

RatingsDirect®

Ohio State University; Auxiliary - System; Private Coll/Univ - General Obligation; Public Coll/Univ - Unlimited Student Fees

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Ohio State University; Auxiliary - System; Private Coll/Univ - General Obligation; Public Coll/Univ - Unlimited Student Fees

Credit Profile		
Ohio St Univ PCU_USF		
Long Term Rating	AA/Stable	Affirmed

Credit Highlights

- S&P Global Ratings affirmed its 'AA' long-term rating and, where applicable, its 'AA/A-1+' dual rating, on various series of tax-exempt and taxable (senior secured) general receipts bonds issued by and for Ohio State University (OSU).
- The 'A-1+' short-term rating component of the dual-rated bonds reflects our opinion of the liquidity provided directly by OSU.
- S&P Global Ratings also affirmed its 'AA-' long-term rating on OSU's \$337.96 million series 2013A tax-exempt special-purpose (subordinate) general receipts bonds.
- The outlook on all long-term ratings is stable.

Security

Securing the majority of the university's debt is a pledge of, and first lien on, OSU's gross general receipts, which include tuition, fees, and other student charges; hospital sales and services and auxiliary enterprise revenues; faculty practice revenues; and unrestricted government grants and contracts. The 'AA-' rating on the 2013A tax-exempt debt reflects our view of the bond's narrower security, which consists of a pledge of revenues from the university's student housing, dining, and recreational sports facilities. The pledge is subordinate to the one securing bonds backed by the university's general-receipts pledge. The subordination arises because the revenues securing the series 2013A bonds constitute part of the general-receipts pledge and, therefore, OSU would first have to use these revenues to satisfy bonds secured by the general-receipts pledge, if needed, before using them to satisfy the obligation of the special-purpose general receipts bonds. We understand in fiscal 2022 the pledged revenue backing these bonds totaled \$204.8 million and produced debt service coverage of 8.2x on maximum annual debt service (MADS) of \$25.1 million. We understand the covenant requirement on this bond issue is 1.10x current year debt service. Debt service is \$25.1 million for fiscal 2023, so OSU anticipates no issues complying with the rate covenant requirement.

These rating actions affect approximately \$4.0 billion of debt including outstanding general receipts and special-purpose general receipts bonds, \$135.8 million of net leases and a minor number of notes payable.

Credit overview

The 'AA' long-term ratings reflect our view of OSU's extremely strong enterprise profile and very strong financial profile, which leads to an indicative stand-alone credit profile rating of 'aa+'. However, a few of the university's

balance-sheet and debt metrics continue to trail peer comparisons for the rating category and in our view are likely to not be as strong in the near future as OSU is in the middle of an ambitious capital expansion program thereby leading us to issue a 'AA' rating on the university's (senior secured) general receipts bonds. An example, OSU retires about 20% of its debt in 10 years or less and we view its adjusted unrestricted net assets to debt of 132.5% to be adequate for the rating, but not sufficient for a higher rating given management's plan to use cash and investments and additional debt issuance anticipated within the next two years to support the capital program.

OSU's extremely strong enterprise profile recognizes its role as Ohio's flagship university that consists of 14 public universities. The university is the state's most comprehensive academic and medical university offering more than 200 undergraduate majors, 172 master's degree programs, 106 doctoral degrees, and over 12,000 different courses at its main campus in Columbus and four regional campuses. OSU also receives the most state operating and capital support and operates under an excellent common governance and management structure for all campuses with multiple levels of oversight. Also reflected in the enterprise profile are OSU's superior economic fundamentals operating in a state that has maintained S&P Global Ratings' second-highest rating for more than two decades and maintains a GDP per capita of \$67,580, that just trails the U.S.' \$75,036 slightly.

OSU's financial profile reflects its most favorable financial management policies, robust financial performance through audited fiscal 2022, healthy, but not robust, available resources in relationship to its debt and a low to moderate debt burden. However, the debt burden reflects smoothing of the debt service amortization necessary per our criteria due to multiple bullet maturities.

