,935,000 |
| 2015-16 | 77,249,000 |
| 2017-18 | 151,487,000 |
| 2019-20 | 134,805,000 |
| 2021-22 | 155,830,670 |

State appropriations constitute a portion of the University's annual operating and capital budgets. Under the Ohio Constitution, an appropriation may not be made for more than a two-year period. There can be no assurance that State appropriated funds for operating or capital improvement purposes will be made available in the amounts requested or required by the University. The General Assembly has the responsibility of determining such appropriations biennially and is not under a legal obligation to make appropriations in accordance with the budget requests of the University. State income and budget constraints may from time to time compel a stabilization or reduction of the level of State assistance and support for higher education in general and the University in particular. In addition, such appropriations (and other similar appropriations) are subject to subsequent limitations pursuant to an Ohio Revised Code section, implemented by the Governor from time to time in the past, which provides in part that if the Governor ascertains that the available revenue receipts and balances for the current fiscal year will in all probability be less than the appropriations for the year, he shall issue such orders to the State agencies to prevent their expenditures and incurred obligations from exceeding such revenue receipts and balances.

Recent Developments

The State ended Fiscal Year 2021 with a General Revenue Fund (GRF) ending fund balance of \$4.03 billion, an increase of \$3.25 billion over Fiscal Year 2020. Tax receipts came in \$1.54 billion above estimate driven primarily by the performance of the sales tax and personal income tax which ended the year above estimate by \$1.01 billion (9.0%) and \$436 million (4.5%), respectively. Performance of the sales tax is attributed to a market shift in consumption from services (most of which are excluded from the sales tax) to taxable goods/products including automobiles. The personal income tax benefited from a strong Ohio labor market with withholding collections for the fiscal year above estimate by \$502 million (5.5%). On the expenditure side, the State implemented a number of GRF cost containment measures totaling \$775 million, including a \$109 million (~20%) reduction in State Share of Instruction (SSI) funding for higher education. In January 2021 and based on revenue performance year-to-date, the K-12 and higher education portion of those cuts were restored to their original Fiscal Year 2021 levels. For Fiscal Year 2021, total GRF spending came in \$780 million (2.1%) below estimate with underspending occurring across all functional categories with the exception of education which exceeded its estimates by \$190 million. The State's enacted budget for FY 2022 projects revenues and transfers-in totaling \$36.59 billion which along with the \$4.03 billion beginning fund balance supports \$34.90 billion of estimated current year expenditures and \$2.98 billion of largely one-time transfers-out, resulting in an FY 2022 projected ending fund balance of \$2.75 billion.

The University continues to make significant investments in access and affordability through both merit and needs-based financial aid programs and through the Ohio State Tuition Guarantee. The University has focused its financial aid programs on Ohio students who demonstrate financial need and has increased financial aid for low to moderate income Ohio students by \$150 million over the last five years. The University also established the Buckeye Opportunity Program in Autumn 2018, ensuring that Ohio students who qualify for Pell Grants receive an aid package that covers the full cost of tuition and mandatory fees. The program supports an estimated 4,200 students per year and is funded through an endowment created from proceeds of the Comprehensive Energy Management partnership.

The Ohio State Tuition Guarantee Program continued into its fifth year in Fiscal Year 2022. The Tuition Guarantee Program freezes the cost of tuition, housing and dining, and general fees for four years for each incoming freshman cohort. For Fiscal Year 2022, the total cost of resident tuition and mandatory fees will increase 3.8% on the Columbus and regional campuses, compared with the previous cohort. Continuing undergraduate students who are part of prior Tuition Guarantee cohorts will not see an increase. Tuition and fees support approximately 75% of the cost of instruction with the remainder funded through State Share of Instruction.

In support of its Digital Flagship program, the University has integrated learning technology throughout the Ohio State experience. Beginning in Autumn 2018 and continuing through Autumn 2021, incoming first-year students at all campuses receive an iPad Pro as part of their academic toolkit. Faculty members have ramped up courses specifically designed to take advantage of widespread access to this technology. Additionally, the University continues to expand its investments in programs that support teaching excellence, such as the University Institute for Teaching and Learning. The Institute works with faculty throughout the University to extend best practices and instruction.

