

## University Of Alabama Birmingham; Public Coll/Univ - Unlimited Student Fees

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**Table Of Contents**

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Rating Action

Stable Outlook

Credit Opinion

Enterprise Profile

Financial Profile

Related Research

# University Of Alabama Birmingham; Public Coll/Univ - Unlimited Student Fees

## Credit Profile

US\$159.3 mil gen rev bnds ser 2022A due 10/01/2051		
<i>Long Term Rating</i>	AA+/Stable	New
US\$50.775 mil gen rev bnds ser 2022-B due 10/01/2043		
<i>Long Term Rating</i>	AA+/Stable	New
US\$9.71 mil gen rev bnds ser 2022-C due 10/01/2024		
<i>Long Term Rating</i>	AA+/Stable	New
Univ of Alabama Birmingham		
<i>Long Term Rating</i>	AA+/Stable	Upgraded
<b>Univ of Alabama Brd of Trustees, Alabama</b>		
Univ of Alabama Birmingham, Alabama		
Univ of Alabama Brd of Trustees (Univ of Alabama Birmingham)		
<i>Long Term Rating</i>	AA+/Stable	Upgraded
Univ of Alabama Brd of Trustees (Univ of Alabama Birmingham) gen fee rev bnds		
<i>Long Term Rating</i>	AA+/Stable	Upgraded
Univ of Alabama Brd of Trustees (Univ of Alabama Birmingham) gen rev bnds		
<i>Long Term Rating</i>	AA+/Stable	Upgraded
Univ of Alabama Brd of Trustees (Univ of Alabama Birmingham) gen rev bnds		
<i>Long Term Rating</i>	AA+/Stable	Upgraded
Univ of Alabama Brd of Trustees (Univ of Alabama Birmingham) gen rev bnds		
<i>Long Term Rating</i>	AA+/Stable	Upgraded
Univ of Alabama Brd of Trustees (Univ of Alabama Birmingham) taxable gen rev bnds		
<i>Long Term Rating</i>	AA+/Stable	Upgraded
Univ of Alabama Brd of Trustees (Univ of Alabama Birmingham) PCU_USF		
<i>Long Term Rating</i>	AA+/Stable	Upgraded

## Rating Action

S&P Global Ratings raised its long-term rating on various series of general revenue bonds, issued by The Board of Trustees of the University of Alabama (board) for the University of Alabama Birmingham (UAB), to 'AA+' from 'AA'. In addition, S&P Global Ratings assigned its 'AA+' rating to the board's estimated \$159.3 million series 2022A, \$50.78 million series 2022B, and \$9.7 million series 2022C general revenue bonds, all issued for UAB. The outlook is stable.

The upgrade and stable outlook is based on our view that UAB has excellent management and governance, a firm student enrollment trend and a robust research enterprise with solid financial performance, and a light debt burden. In addition, we understand UAB's School of Medicine affiliated with UAB Medicine Finance Authority (rated separately) and UAB Medicine Obligated Group has a healthy patient utilization trend and financial performance that benefits UAB by providing \$232.6 million in fiscal 2021 and \$191.7 million in fiscal 2020 in support of its academic and medical

programs. In addition, we understand UAB is one of the largest employers in the state with a total work force of 23,609 in 2021.

As of this issuance, UAB will have debt outstanding of \$1.2 billion (including capitalized leases). UAB's operating leases are believed to be modest. However, only \$682.5 million of debt outstanding at fiscal year-end 2021 represents debt secured by the university's general revenue pledge while \$479.7 million represents debt issued by its affiliated UAB Medicine obligated group that is secured and rated separately. Pledged revenues--which include all tuition and fees, indirect cost recovery, and auxiliary revenues--secure the general revenue bonds. The pledge excludes all revenues derived from hospital operations and state appropriations. Total pledged revenues for fiscal 2021 are \$622.3 million a 1.4% increase over fiscal 2020's \$614.0 million.

UAB intends to use about \$219.7 million of the bond proceeds from the series 2022A, B, and C issuance to finance the cost of certain capital improvements, refund certain outstanding indebtedness of the board (series 2010A, 2010C, and 2013A2) and pay certain incidental costs in connection with the issuance of the Bonds, including costs of issuance.