The long-term rating on the senior-secured general receipts bonds reflects our assessment of OSU's:

- Role as Ohio's flagship university with comprehensive academic offerings, strong demand for its undergraduate, graduate, and professional programs and its role as one of the nation's top research institutions;
- Healthy financial operating performance on an adjusted (full-accrual) basis for each of the past seven audited years, inclusive of the results of University Health System, and its principal affiliate--The Ohio State University Wexner Medical Center, with revenues that constitute 51.7% of the university's \$8.1 billion adjusted operating revenues in fiscal 2022;
- Favorable and low reliance on state operating support as this revenue source accounts for 6.1% of total fiscal 2022 adjusted operating revenue supplemented by limited capital support;
- Healthy available resources for the rating, with adjusted unrestricted net assets of \$5.2 billion as of fiscal year-end 2022 up 5.7% over the previous year's \$5.0 billion and representing 71.0% of fiscal 2022 adjusted operating expenses and 132.5% of debt; and
- Very favorable philanthropic support with its current "Time and Change: The Ohio State Campaign" launched in October 2019, with a \$4.5 billion goal and having raised more than \$3.6 billion since its quiet phase began on Oct. 1, 2016.

In fiscal 2022, the university achieved a record year of fundraising with \$743 million in gifts and pledges and \$510 million in cash receipts.

Credit factors that offset these strengths, in our view, include:

- Total full-time equivalent (FTE) enrollment that declined 2.7% for the first time in recent years in fall 2022 to 60,208 students from 61,910 in fall 2021;
- Limited tuition flexibility as OSU's Tuition Guarantee Program offers in-state students a locked-in rate for tuition (along with housing and dining fees) for four years. Although, we recognize the university passed a fall 2022 increase of 4.6% and 5.0% on tuition and general fees for first-year students for in-state and out-of-state students, respectively;
- The unplanned resignation of the university's president announced late last year and effective at the end of May 2023 serving only three years of a five-year contract and another key departure from its executive vice president of research, innovation, and knowledge to assume the presidency at another university;
- The university's increased debt leverage having increased its debt by more than one-third to \$4.0 billion at fiscal year-end 2022 from \$2.3 billion at fiscal year-end 2012 and anticipation of additional debt issuance of \$200 million to \$400 million in fiscal years 2023 to 2024;
- Financial performance that in the future may not be as robust partially because of the elimination of COVID-19 stimulus funds and the university's capital spending program continuing at a robust pace with just under \$2.2 billion in spending planned for fiscal years 2023 and 2024 compared with \$1.9 billion in fiscal years 2021 and 2022; and
- Uncertainties about remaining legal and settlement costs associated with sexual abuse claims pertaining to university physician Dr. Richard Strauss, with the university having settled with 296 survivors for approximately \$60 million and the possibility of additional lawsuits.

There is a high likelihood of extraordinary state support based on our government-related entities (GRE) criteria. As a result, our GRE rating and the stand-alone rating are equivalent with the university's senior rated debt, and we rate both 'aa'.

Environmental, social, and governance

We view the health and safety social risks posed by the COVID-19 pandemic as abating for the higher education sector; however, given the pandemic's significant effects on modes of instruction and enrollment trends in the past two years, we believe a similar future public health event could again affect demand and finances. Despite the elevated social risk, we found OSU's environmental and governance factors to be neutral within our credit analysis.

Outlook

The outlook assumes that OSU's enrollment will decline slightly corresponding to assumptions in its fiscal year 2023 financial plan, profitability will continue albeit at a reduced rate, and available resources will not be depleted significantly to support the capital program. In addition, while we anticipate additional debt of \$200 million to \$400 million, we are not factoring that into our analysis now as the exact amount of future borrowing and timing is yet to be determined.

Downside scenario

We could consider a negative rating action if OSU's enrollment declines significantly, financial operating performance on a full-accrual basis deteriorates considerably, or if available resources decline. Additional debt incurrence without a commensurate increase in available resources could also result in a lower rating.

Upside scenario

We would consider a positive rating action if enrollment increases and can be sustained, financial operating surpluses on a full accrual basis can be maintained close to current levels, and improvement in the ratio of available resources to operations and debt occurs (factoring in any additional debt issuance). Also, since health care now accounts for approximately 51.7% of revenue, consideration of a higher rating would be predicated on sustainable inpatient utilization growth leading to continuation of historically robust financial operating margins offsetting some of the risks associated with health care reimbursement, inflation, staffing shortages, and high capital spending plans.