In October 2019, the University launched its most ambitious community-building and fundraising endeavor in history. *Time and Change: The Ohio State Campaign* strives to engage a record one million supporters with a financial goal of \$4.5 billion. The campaign focuses on three core areas: i) student success; ii) research and discovery; and iii) healthy, vibrant communities. Since the start of the campaign, more than \$2.7 billion has been raised from more than 597,000 supporters.

The University remains committed to protecting and enhancing student affordability and to attracting and retaining outstanding faculty. In her first State of the University address in February 2021, President Johnson presented several long-term strategic initiatives, including: i) a goal of hiring 350 new tenure-track faculty members, including a substantially larger number of faculty from underrepresented groups, ii) substantial investments in cutting edge research and innovation, particularly in emerging scientific, medical and engineering disciplines, and iii) a goal of being able to provide debt-free undergraduate degrees to all students within the next ten years.

After receiving a complaint from a former student-athlete in April 2018, the University initiated an independent investigation into allegations of sexual misconduct by a former University physician, Dr. Richard Strauss. Strauss was employed from 1978-1998 and died in 2005. In May 2019, the University released a report from the independent investigators that detailed acts of sexual abuse against at least 177 former students by Strauss during his employment with the University.

To date, the University has reached settlements totaling \$46.7 million with 185 individual claimants. On May 7, 2021, the University launched an individual settlement program for eligible plaintiffs in five active legal cases with the program closing on September 4, 2021 with 47 eligible enrollees. To date, the federal court has granted the University's motions to dismiss in eleven cases and the University anticipates the dismissal of the remaining Strauss-related lawsuits. Plaintiffs in five of the dismissed cases have filed Notices of Appeal. No taxpayer, tuition or donor funds will be utilized to pay any settlement amounts for the settled actions. All funds to be paid as part of the settlement will be drawn from existing institutional discretionary funding.

It is possible that additional lawsuits could be filed. While litigation is inherently unpredictable and the outcome of the pending and potential litigation cannot be determined at this time, management of the University is of the opinion that the aggregate amount that may ultimately be paid by the University with respect to these legal actions will not have a material adverse effect on the University's ability to meet its obligations to holders of General Receipts Obligations or to satisfy its other financial commitments.

COVID-19 Pandemic

The information set forth below is current as of the date of this Quarterly Update to Bondholders. Due to the evolving nature of the circumstances described below, it is likely those circumstances will continue to change.

COVID-19 in Ohio

As widely reported, the outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was first detected in December of 2019 and subsequently spread across six continents impacting many countries, including the United States. The COVID-19 outbreak has altered the behavior of businesses and people in a manner that has had and is expected to continue to have effects on global and local economies, including the State of Ohio.

The University's Response

On March 13, 2020, the University announced that it would suspend face-to-face instruction and transition to remote instruction for the remainder of the spring semester. On April 1, 2020, the University announced that the suspension of face-to-face instruction would extend through the summer semester. With limited exceptions, all University events scheduled to occur during the summer months of 2020, including summer camps and sports camps, were cancelled. Nearly all University housing and dining facilities were closed on March 22, 2020 and remained closed through the summer 2020 semester. The University provided students housing and dining reimbursement and reimbursement of certain fees (i.e., recreational fees) on a pro rata basis from March 16, 2020 through the end of spring semester. The approximate cost of the housing, dining, and recreational fee refunds were \$22 million, \$10 million, and \$2.4 million, respectively. Class action lawsuits were brought against the University seeking refunds for tuition and fees for the spring 2020 semester after the University closed its campus and transitioned to online classes due to the COVID-19 pandemic. The complaints allege that the University breached its agreement with students by failing to provide in-person educational services and access to facilities and assert, alternatively, claims for unjust enrichment. It is possible that additional lawsuits could be filed. While litigation is inherently unpredictable and the outcome of the pending and potential litigation cannot be determined at this time, management of the University is of the opinion that the aggregate amount that may ultimately be paid by the University with respect to these legal actions will not have a material adverse effect on the University's ability to meet its obligations to holders of General Receipts Obligations or to satisfy its other financial commitments.

In accordance with the policy of the University's Office of Human Resources relating to disaster preparedness, on March 22, 2020 the President of the University declared a "University State of Emergency" that allowed flexibility for employees to continue to telework while enabling University senior leadership and college deans to make determinations of who may work on campus to maintain critical services and research. This declaration applied to the Columbus campus, regional campuses and the Wexner Medical Center. A weekly determination was made concerning the continuation of the declaration and based on those determinations the declaration remained in place from March 22, 2020 until the declaration was lifted effective July 1, 2021.