UAB transitioned to a distance-learning platform with the onset of the COVID-19 pandemic and returned to a hybrid model of instruction for the 2020-2021 school year. Full-time equivalent (FTE) enrollment was steady for fall 2020 and fall 2021 with 18,472 and 18,331 students, respectively, and total headcount has been above 22,000 for the third consecutive year. International students represent a low 5.4% of the total enrollment, so our belief is that any decline in this enrollment represents a modest risk to UAB. After reporting a slight decline in surplus to 3.4% for fiscal 2020, largely due to the COVID-19 pandemic, UAB rebounded producing a 7.1% adjusted net operating margin in fiscal 2021 in line with fiscal 2019's 6.7% (pre-pandemic) and prior year margins. In fiscal years 2020 and 2021, UAB received \$12.7 million in CARES Act funding from the Higher Education Emergency Relief Fund (HEERF), \$17.7 million in Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and \$18.4 million in American Rescue Plan (ARP). In fiscal 2022 UAB has received for use in this year or subsequent years \$3.4 million in CRRSAA funds and \$18.9 million in ARP funds. University Hospital also received \$180.2 million in advance payments from the Centers for Medicare and Medicaid Services (CMS), which was classified as a current liability in fiscal 2020 based on guidance that existed as of September 2020 and that is being repaid by Sept. 30, 2022. As of September 2021, \$131.4 million remains outstanding to CMS and is recorded in due to third-party payors and advances payable related to the Medicare advance payments on the statements of net position.

We assessed UAB's enterprise profile as very strong and its financial profile as exceptionally strong. UAB's enterprise profile is characterized by the university's role as the state's only medical and health science university with a major comprehensive research mission that is among the top public and private colleges and universities in the country reflecting the university's pre-eminent health sciences and engineering programs. In addition, UAB's total FTE enrollment rose in each of the years since fall 2017 except for fall 2021 when there was a slight 0.8% dip due to the pandemic. We understand management anticipates a healthy fall 2022 enrollment. UAB's enrollment is approximately 60% undergraduate and 40% graduate and professional students so certain demand metrics such as acceptance and matriculation, reflect the undergraduate population it serves and tend to lag comparably rated institutions. Our enterprise profile analysis also recognizes UAB's excellent management and governance that benefits from multiple levels of oversight from its own stable and talented senior management team and administrators at the University of

Alabama System, of which it is a part. UAB's exceptionally strong financial profile also reflects its healthy full accrual based operating surpluses, superior available resources, and low debt burden. Combined, we believe these credit factors lead to an indicative standalone credit profile of 'aa+' and final bond issue rating of 'AA+'.

The rating further reflects our assessment of UAB's:

- Role as the premier medical and health sciences university in Alabama, with a nationally recognized academic medical center, that enjoys favorable enrollment and patient utilization;
- Robust management and governance that is fiscally conservative in its budgeting, financial operations, and investment management practices;
- Outstanding financial results on a full-accrual basis for each of the past four fiscal years and anticipated for fiscal 2022;
- Diverse revenue stream that is not tuition-dependent since health care operations account for approximately 52.1% of adjusted operating revenue in fiscal 2021, and research 11.1%;
- Superior available resources as of fiscal year end 2021, with unrestricted net assets (UNA) at 70.9% of adjusted operating expenses and 260.3% of outstanding pro forma debt; and
- Low 1.14% pro forma debt burden based on maximum annual debt service (MADS) of \$50.5 million in fiscal 2023 that excludes hospital-related debt since that debt is separately secured and rated.

Credit factors that slightly diminish some of UAB's credit strengths, in our view, include:

- A state operating appropriation that is fairly low at 6.6% of adjusted operating revenue in fiscal 2021 with a decline from 7.2% compared with the prior year's appropriation, although in some years the university also receives a modest state capital appropriation;
- A concentration of revenue, and greater risk in our view, from health care that constitutes 52.1% of adjusted operating revenue; and
- A robust research enterprise, largely tied to the health sciences, that nevertheless creates a certain dependency that at various times has faced federal funding constraints and ongoing uncertainty about the effects of health care reforms.

UAB is a comprehensive public university in downtown Birmingham, Alabama's largest city. It is one of three campuses in the University of Alabama system, together with the University of Alabama established in Tuscaloosa in 1831, and the University of Alabama in Huntsville created in 1966. UAB also was established in 1966 as a separate campus of the university system.