Enterprise Profile

Market position and demand

OSU is both Ohio's land grant institution and a flagship public university for the state's 14 public universities. Founded in 1870 under the provisions of the Morrill Land Grant Act, today, OSU is a comprehensive and major research institution with a headcount enrollment of 65,795 students in fall 2022. We understand OSU's enrollment places it among the top five of the largest public universities in the country. It's also physically one of the largest universities in the country, with 1,337 structures located on 15,078 acres. In addition to the main campus in Columbus, which operates under a perpetual full-time enrollment cap of 42,000 in-state undergraduate students, OSU also has four regional campuses: Lima; Mansfield; Marion and Newark. The university also operates the Ohio Agricultural Research and Development Center in Wooster, Ohio and the Molly Caren Agricultural Center in London, Ohio along with various other research farms throughout Ohio. Because of several exceptions, the university has not reached its Columbus cap. As the state's land grant institution, OSU also operates numerous agricultural-related facilities and programs and receives state support for those operating activities. The university also has one of the largest athletic departments in the country and is self-supporting with 36 varsity sports.

OSU's main campus in Columbus is the third-largest individual campus in the U.S., with fall 2022 headcount enrollment of 65,795 students down slightly by 2.9% from the prior year's 67,772. Total fall 2022 FTE enrollment for all of OSU's campuses is 60,208, just slightly under the previous year's enrollment of 61,910.

Since fall 2012, OSU has had FTE enrollment increases in most years except for a nominal decline in fall 2020 and 2.7% decline in fall 2022. We understand all four regional campuses for the first time in fall 2022 experienced a decline in enrollment. There has been a steady improvement in student quality indicators. Typically, slightly more than three-quarters of all students are undergraduates, and the rest are graduate and professional students. Ohio residents represent 73% of the university's total enrollment, and a current objective is to increase the number of out-of-state students from current levels; currently about 18% are domestic out-of-state students and 9% are international. OSU provides comprehensive undergraduate, graduate, and professional degrees in a wide array of academic programs. Major professional programs include law, medicine, dentistry, optometry, and veterinary medicine.

We understand the university operates one of the most comprehensive health sciences campuses in the country with The Ohio State University Wexner Medical Center serving as center of its varied health operations, which include a large teaching hospital in Columbus, a cancer hospital, and other health-related facilities. Medical center revenue (excluding OSU Physicians-the faculty practice plan) totaled \$4.2 billion in fiscal 2022, which was a 5.7% increase

compared with the prior year's revenue of \$3.9 billion.

For fall 2022, OSU received 65,161 freshman applications for Columbus Campus, which is an increase of 12% from the previous year's 58,162 applications. The selectivity rate in fall 2022 was approximately 60.2% overall, and in general, the matriculation rate, based on a five-year annual average, is approximately 26.5%.

Student quality, as measured by standardized test scores, has been steadily improving; we consider the fall 2022 average ACT score for entering freshman very good at 28.9.

For fall 2022, we understand 8.6% of OSU's enrollment is international students, which is somewhat lower than many large universities and therefore moderating the adverse tuition revenue impact felt at many of these universities from a sharp drop in international students during the pandemic.

Management and governance

Kristina M. Johnson, PhD, has served as the university's 16th president. Ms. Johnson, who came from the State University of New York, joined OSU on Sept. 1, 2020; on Nov. 28, 2022, she announced she was resigning the presidency effective at the end of the current school year. Also, in November 2022, OSU's executive vice president of research innovation and knowledge Dr. "Grace" Jinliu Wang announced she was leaving the university to become president of Worcester Polytechnic Institute.

On Aug. 1, 2021, OSU welcomed Dr. Melissa Gilliam as its new executive vice president and provost. Dr. Gilliam previously was the vice provost at the University of Chicago and has among other professional designations a medical degree from Harvard University.