During the 2020-2021 academic year, the University implemented certain cost containment measures to address expected and potential revenue losses. These measures included a hiring pause with exceptions for essential services and key faculty and research positions, a pause in merit-based compensation increases, restrictions on University travel, limited furloughs within select departments, and greater stringency around non-essential procurement and other operating expenditures. Merit-based compensation increases resumed for the 2021-2022 academic year, and certain travel restrictions have been lifted.

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) was a \$2.2 trillion stimulus bill signed into law on March 27, 2020. Approximately \$14 billion was designated for higher education through the Higher Education Emergency Relief Fund (HEERF). The University's share of the CARES Act allocation to higher education institutions was \$42.9 million (with 50% of such allocation required to be provided to students in the form of emergency financial aid grants). The CARES Act also established a \$175 billion allocation for a health care provider relief fund with distributions to health care systems occurring across six rounds. Initial round distributions were based on percentages of total Medicare payments received in federal Fiscal Year 2019 and prior year net patient revenue, with later rounds based on COVID-19 patient volumes and levels of disproportionate low-income patients or uncompensated care costs. The University hospital system and the James Cancer Hospital have received total funding of \$178 million. The U.S. Department of Health and Human Services also provided accelerated advance payments of Medicare reimbursements to health systems that, in effect, provide an interest free loan for one year, with repayments set to occur by netting the advanced amount against future Medicare claim amounts. The University and its affiliates received a total of \$287 million in accelerated advance payments of Medicare reimbursements. The recoupment of this temporary advance started in April 2021 and \$71 million has been recouped as of September 30, 2021. Additional stimulus support was provided by the State of Ohio by way of the Coronavirus Relief Fund which was a \$150 billion fund established for state, local and tribal governments by the CARES Act. The State of Ohio awarded the University \$27 million in August and another \$15 million in October of 2020 for a total of \$42 million. Finally, the University received nearly \$3 million in stimulus for various other aspects of its operation and services.

The Coronavirus Response and Relief Supplemental Appropriations Act 2021 (CRRSAA) was signed into law on December 27, 2020. This act authorized \$82 billion in support for education through HEERF II, which allocated \$65 million to the University, comprised of \$21 million for direct student aid and \$44 million allocated to the institution. The American Rescue Plan Act (ARP Act) was signed into law on March 11, 2021. This act authorized an

additional \$40 billion to higher education institutions with the University's allocation estimated to total \$114 million, with that amount split nearly equally between direct student aid and institutional support. This fund will be administered by the National Association of Student Financial Aid Administration (NASFAA).

In total, the University and its hospital system have been awarded \$734 million in stimulus funding (\$287 million is considered temporary) of which approximately \$34 million has not yet been drawn down. The University expects to fully draw down all remaining funds as it incurs qualifying expenses during the applicable time period.

The University conducted extensive testing of students, faculty and staff throughout the 2020-2021 academic year. Prior to commencement of the Spring 2021 semester, the University implemented a COVID-19 testing policy that required on-campus students and fraternity and sorority students to be tested at home before returning to campus and then re-tested upon arrival. Two negative tests were required prior to any student returning to in-person classes or any on-campus activities. Students living off-campus were provided testing by the University prior to commencement of the Spring semester, and all students, including students living off campus, were required to be tested weekly throughout the semester. No student was permitted to attend in-person classes or on-campus activities without having two consecutive negative tests. All other on-campus protocols (masking, social distancing and limits on group gatherings) remained in place, and throughout the Spring 2021 semester, the University observed a low positivity rate among its students.

As vaccination rates continued to increase during the summer of 2021 and other health and safety protocols remained effective, the University announced that it expected to return to more of a traditional University experience for the Autumn 2021 semester, with engaged in-classroom learning, thriving student activities, university athletic, and community events that bring the University community together. The University also announced that the calendar for the 2021-2022 academic year would reinstitute a fall break, a one-week spring break and a return to campus after the Thanksgiving break.