UAB consists of the College of Arts and Sciences and 10 schools, including the Collat School of Business, School of Dentistry, School of Education, School of Engineering, School of Health Professions, School of Joint Health Sciences, Heersink School of Medicine, School of Nursing, School of Optometry, and the School of Public Health. The UAB academic health center's programs for cardiovascular diseases, cancer, and organ transplantation are nationally recognized. Management indicated that the academic health center's kidney transplant program is the second largest in the world and the largest for African American recipients. University Hospital is Alabama's only level 1 trauma center and the primary teaching hospital for the UAB School of Medicine. The university expanded its undergraduate

program in neurosciences with new majors in public health and biomedical sciences introduced following successful introduction of new bachelor's degree programs in fall of 2017 in immunology, medical sociology, genetics, and genomic sciences. UAB is also in the fourth year of a relationship with a U.K.-based international recruiting firm that, despite a challenging environment for visa approvals, has contributed to the university's ability to recruit students from more than 120 foreign countries generating significant additional tuition revenue.

### **Environmental, social, and governance**

In our view, UAB, like other higher-education entities, faces elevated social risk due to the pandemic. Vaccine progress in the U.S. has helped alleviate some health and safety social risks stemming from COVID-19; however, in our view, UAB, like other universities, may continue to face challenges from emerging variants of the virus. All applicable staff of health care facilities that are regulated by CMS are required to be vaccinated for COVID-19 and UAB adheres to this policy while at the current time, COVID vaccination is not required of UAB faculty, staff, and students who are not otherwise subject to the CMS vaccination requirement above although vaccination is strongly encouraged. Despite the elevated social risk, we believe UAB's environmental and governance risk are in line with our view of the sector as a whole.

## **Stable Outlook**

### **Upside scenario**

While not anticipated, we could consider a higher rating if enrollment increases, and most demand metrics become comparable with higher rated peers and financial operations and available resources become robust. In addition, the debt burden would have to remain low. Also, UAB's affiliated hospital operations would have to continue to be sound.

### **Downside scenario**

A lower rating is possible, in our view, if enrollment or patient demand decline significantly contributing to a marked decline in financial performance, or if additional debt issuance occurs without a commensurate increase in available resources over the outlook period.

## **Credit Opinion**

## **Enterprise Profile**

### **Market position and demand**

UAB's total headcount grew 6.6% to 22,289 in fall 2021 from the 20,902-headcount recorded five years earlier in fall 2017. Over the same period, total FTE enrollment increased 7.4% to 18,331 in fall 2021 from 17,065 in fall 2017. Headcount and FTE saw a modest dip of 1.2% and 0.8%, respectively, in fall 2021 compared with fall 2020 due to the impact of the pandemic. Management anticipates that UAB's total headcount may grow to 25,000 students over the next several years if the pace of applications and enrollment continues to remain generally favorable.

Undergraduate FTE enrollment decreased by 1.6% in fall 2021 to 11,811 compared with the fall 2020 enrollment of 11,998 and Graduate FTE enrollment was up by 0.7% in fall 2021 to 5,341. The professional FTE enrollment has

generally grown about 0.6% to 1,179 in fall 2021 from the prior year's fall enrollment.

Management attributes the enrollment growth to more robust recruitment, continued upgrading of campus facilities and modest tuition and room and board compared with peers. Freshman applications increased by 14.6% to 11,906 for fall 2021 from 10,391 in the prior year. UAB's acceptance rate remains weak, in our view, typically in the range of roughly 75% to 90% and in fall 2021 was 88.5% up from 80.6% in fall 2020. The retention rate is more in line with benchmarks for the rating category, generally above 80%.

The student base predominantly consists of Alabama residents that account for 74.4% of total enrollment. We consider student quality very good, with an average ACT score of 26.5 in fall 2021 (the national average ACT score is 20.3). The retention rate, at 83.9% in fall 2021, is strong in our view. Occupancy of university owned student housing rose to a robust 99% as of fall 2021 after a slight decline to 91% in fall 2020 compared with pre-pandemic fall 2019, which was more like the fall 2021 occupancy level.

Resident and non-resident tuition rates as of fall 2021 (including annual charges for required fees) are \$10,710 and \$25,500, respectively. These fees remain competitive with those of peer institutions, according to management. Tuition rates have remained flat for two or more years. The graduate school and School of Medicine have more selective acceptance rates and stronger matriculation rates than the undergraduate program.