Dr. Carol Bradford, who was formerly at University of Michigan, became the new Dean of OSU's medical school in 2020 and holds the title of vice president for health sciences at The Ohio State University Wexner Medical Center. We understand a new CEO and executive vice president, Dr. John J. Warner, was just named for OSU's health system replacing Dr. Harold L. Paz, who came to OSU in 2019 and announced he was leaving on Oct. 4, 2021, to join the State University of New York-Stony Brook in a similar capacity. Dr. Warner comes to OSU from University of Texas Southwestern Medical Center where he had been CEO. Dr. Warner is expected to join OSU on April 1, 2023.

We believe the changes in organizational leadership are abnormal, although the governance structure at OSU remains sound and these transition issues are being handled in a timely and appropriate manner.

OSU purchases cyber liability insurance, which provides coverage for cyber extortion, forensics, data restoration, business interruption and payment card industry fines and penalties, subject to policy terms and conditions. We understand as part of its robust ERM program and from OSU's response to our questionnaire that it has a security framework it utilizes to control its cyber risk and prefers not to divulge details so as to not attract unwanted intrusions.

Government-related entity profile

In accordance with our criteria for GREs, we based our view of a moderately high likelihood of extraordinary government support on our assessment of OSU's strong link with Ohio, which reflects the state's history of regular operating support, periodic capital support for academic facilities, ability to appoint the university's governing board, and relatively active role in overseeing the financial health of its public universities. In addition, we based our

assessment on OSU's importance in the state's economy compared with that of other state GREs, given its position as the flagship university in the state, designated land-grant institution, and large research base with an indirect contribution to economic development in the state. The university is a state educational institution founded in 1870 by the Ohio General Assembly under provisions of the Morrill Act.

Financial Profile

Financial performance

OSU's financial operations are very strong, bolstered in fiscal 2022 by an inflow of federal/state COVID grants and gifts that totaled \$233.3 million from \$130 million in fiscal 2021. This enabled it to post, on an adjusted basis, an operating surplus of \$709.1 million or 9.6% after a surplus of \$596.5 million or 8.9% the previous year. OSU's 2022 audit states that financial controls implemented in fiscal year 2022 helped realize over \$265 million in cost savings, thus exceeding the university's \$90 million goal.

The university's financial statements include The Ohio State University Wexner Medical Center and its hospitals and clinics, The Ohio State University Foundation, various research centers, and 13 independent legally separate corporations.

Fiscal years 2022 and 2021 adjusted operating revenues were approximately \$8.1 billion and \$7.3 billion, respectively. Health care activities were the largest single source of operating revenue in both fiscal years 2022 and 2021, accounting for about 51.7% and 54.4%, respectively, of the university's overall adjusted operating revenues. Student dependent revenue, i.e. net tuition revenue plus auxiliary revenue, accounted for only 20.2% of fiscal 2022 adjusted operating revenue.

For fiscal 2023, the university's consolidated plan calls for a surplus (which OSU cites as "sources less uses" in its financial plan) after depreciation of \$68.4 million.

State operating appropriations to OSU increased in both fiscal years 2021 and 2022. OSU's appropriation increased by 1.5% to \$493 million in fiscal 2022 from \$486.1 million in fiscal 2021. OSU also received \$52.8 million of state capital appropriations in fiscal 2022, \$63.9 million in fiscal 2021, and \$69.9 million in fiscal 2020.

The Ohio State University Health System demonstrated strong operating performance in fiscal years 2022 and 2021, with an operating margin of \$942 million and \$1.2 billion, respectively. Management attributes the trend of relatively healthy financial performance in fiscal 2022 to increased patient volumes with almost 2.3 million outpatient visits and 51,388 surgeries that exceeded fiscal year 2019's, i.e., pre-pandemic, 1.9 million visits and 46,703 surgeries, respectively. However, inpatient admissions for fiscal 2022 at 58,320 were still substantially below fiscal 2019's 64,534. Other contributing factors to the healthy financial performance include a strong payor mix and ongoing expense control. Also, the performance of The James--one of 71 nationally designated comprehensive cancer centers and for which Medicare reimbursement is exempt from its prospective payment system rates contributes to the favorable financial results. A new outpatient facility currently under construction will also include the region's first proton therapy facility slated to open in the summer of 2023.