While vaccination rates have continued to increase and other health and safety protocols have remained effective, the University has made certain recent policy changes in response to the increased spread of the Delta variant of the COVID-19 virus, which is more contagious than previous versions of the virus. On August 2, 2021 the University announced that due to the increased spread of the Delta variant in Ohio and around the nation, the University was reinstating mask requirements that had been lifted for vaccinated individuals in June, 2021. As of August 2, 2021 all students, faculty, staff and visitors to all University campuses are required to wear masks indoors, regardless of vaccination status. In addition, all students, faculty and staff are required to report their vaccination status to the University to allow the University to make public health decisions including decisions relating to the frequency of testing and the continuation of masking and social distancing requirements.

On August 3, 2021, in response to the continued spread of the Delta variant in Ohio, the University announced that all faculty, staff, students and other healthcare personnel working or studying at the Wexner Medical Center, the College of Medicine and OSU Physicians, Inc. who are required to receive the influenza vaccine would be required to receive the first dose of the COVID-19 vaccine, or obtain an approved exemption from the vaccine requirement, by October 15, 2021

On August 24, 2021, in response to news that the U.S. Food and Drug Administration had granted full approval to the Pfizer vaccine, the University announced a requirement that every student, faculty and staff member will be required to be vaccinated against COVID-19 or obtain an approved exemption from the vaccine requirement. The deadline for the first dose of the vaccine for those individuals receiving a two-dose sequence was October 15, 2021. The second dose deadline is November 15, 2021. As of October 18, 2021, more than 89% of the University's faculty, staff, and students have received a COVID-19 vaccine and on the Columbus campus more than 90% of students have received at least one dose of a vaccine. .

Potential Future Impact of COVID-19 Pandemic on the University's Financial Position

The impact of COVID-19 on University finances and operations may continue for at least the current fiscal year, depending on vaccination rates and whether the COVID-19 virus or variations of the virus continue to spread in the United States and around the world. Future adverse consequences of the COVID-19 pandemic may include, but are not limited to: a decline in enrollment (including a disproportional decline in enrollment by international students); a decline in demand for University housing; a decline in demand for University programs that involve travel or that have international connections; cancellation, postponement and/or reduced attendance for athletic events; and an

increase in costs associated with purchasing of personal protective equipment and implementing community-wide testing programs.

Investments and Liquidity

Financial markets have experienced increased turbulence attributable to the impact of COVID-19 on world economies. This may in turn result in greater variability in the University's investment returns. As of September 30, 2021, the University had total operating fund cash and investments valued at approximately \$5.19 billion, of which \$0.47 billion can be converted to cash on a same day basis, \$2.60 billion can be converted to cash on a next-day basis and \$2.11 billion can be converted to cash in between 2 and 7 days.⁵ As of September 30, 2021, and based on projected Fiscal Year 2022 average daily spending, the University has liquid assets on hand to cover approximately 242 days of spending.

Grants and Contracts

During Fiscal Year 2020, the University's expenditures on research totaled \$968 million.⁶ Over half of these expenditures (\$539 million) came from various federal agencies. The National Institutes of Health (\$266 million), the National Science Foundation (\$58 million), the Department of Energy (\$28 million), the Department of Defense (\$38 million), and the Department of Agriculture (\$38 million) were the primary federal sponsors. The remaining \$429 million came from non-federal sources (industry, state, other non-governmental entities and institutional funds) with institutional funds (\$152 million) and industrial sponsors (\$150 million) being the primary sources.

The University's total research expenditures, as reported to the National Science Foundation, are managed by a number of administrative units. The primary administrative unit for external funding awarded to the University's investigators in Fiscal Year 2020 was the Ohio State University Office of Sponsored Programs, which managed the majority of the awards to academic units. In addition, some funds (primarily block grants from the U.S. Department of Agriculture) are administered by the OARDC. Research expenditures by the University's investigators at the Research Institute at Nationwide Children's Hospital and the Transportation Research Center are also included in the University's total research expenditures. Institutional funds reflect the University's investment in the research enterprise and include cost-sharing on grants for items such as facilities, equipment and graduate associate tuition.

The following tables show grant and contract expenditures for sponsored projects for Fiscal Years 2016-2020 by administering unit and grant and contract awards for the same time period. Note that total awards and total expenditures will not precisely match, because awards often include multiple years of funding, whereas expenditures reflect activity in a single fiscal year. In addition, institutional contributions are not included in the awards table.