University of Alabama Hospital had 55,005 discharges in fiscal 2021, which is up from 50,579 discharges in fiscal 2020. Net patient service revenue, however, increased 18.69% to \$2.11 billion in fiscal 2021 compared with \$1.78 billion in fiscal 2020. The University of Alabama Health Services Foundation (HSF), a group practice entity for teaching and research physicians affiliated with the School of Medicine, employs approximately 1,000 physicians, and its annual revenues exceed \$400 million.

### **Management and governance**

UAB's management and governance are key credit strengths in our view, in part due to oversight provided by the University of Alabama System. Dr. Ray L. Watts, formerly UAB's senior vice president and dean of the School of Medicine, became the UAB's seventh president in February 2013 and has been instrumental in propelling the university's increasingly favorable reputation. UAB welcomed a new provost, Pamela Benoit, PH.D., in July 2017 who held a similar position at Ohio University. Early in 2017 Christopher S. Brown, PH.D., joined UAB as its vice president of research from North Carolina State University. On May 1, 2021, UAB's prior Senior Vice President for Finance and Administration G. Allen Bolton Jr. retired after a long relationship with the university and that position was filled by Dr. Brian Burnett, who held a comparable role at the University of Minnesota.

In fall 2017, UAB adopted a new strategic plan titled 'Forging the Future' for the period through fiscal 2023. Senior management is focused on facilitating the ongoing transformation and expansion of the academic enterprise, with a goal to make the university more of an educational and cultural destination, from what had been largely a commuter-based school and in 2022 it intends to complete the new strategic plan that will run through 2028. The health care system and the university continue to work very closely together to realize better synergies and stronger control of costs.

UAB has completed a number of new buildings in recent years, with campus improvements also including the closure

of city streets that had previously crisscrossed the campus, resulting in pedestrian-friendly walkways that connect various campus buildings. New or substantially renovated facilities that have recently come online or are expected to come online in the next few years include a new student residence hall opened in fall 2021, renovation of the McCallum Building to house research that will include genomic medicine and data sciences, and a research building that Alabama has committed \$50 million to help fund. Because of substantial investment in facilities in recent years, UAB's average age of plant is low and very favorable in our view at 9.5 years.

We understand UAB employs a number of Information Security professionals dedicated to protecting the organization from cyber-attacks. The department is overseen by the chief information security officer and the overall team is broken down into two smaller teams within. A Director oversees the IT Risk Management team, and an Associate Director oversees the Security Operations team. In addition, UAB maintains cyber insurance coverage.

## **Financial Profile**

### **Financial performance**

University finances include the UAB hospital. UAB has a history of very strong operating surpluses on a full-accrual basis, and in fiscal years 2021 and 2020, it generated net adjusted operating income of \$313 million and \$138.4 million, respectively, from a total adjusted operating revenue of \$4.7 billion and \$4.3 billion, respectively. Hospital operations have historically been positive and have bolstered the general university's operating performance. For fiscal 2022, the university is in the early stages of drafting the budget and is anticipating the Alabama legislature may grant a 6.8% to 9% increase in appropriation for higher education.

UAB's revenue stream is diverse, with limited reliance on tuition and state appropriations, but a high reliance on hospital operations. In 2021, hospital revenues accounted for 52.1% of total revenue (up from 49.6% three years earlier), followed by student dependence of 23.5% (with tuition and fees at 5%), auxiliary operations of 16%, research grants and contracts at 11.09% (including non-operating grants and contracts), and state appropriations at 6.6%. Grants and contract revenues (including private grants) in fiscal 2021 total \$526.7 million, and UAB reports with a record \$338 million in research expenditures in fiscal 2021 it is ranked 15th in federal research funding (top 4%) and eighth in National Institute of Health funding (top 2%) among public universities.

UAB's annual state operating appropriation (university and hospital combined) was relatively flat for fiscal years 2015 through and including fiscal 2018 roughly ranging between \$265.3 million in fiscal 2015 to \$273.4 million in fiscal 2018. The state funding environment began to improve in fiscal 2019 with an appropriation of \$287.7 million increasing further to \$307.0 million in fiscal 2020 and further still to \$314.9 million in fiscal 2021. The university intends to finalize its budget for fiscal 2023 in the usual May through June period.