Available resources

In our opinion, OSU has a healthy financial cushion for a public university. OSU closed fiscal 2022 with cash and investments of \$10.8 billion, down 2.2% over the previous year's balance of \$11.0 billion, or 146.3% of adjusted fiscal 2022 operating expenses and 272.9% of total debt. The total cash and investments balance moved modestly lower in fiscal 2022 from increased spending on capital assets. Cash flow from operations, bond proceeds, and gifts for capital projects have been the principal sources of funds for the capital asset spending. Adjusted unrestricted net assets (UNA) rose 5.7% in fiscal 2022 to \$5.2 billion from \$5.0 billion in fiscal 2021. The adjusted UNA balance at fiscal year-end 2022 is equivalent to 71.0% of adjusted operating expenses and 132.5% of debt.

We understand the university's additional debt plans at present are still uncertain as to the exact timing and amount, but management indicates that within the next year it anticipates the university will issue additional debt for the estimated \$2.0 billion new inpatient hospital inclusive of associated facilities. We believe that OSU's capital spending will remain healthy over the next five years, i.e., fiscal years 2023 through 2027, and an increase in debt is likely because projects such as a new arts district, an interdisciplinary research facility, and an inpatient hospital, including a new central sterile facility and 1,800-space parking garage, are considered essential. The university currently estimates capital spending over this five-year period could total \$2.97 billion.

The university closed fiscal 2022 with a long-term investment pool of \$6.96 billion down 1.2% over the prior year's \$7.04 billion. Management reports that the return for the long-term investment pool was 1.0% for fiscal 2022 compared with a return of 29.6% in fiscal 2021. The long-term investment pool as of Sept. 30, 2022, is invested in a diversified mix of asset classes, the largest of which was equities at 35% followed by private equity at 33%, real assets at 13%, other at 12% (includes hedge funds and cash) and fixed income at 7%. In addition to its long-term investment pool, which provides a spending distribution, the university maintains substantial operating reserves, which consist of highly liquid investments.

In fiscal 2017, OSU adopted a new spending policy that increased the annual distribution to 4.5% over a five-year average market value per share from a seven-year market value average per share. Before fiscal 2011, the university-based distributions on a five-year average, with the spending rates varying over time. In fiscal 2022, the spending rate was 3.80% if based off the beginning market value over that period and 4.67% if based off of the ending market value.

The university concluded its "But for Ohio State" fundraising campaign at the end of September 2016, that went public in 2012, realizing more than \$3.0 billion in gifts, surpassing its goal of \$2.5 billion by \$500 million and nine months ahead of schedule. In September 2016, the quiet phase of OSU's current Time and Change: The Ohio State Campaign began and was formally announced on Oct. 4, 2019. The campaign's goal is \$4.5 billion, and over \$3.6 billion has been raised thus far. The alumni-participation rate as of fiscal 2022 was 12%. In fiscal year 2022, the university achieved record fundraising with \$743 million in gifts and pledges and \$510 million in cash receipts.

Debt and contingent liabilities

OSU's outstanding debt at its latest audited fiscal year-end June 30, 2022, totaled \$4.0 billion (inclusive of leases and notes). Of the outstanding debt, 93.2% are fixed rate and 6.8% are variable-rate demand bonds (VRDBs). The university has historically had a commercial paper (CP) program, but no CP notes are outstanding as of June 30, 2020

to 2022. OSU, as of fiscal year-end 2022, has approximately \$275 million of outstanding VRDBs secured by general receipts and supported by its own liquidity. Investments that are available to support the university's liquidity for the VRDBs consist primarily of cash, rated money market funds, publicly traded domestic equities, and U.S. Treasury and agency securities. S&P Global Ratings monitors the quality and availability of these funds on a monthly basis. We understand as of Nov. 30, 2022, OSU had more than 9.0x of surplus funds available on a same day or next day basis to support the level of its VRDB exposure.

As OSU issued its series 2016A bonds with a long-term bullet maturity with principal due in fiscal years 2047 and 2057 and has previously issued \$500 million of debt with a bullet maturity for principal amortization of 2111, we smooth our MADS estimate of \$259.5 million resulting in a 3.5% debt burden of fiscal 2022 adjusted operating expenses, slightly above the 3.4% median ratio for the rating category. The university has entered into two interest rate swaps in connection with a future refunding in June 2023 of series 2013A bonds of a notional amount of \$328 million. This option would result in the issuance of variable rate refunding bonds in spring 2023.