Grant and Contract Expenditures by Administering Unit (dollars in thousands)

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Office of Sponsored Programs | \$515,613 | \$534,629 | \$539,660 | \$582,492 | \$591,971 |
| Ohio Agricultural R&D Center | 30,719 | 31,525 | 30,278 | 30,178 | 28,962 |
| Research Institute at Nationwide Children's Hospital | 63,873 | 74,003 | 74,911 | 88,887 | 87,442 |
| Transportation Research Center | 39,161 | 45,515 | 48,240 | 38,633 | 35,445 |
| Institution | 144,158 | 127,297 | 128,966 | 138,213 | 151,627 |
| Others | 53,569 | 51,358 | 52,959 | 52,713 | 72,813 |
| Total | \$847,093 | \$864,327 | \$875,014 | \$931,116 | \$968,260 |

⁵ The preliminary financial data included in this Quarterly Update to Bondholders has been prepared by, and is the responsibility of, the University's management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the preliminary financial data and, accordingly, does not express an opinion or any other form of assurance with respect thereto.

⁶ This measure is calculated on a cash-basis and is not defined by generally accepted accounting principles. As a result, it may not be comparable to similarly titled measures used by other organizations.

**Grant and Contract Awards by Administering Unit
(dollars in thousands)**

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Office of Sponsored Programs | \$549,747 | \$571,910 | \$575,470 | \$621,174 | \$684,121 |
| Ohio Agricultural R&D Center | 33,790 | 35,279 | 33,723 | 32,013 | 32,912 |
| Research Institute at Nationwide Children's Hospital | 66,308 | 72,552 | 51,480 | 103,824 | 100,245 |
| Transportation Research Center | 39,161 | 45,515 | 48,240 | 39,125 | 35,445 |
| Others | 72,049 | 82,623 | 85,925 | 94,411 | 119,826 |
| Total | \$761,055 | \$807,879 | \$794,838 | \$890,547 | \$972,549 |

The following table shows grant and contract expenditures for Fiscal Years 2016-2020 by source of funds.

**Grant and Contract Expenditures by Source
(dollars in thousands)**

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Federal Sponsors | | | | | |
| National Institutes of Health | \$204,530 | \$217,471 | \$221,833 | \$241,206 | \$265,890 |
| National Science Foundation | 53,077 | 50,740 | 50,971 | 51,067 | 57,879 |
| Department of Education | 22,124 | 17,221 | 13,096 | 11,912 | 10,626 |
| Department of Defense | 31,672 | 31,139 | 34,579 | 39,550 | 38,504 |
| Department of Energy | 19,104 | 21,563 | 25,163 | 26,718 | 27,688 |
| Department of Labor | 15,369 | 12,047 | 12,489 | 12,600 | 12,173 |
| Department of Agriculture | 31,461 | 32,136 | 34,553 | 33,905 | 37,563 |
| National Aeronautics and Space Administration | 7,330 | 7,288 | 8,721 | 10,014 | 9,913 |
| Other Federal Agencies | 72,186 | 74,706 | 73,589 | 70,740 | 79,123 |
| Total Federal Sources | \$456,853 | \$464,311 | \$474,994 | \$497,712 | \$539,359 |
| Industry | 127,738 | 146,317 | 138,916 | 158,151 | 150,200 |
| State of Ohio | 52,637 | 54,591 | 58,211 | 61,167 | 47,997 |
| Other Non-Federal Agencies | 65,706 | 71,811 | 73,927 | 75,873 | 79,076 |
| Institutional funds | 144,159 | 127,297 | 128,966 | 138,213 | 151,628 |
| Total Non-Federal Sources | \$390,240 | \$400,016 | \$400,020 | \$433,404 | \$428,901 |
| Total All Sources | \$847,093 | \$864,327 | \$875,014 | \$931,116 | \$968,260 |

The following table shows total grant and contract awards for Fiscal Years 2016-2020 by source of funds.