### **Available resources**

UAB's balance sheet in our view is another of its key credit strengths with healthy growth in cash and investments and net property plant and equipment over the several years while long-term debt has increased only modestly. Total assets increased 52% since fiscal 2017, reaching \$7.6 billion as of fiscal year-end 2021 from \$5.03 billion. By contrast over the same period long-term debt (including notes and capitalized leases) only increased 10.4% to \$1.2 billion in fiscal 2021 from \$1.09 billion in fiscal 2017. Most impressive, in our view, are adjusted UNA, which grew 61% to \$3.14

billion as of year ending 2021 from \$1.9 billion at fiscal year-end 2017. Adjusted UNA at fiscal year-end 2021 equates to 70.9% of adjusted operating expenses (including interest expense) and 260.3% of pro forma debt.

As of Sept. 30, 2021, UAB's endowment and life income investments totaled \$712.8 million, up slightly from the prior year's \$541 million. The university's return on the endowment for the 12-months ended Dec. 31, 2021, was 4.9%. UAB invests the majority of these funds in a common investment pool established by the University Of Alabama Board Of Trustees. The spending policy is 4.5% based on a moving five-year average of the market value and return of gains for underwater endowments. The asset allocation for the endowment fund (as of Sept. 30, 2021) based on fair-market values is as follows: 11.4% in equities, 3.3% in fixed income, 2.3% cash and cash equivalents and 83% in co-mingled funds (largely alternatives and real-estate).

The public phase of "The Campaign for UAB" was launched in October 2013, with a goal to raise \$1 billion over five years. We understand the campaign successfully concluded at the end of calendar year 2018 and slightly surpassed its goal of \$1 billion. The university is currently in the quiet phase of its next campaign, and we understand results have been favorable.

### **Debt and contingent liabilities**

As of fiscal year-end Sept. 30, 2021, total outstanding long-term (noncurrent) debt, including a small number of capitalized leases, was approximately \$1.20 billion, consisting of \$479 million of hospital bonds secured solely by UAB hospital facilities revenues.

In our opinion, UAB has a conservative debt profile, with no variable-rate debt outstanding. The series 2022A, B, and C are being issued as fixed-rate bonds and pro forma debt burden is manageable. The total debt service is front-loaded. In addition, UAB is issuing a privately placed \$80.25 million series 2022-D bond issue to a financial institution for a forward refunding of an outstanding series 2013-D2 issue. The terms and conditions on this obligation are the same as the rated bonds and as such in our view present no incremental credit risk consistent with other such direct placement issues UAB has issued in the past.

UAB's consolidated pro forma MADS burden (excluding hospital-secured debt) of \$50.5 million in fiscal 2021, represents a 1.14% debt burden--which we consider modest.

The university offers a defined-benefit pension plan through the Teachers' Retirement System (TRS) of Alabama, along with a defined-benefit other postretirement employee benefits (OPEB) plan. The state funds the plans, with some required contribution by the employer. At fiscal year-end 2021, UAB reported a \$1.1 billion pension liability and in our calculation of adjusted UNA, we have added back this amount representing adjustments for pension-related issues consistent with our criteria. UAB recognized pension expense of \$133 million for fiscal year 2021. Our most recent analysis of Alabama's pension funding situation characterizes a below-average pension obligation funding, with a three-year average pension funded ratio of 68.7%, and pension funding discipline that we view as only adequate historically and with assumptions that could lead to unanticipated cost increases for the state under more subdued market return conditions. UAB provides OPEB to retired employees through the Alabama Retired Education Employees Health Core Trust Plan (PEEHIP)-a cost sharing multi-employer defined benefit postemployment health care plan. For fiscal year end 2021, UAB reported a \$680.4 million.