OSU's facilities are extensive and require considerable renewal and expansion. However, we still consider the average age of plant moderate at 11.9 years, and consistent with other public universities in the 'AA' rating category. OSU plans to use fundraising results for addressing physical facility's needs, state capital support and on a more limited basis debt.

The university's debt policy establishes a debt limit to keep debt service at less than 5% of operating expenses.

With the implementation in fiscal 2015 of Governmental Accounting Standards Board Statement No. 68 OSU recorded a \$2.8 billion pension liability. At fiscal year-end 2022, the net pension liability was \$1.5 billion. The university does not provide post-retirement health care and other postemployment benefits (OPEB), these are provided by the state retirement systems according to OSU officials. However, the university's allocated share of both liabilities is reflected on its balance sheet. The net OPEB asset at fiscal year-end 2022 is \$441.1 million.

OSU 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 (a defined-contribution plan). By far the largest percentage of OSU employees contribute to OPERS. STRS and OPERS offer three separate retirement plans: a defined-benefit plan, a defined-contribution plan, and a combined plan. The defined-benefit plans are cost-sharing multiple-employer defined-benefit pension plans. OSU's pension expense in fiscal 2021 and 2022 totaled \$770 million and \$310 million--just over 10.4% and 3.8%, respectively, of adjusted operating expenses and, in our view, quite manageable. OSU made required contributions for its participation in these plans of \$335.6 million in fiscal 2022, a 2.6% increase over fiscal 2021's required contribution of \$327 million. We understand the overall funding level of the state sponsored STRS and OPERS retirement systems are 87.8% and 93.8%, respectively. For additional information on the plans, see our report on Ohio, published Nov. 30, 2022, on RatingsDirect).

In early July of 2017, the university entered into a 50-year lease and concession agreement with an unaffiliated party, Ohio State Energy Partners, to manage its on-campus energy systems including its electricity, chilled water/cooling, steam/heating, and natural gas. The university realized a substantial up-front payment of \$1.1 billion. The OSU board of trustees approved the establishment of a \$700 million Strategic Initiatives Endowment Fund with the proceeds of

the partnership. This fund will support student scholarships for low- and moderate-income students, teaching excellence programs for faculty and other academic priorities according to university officials. In addition, nine other endowment funds that support programs in the graduate school, four faculty chairs, and additional student scholarships were established. In 2018, \$250 million of the proceeds from the partnership were earmarked to fund future capital projects and are invested in the university's short- and intermediate-term pool. One goal of the partnership is to improve energy efficiency on the Columbus campus by at least 25% in the first decade of the agreement.

In September 2012, OSU closed on a 50-year lease and concession agreement with Queensland Investment Corp. (QIC) for its parking facilities. Upon the expiration of the lease, the parking facilities revert to the university. In accordance with the terms of this agreement, parking revenues will flow to the private operator rather than the university and, in return, the university received a \$483 million up-front payment from QIC. The university defeased \$75 million of debt related to the parking facilities with internal funds in November 2012. OSU is investing the up-front payment proceeds in its long-term investment pool. The university is using the distributions over the 50-year horizon for various purposes such as faculty initiatives and research support, transportation, and sustainability initiatives, student scholarships, and support of a university arts district with specific amounts for each category up to the total \$483 million realized from the privatization.