**Grant and Contract Awards by Source
(dollars in thousands)**

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Federal Sponsors | | | | | |
| National Institutes of Health | \$217,585 | \$237,513 | \$226,048 | \$298,983 | \$310,929 |
| National Science Foundation | 56,925 | 59,359 | 54,139 | 52,607 | 72,608 |
| Department of Education | 20,666 | 16,105 | 12,239 | 11,923 | 13,091 |
| Department of Defense | 31,537 | 33,149 | 44,116 | 50,235 | 46,209 |
| Department of Energy | 25,098 | 26,685 | 32,505 | 30,061 | 26,154 |
| Department of Labor | 9,005 | 13,926 | 13,266 | 12,928 | 11,366 |
| Department of Agriculture | 30,017 | 34,255 | 34,020 | 46,859 | 40,894 |
| National Aeronautics and Space Administration | 8,991 | 7,095 | 10,793 | 9,493 | 11,084 |
| Other Federal Agencies | 77,283 | 78,663 | 71,627 | 81,359 | 91,680 |
| Total Federal Sources | \$477,107 | \$506,750 | \$498,753 | \$594,448 | \$624,015 |
| Industry | 128,163 | 140,469 | 144,421 | 136,818 | 166,251 |
| State of Ohio | 76,394 | 53,241 | 57,421 | 46,165 | 53,097 |
| Other Non-Federal Agencies | 79,391 | 107,419 | 94,243 | 113,116 | 129,186 |
| Total Non-Federal Sources | \$283,948 | \$301,129 | \$296,085 | \$296,099 | \$348,534 |
| Total All Sources | \$761,055 | \$807,879 | \$794,838 | \$890,547 | \$972,549 |

The Office of University Advancement

The Ohio State University Foundation (the “Foundation”) is a not-for-profit organization formed in April 1985 which operates exclusively for the benefit of the University. The Ohio State University Foundation is the primary fundraising and gift receiving organization for the University. Through the Foundation and the Office of University Advancement, contributions to the University can be made for current use or to the Endowment Fund. The University will accept gifts and bequests of cash, securities, real estate, tangible and intangible property, life insurance, and life income programs such as pooled income funds, charitable remainder annuity trusts, or charitable remainder unitrusts and gift annuities.

The following table shows gifts and bequests to the University from individuals, businesses and other organizations during each of the fiscal years listed below (dollars in thousands):

| <u>Fiscal Year</u> | <u>Gifts</u> | <u>Endowment Contributions</u> | <u>Private Capital Gifts</u> | <u>Total</u> |
|--------------------|--------------|--------------------------------|------------------------------|--------------|
| 2016 | \$156,737 | \$64,537 | \$10,422 | \$231,696 |
| 2017 | \$181,212 | \$52,458 | \$26,761 | \$260,431 |
| 2018 | \$168,209 | \$55,579 | \$15,470 | \$239,258 |
| 2019 | \$160,102 | \$45,533 | \$26,565 | \$232,200 |
| 2020 | \$157,511 | \$63,695 | \$77,425 | \$298,631 |

The University Endowment Fund

The University Endowment Fund is comprised of 2,742 individual funds and contains all endowment funds that were established before April 1985. The Fund is invested in the Long-Term Investment Pool and is comprised of a diversified portfolio consisting of equity, fixed income and alternative investments. The market value of the Fund at June 30 of each of the past five fiscal years was:

| <u>Fiscal Year</u> | <u>Market Value</u> |
|--------------------|---------------------|
| 2017 | \$1,062,320,663 |
| 2018 | \$1,104,235,903 |
| 2019 | \$1,070,008,194 |
| 2020 | \$1,038,113,170 |
| 2021 | \$1,290,733,109 |

As of September 30, 2021, the preliminary market value of the fund was \$1,313,254,872.⁷

The Ohio State University Foundation

The Foundation administers Unrestricted, Restricted, Endowment and Trusts and Pooled Income Funds for the benefit of the University. The market value of the 3,195 endowment funds held by the Foundation that are invested in the Long-Term Investment Pool at June 30 for the past five fiscal years was:

| <u>Fiscal Year</u> | <u>Market Value</u> |
|--------------------|---------------------|
| 2017 | \$877,261,330 |
| 2018 | \$958,749,667 |
| 2019 | \$969,428,976 |
| 2020 | \$996,177,321 |
| 2021 | \$1,301,593,910 |

As of September 30, 2021, the preliminary market value of the fund was \$1,334,063,961.⁷

The Long-Term Investment Pool

The University's Long-Term Investment Pool (which includes the University Endowment Fund, Foundation Endowments, certain operating funds and designated quasi endowments) is the sixth largest endowment fund of any public university or college in the United States based on information reported for Fiscal Year 2020 as part of the 2020 NACUBO-TIAA Study of Endowments. The market value of the Long-Term Investment Pool at June 30 for the past five fiscal years was:

| <u>Fiscal Year</u> | <u>Market Value</u> |
|--------------------|---------------------|
| 2017 | \$4,253,459,135 |
| 2018 | \$5,211,434,116 |
| 2019 | \$5,256,758,783* |
| 2020 | \$5,287,131,203 |
| 2021 | \$6,814,412,522 |

* LTIP market value was impacted by a combination of below benchmark performance across asset classes and a \$101 million reduction in the fair value of certain natural resources and oil and gas investments.