## University of Alabama Birmingham, Alabama Enterprise And Financial Statistics

	--Fiscal year ended Sept. 30--					Medians for 'AA' rated public colleges and universities
	2022	2021	2020	2019	2018	2020
<b>Enrollment and demand</b>						
Headcount	22,289	22,563	22,080	21,923	20,902	MNR
Full-time equivalent	18,331	18,472	18,020	17,699	17,065	38,513
Freshman acceptance rate (%)	88.5	80.6	74.5	92.1	91.8	68.9
Freshman matriculation rate (%)	22.9	25.7	36.5	31.8	33.1	MNR
Undergraduates as a % of total enrollment (%)	60.8	61.5	62.7	63.1	62.8	78.7
Freshman retention (%)	83.9	86.4	83.1	81.9	84.4	86.7
Graduation rates (six years) (%)	62.4	61.1	63.2	58.3	52.7	MNR
<b>Income statement</b>						
Adjusted operating revenue (\$000s)	N.A.	4,747,609	4,250,927	4,132,798	3,869,993	MNR
Adjusted operating expense (\$000s)	N.A.	4,434,479	4,112,482	3,872,686	3,634,262	MNR
Net adjusted operating income (\$000s)	N.A.	313,130	138,445	260,112	235,731	MNR
Net adjusted operating margin (%)	N.A.	7.06	3.37	6.72	6.49	0.80
Estimated operating gain/loss before depreciation (\$000s)	N.A.	469,664	289,439	408,456	382,418	MNR
Change in unrestricted net assets (UNA; \$000s)	N.A.	582,011	219,645	180,155	(386,010)	MNR
State operating appropriations (\$000s)	N.A.	314,953	306,965	287,692	273,351	MNR
State appropriations to revenue (%)	N.A.	6.6	7.2	7.0	7.1	19.3
Student dependence (%)	N.A.	23.5	25.7	25.1	25.7	40.0
Health care operations dependence (%)	N.A.	52.1	49.6	48.6	48.2	MNR
Research dependence (%)	N.A.	11.1	11.4	12.0	11.9	MNR
Endowment and investment income dependence (%)	N.A.	0.9	1.6	1.9	1.8	1.3
<b>Debt</b>						
Outstanding debt (\$000s)	N.A.	1,056,212	1,077,493	1,115,409	902,662	1,021,735
Proposed debt (\$000s)	N.A.	219,785	N.A.	N.A.	N.A.	MNR
Total pro forma debt (\$000s)	N.A.	1,207,577	N.A.	N.A.	N.A.	MNR
Pro forma MADS	N.A.	50,506	N.A.	N.A.	N.A.	MNR
Current debt service burden (%)	N.A.	1.74	1.71	1.80	1.99	MNR
Current MADS burden (%)	N.A.	1.01	1.14	1.21	1.11	3.30
Pro forma MADS burden (%)	N.A.	1.14	N.A.	N.A.	N.A.	MNR
<b>Financial resource ratios</b>						
Endowment market value (\$000s)	N.A.	712,819	541,081	538,591	525,299	999,171

## University of Alabama Birmingham, Alabama Enterprise And Financial Statistics (cont.)

	--Fiscal year ended Sept. 30--					Medians for 'AA' rated public colleges and universities
	2022	2021	2020	2019	2018	2020
Related foundation market value (\$000s)	N.A.	82,344	70,273	74,081	96,589	681,584
Cash and investments (\$000s)	N.A.	4,125,091	3,407,603	3,145,472	2,858,399	MNR
UNA (\$000s)	N.A.	1,341,398	759,387	539,742	359,587	MNR
Adjusted UNA (\$000s)	N.A.	3,143,833	2,502,149	2,330,163	2,159,987	MNR
Cash and investments to operations (%)	N.A.	93.0	82.9	81.2	78.7	53.0
Cash and investments to debt (%)	N.A.	390.6	316.3	282.0	316.7	167.7
Cash and investments to pro forma debt (%)	N.A.	341.6	N.A.	N.A.	N.A.	MNR
Adjusted UNA to operations (%)	N.A.	70.9	60.8	60.2	59.4	36.2
Adjusted UNA plus debt service reserve to debt (%)	N.A.	297.7	232.2	208.9	239.3	104.9
Adjusted UNA plus debt service reserve to pro forma debt (%)	N.A.	260.3	N.A.	N.A.	N.A.	MNR
Average age of plant (years)	N.A.	9.5	9.4	9.1	8.9	13.6
OPEB liability to total liabilities (%)	N.A.	15.2	6.8	18.0	19.0	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 =  $100 \times (\text{net adjusted operating income} / \text{adjusted operating expense})$ . Student dependence =  $100 \times (\text{gross tuition revenue} + \text{auxiliary revenue}) / \text{adjusted operating revenue}$ . Current debt service burden =  $100 \times (\text{current debt service expense} / \text{adjusted operating expenses})$ . Current MADS burden =  $100 \times (\text{maximum annual debt service expense} / \text{adjusted operating expenses})$ . 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 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

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