Ohio State University, Ohio Enterprise And Financial Statistics

	--Fiscal year ended June 30--					Medians for 'AA' rated public colleges and universities
	2023	2022	2021	2020	2019	2021
Enrollment and demand						
Headcount	65,795	67,772	67,957	68,262	68,100	43,953
Full-time equivalent	60,208	61,910	61,902	62,476	62,495	37,225
Freshman acceptance rate (%)	60.2	64.0	72.9	62.6	61.2	70.6
Freshman matriculation rate (%)	21.8	24.6	27.1	28.9	30.1	28.0
Undergraduates as a % of total enrollment (%)	78.1	78.5	78.8	78.6	78.9	80.6
Freshman retention (%)	93.4	94.0	94.0	93.9	94.1	86.4
Graduation rates (six years) (%)	88.1	88.0	87.0	85.8	83.5	70.0
Income statement						
Adjusted operating revenue (\$000s)	N.A.	8,088,475	7,271,644	7,588,045	7,434,311	MNR
Adjusted operating expense (\$000s)	N.A.	7,379,335	6,675,180	7,224,791	6,916,194	MNR
Net adjusted operating income (\$000s)	N.A.	709,140	596,464	363,254	518,117	MNR
Net adjusted operating margin (%)	N.A.	9.61	8.94	5.03	7.49	3.50
Estimated operating gain/loss before depreciation (\$000s)	N.A.	1,203,500	1,056,942	798,538	938,623	MNR
Change in unrestricted net assets (UNA; \$000s)	N.A.	843,912	1,630,363	(316,878)	(101,134)	MNR

Ohio State University, Ohio Enterprise And Financial Statistics (cont.)

	--Fiscal year ended June 30--					Medians for 'AA' rated public colleges and universities
	2023	2022	2021	2020	2019	2021
State operating appropriations (\$000s)	N.A.	493,248	486,115	461,838	469,679	MNR
State appropriations to revenue (%)	N.A.	6.1	6.7	6.1	6.3	16.5
Student dependence (%)	N.A.	20.2	17.6	19.6	20.6	36.3
Health care operations dependence (%)	N.A.	51.7	54.4	53.2	53.7	MNR
Research dependence (%)	N.A.	6.7	7.0	6.4	6.4	12.9
Endowment and investment income dependence (%)	N.A.	2.7	2.6	2.6	2.7	1.2
Debt						
Outstanding debt (\$000s)	N.A.	3,954,069	3,161,894	3,126,632	3,127,455	862,015
Proposed debt (\$000s)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Total pro forma debt (\$000s)	N.A.	3,954,069	N.A.	N.A.	N.A.	MNR
Pro forma MADS	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Current debt service burden (%)	N.A.	3.17	3.14	2.63	2.79	MNR
Current MADS burden (%)	N.A.	3.52	4.00	3.24	3.49	3.40
Pro forma MADS burden (%)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Financial resource ratios						
Endowment market value (\$000s)	N.A.	1,261,196	1,333,836	1,038,113	1,070,008	1,204,034
Related foundation market value (\$000s)	N.A.	1,344,732	1,345,059	996,177	969,429	826,239
Cash and investments (\$000s)	N.A.	10,792,512	11,037,618	9,825,338	9,437,085	MNR
UNA (\$000s)	N.A.	2,182,249	1,338,337	(292,026)	24,852	MNR
Adjusted UNA (\$000s)	N.A.	5,237,933	4,954,680	4,292,987	4,173,913	MNR
Cash and investments to operations (%)	N.A.	146.3	165.4	136.0	136.4	59.6
Cash and investments to debt (%)	N.A.	272.9	349.1	314.2	301.7	185.2
Cash and investments to pro forma debt (%)	N.A.	272.9	N.A.	N.A.	N.A.	MNR
Adjusted UNA to operations (%)	N.A.	71.0	74.2	59.4	60.3	43.3
Adjusted UNA plus debt service reserve to debt (%)	N.A.	132.5	156.7	137.3	133.5	132.0
Adjusted UNA plus debt service reserve to pro forma debt (%)	N.A.	132.5	N.A.	N.A.	N.A.	MNR
Average age of plant (years)	N.A.	11.9	11.9	11.7	11.3	13.7
OPEB liability to total liabilities (%)	N.A.	(3.9)	(2.5)	11.5	10.8	MNR

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

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Ratings Detail (As Of January 20, 2023)		
Ohio St Univ		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Ohio St Univ gen receipts bnds		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Ohio St Univ gen receipt bnds		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Ohio St Univ PCU_USF		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Ohio St Univ PCU_USF		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Ohio St Univ PCU_USF		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Ohio St Univ PCU_USF		
<i>Long Term Rating</i>	AA/A-1+/Stable	Affirmed
Ohio St Univ PCU_USF		
<i>Long Term Rating</i>	AA/Stable	Affirmed

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