As of September 30, 2021, the preliminary market value of the LTIP was \$6,977,529,350 consisting of the following investment types and market values:⁷

| <u>Investment Type</u> | <u>Market Value</u> |
|------------------------|---------------------|
| Equity | \$2,889,911,447 |
| Private Equity | 2,031,102,112 |
| Real Assets | 814,823,148 |
| Absolute Return/Hedge | 589,819,757 |
| Fixed Income | 576,662,579 |
| Cash | <u>75,210,307</u> |
| Total | \$6,977,529,350 |

⁷ The preliminary financial data included in this Quarterly Update to Bondholders has been prepared by, and is the responsibility of, the University's management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the preliminary financial data and, accordingly, does not express an opinion or any other form of assurance with respect thereto.

Preliminary total returns on the LTIP net of investment fees through the month ending June 30, 2021 were:⁸

| | |
|------------|--------|
| One-year | 29.24% |
| Three-year | 9.74% |
| Five-year | 10.26% |

The University distributed approximately \$246.8 million and \$231.1 million of endowment funds for operations in Fiscal Years ending June 30, 2021 and 2020, respectively.

The Short- and Intermediate-Term Pool

The University's Short and Intermediate-Term Pool represents funds available for operating and capital purposes. The market value of the Short and Intermediate-Term Investment Pool at June 30 for the past five fiscal years was:

| <u>Fiscal Year</u> | <u>Market Value</u> |
|--------------------|---------------------|
| 2017 | \$2,695,253,693 |
| 2018 | \$3,354,477,321 |
| 2019 | \$3,552,872,175 |
| 2020 | \$3,811,323,351 |
| 2021 | \$3,386,481,976 |

As of September 30, 2021, the preliminary market value of the Short and Intermediate-Term Pool was \$3,060,441,646 and the pool consisted of the following investment types and market values:⁸

| <u>Investment Type</u> | <u>Market Value</u> |
|---------------------------|---------------------|
| Bank Accounts | \$359,767,205 |
| Money Market Funds | 99,555,105 |
| U.S. Gov't & Agency Bonds | 471,743,440 |
| Asset Backed Securities | 483,969,934 |
| Corporate Bonds | 1,430,615,775 |
| Municipal Bonds | 28,534,387 |
| Other Fixed Income | <u>186,255,799</u> |
| Total | \$3,060,441,646 |

Insurance Coverage

All real and business property (buildings and their contents) of the University are insured under a blanket (all risk) insurance policy. The policy insures all buildings and their contents on a replacement cost basis. The policy also includes business interruption, boilers and machinery breakdown. The University self-funds all policy deductibles. Buildings under construction are insured under Builders Risk policies obtained by the individual contractors or in some cases by Builders Risk policies owned by the University.

With limited exceptions, all owned, leased, rented or borrowed motor vehicles are self-insured for property damage. Liability coverage is provided by the University's Excess Liability program, which includes automobiles subject to a self-insured retention. All owned or leased aircraft are insured under an aviation hull and liability policy.

Workers' Compensation is self-insured by the University with the purchase of excess insurance for a catastrophic loss. The University also maintains a self-insurance program for potential medical malpractice liabilities arising from operation of the University's Medical Center. The University has purchased a separate human clinical trials liability insurance policy.

The University has a high deductible Cyber Liability insurance policy, and our property policy includes some cyber coverage. Subject to the deductible and the policy limits, the policies will reimburse costs for corrupted, erased and altered electronic data arising out of cyber peril or other covered loss worldwide. It will pay for covered equipment, electronic devices and storage media that was rendered useless for its intended purpose, due to the introduction of malicious code. Coverage also includes reimbursement from Denial-of-Service attacks.

⁸ The preliminary financial data included in this Quarterly Update to Bondholders has been prepared by, and is the responsibility of, the University's management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the preliminary financial data and, accordingly, does not express an opinion or any other form of assurance with respect thereto.