Treasurer

Financial Affairs

PROSPECTUS

DePaul University | Chicago, Illinois | November 2020

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DEPAUL UNIVERSITY: GROUNDED IN MISSION

Founded in 1898 by the Congregation of the Mission, which follows the teachings of St. Vincent de Paul, DePaul University is the nation's largest Catholic institution of higher education. It also is the largest private university in the Midwest. As a Vincentian and Catholic university, DePaul is a mission-driven institution committed to providing superior higher education to all, especially segments of society that previously have not had access to it, including first-generation college students, immigrants, the poor and other underserved groups.

To further this mission, DePaul seeks a proven leader to serve as its treasurer.

A Carnegie doctoral/research institution, DePaul serves approximately 22,000 full- and part-time students. DePaul's Catholic, Vincentian and urban character distinguish it from other universities. Its 882 full-time and approximately 1,500 adjunct faculty members pursue the preservation, enrichment and transmission of knowledge and culture across a broad scope of academic disciplines. With one campus in the heart of Chicago's business district and another in the Lincoln Park neighborhood, the university's location in a world-class city offers extensive learning and service opportunities for students, faculty and staff. About 62 percent of DePaul's 195,500 living alumni reside in the Chicago metropolitan area.

Reporting to the executive vice president, the treasurer is the financial officer of the university responsible for cash management and short-term investing, treasury operations, management of the institution's long-term debt portfolio, the administration of the university's endowment and other long-term investment portfolios, and commercial real estate leasing and operations. The treasurer also serves as a fiduciary of the university's defined contribution retirement plan. The treasurer is responsible for banking and borrowing activities on behalf of the institution and serves as the primary liaison with credit rating agencies and bondholders.

The successful candidate will have at least 10 years of demonstrated effective financial and professional management experience. She or he will have a demonstrated ability to identify and mitigate operating and financial risks, as well as creative problem-solving skills. Work experience with capital and financial markets and related services providers is required. Direct experience in capital finance and/or investment administrations is strongly preferred.

THE UNIVERSITY

At DePaul University, teaching and service are priorities. It’s been that way since the Vincentians founded the university in 1898.

OUR HISTORY

Originally established as St. Vincent’s College, DePaul started on a five-acre plot in Lincoln Park with 70 students, mainly the sons and grandsons if Irish and German immigrants. Vincentians primarily taught the students, who commuted to school from urban neighborhoods on Chicago’s north side.

Nearly 125 years later, the university has evolved from its humble beginnings as the “little school under the El” to enroll nearly 22,000 students. DePaul is now not only the largest Catholic university in the country, it is also the largest private university with a primary mission of teaching and service.

OUR MISSION

Named after St. Vincent de Paul, the 17th century French priest who devoted his life to serving and caring for others, DePaul always has been an institution that serves first-generation and low-income students.

“It is not enough to do good. It must be done well.”
–St. Vincent de Paul

Currently, first-generation students represent 34 percent of the freshman class. These students will strive to be the first in their families to complete a college education. DePaul enrolls more Pell recipients than 94 percent of all colleges and universities in the U.S. We also graduate them at a higher rate than most other universities with a similar number of Pell students.

The Vincentian mission to serve the public good and give people of all ethnicities and backgrounds the opportunity to receive a college education remains at the heart of the university.

DEPAUL TODAY

In the past two decades, DePaul continued to rise to new levels of academic achievement and national recognition. The university has 10 colleges and schools spread across two major campuses: Lincoln Park Campus and the Loop Campus.

The 40-acre Lincoln Park Campus is the most active and largest at the university. In a typical year, approximately 2,500 students live on the Lincoln Park Campus, which is home to the College of Liberal Arts and Social Sciences, the College of Science and Health, the College of Education, the School of Music, The Theatre School, the DePaul Art Museum and the John T. Richardson Library.

A few miles south of Lincoln Park, DePaul's Loop Campus is only steps away from Chicago's financial district and major media outlets. Housed in five adjacent buildings clustered around the corner of Jackson Boulevard and State Street, the campus is home to the Driehaus College of Business, College of Communication, College of Computing and Digital Media, College of Law and the School of Continuing and Professional Studies.

The university has constructed, purchased or completely renovated 18 buildings in 18 years. In 2013, DePaul acquired a new building for the College of Education and constructed new state-of-the-art facilities for The Theatre School. The Wintrust Arena, the new home for DePaul basketball and events center for the City of Chicago, opened just south of the Loop campus in 2017. Most recently, DePaul completed construction on the School of Music's Holtschneider Performance Center. The 185,000 square-foot facility opened in fall 2018, offering a world-class space for educating the next generation of musicians and music professionals. The Sasha and Eugene Jarvis Opera Hall, an extensive revamp of the existing Concert Hall, opened in March 2020.

DePaul is a tuition-dependent institution that relies upon an ability to generate favorable operating results to finance its activities. For the fiscal year ending June 30, 2020, the university generated $577 million in revenues and produced an operating income of $39 million.

The market value of DePaul's endowment holdings at the end of the fiscal year 2020 was $737 million. Total bonded indebtedness at that point was $289 million. The university holds current credit ratings of "A2" with a stable rating outlook from Moody's Investors Service, an "A+" with a stable rating outlook from Fitch Ratings and an "A" rating with stable outlook from Standard & Poor's. (Credit ratings reports are included in these materials.)

14,145 **UNDERGRADUATE** STUDENTS

+ 7,777 **GRADUATE** STUDENTS

21,922 **TOTAL** STUDENTS

479
new first-year students enrolled through DePaul's test-optional program

1 in **3** current first-year students are first-generation college students

97%
courses taught by professors

16:1
Student-to-faculty ratio

45% of undergraduates are students of color

10
Colleges and Schools

15
NCAA Division 1 athletic teams

3,800+ students complete service-learning courses annually

ACADEMIC EXCELLENCE

With increased national recognition and accolades earned each year, DePaul looks good on paper. The learning experience and student success are what count though.

DePaul is a teaching university, and faculty scholarship is the foundation. Excellent and innovative teaching stems from academic research, and students may select from nearly 300 graduate and undergraduate programs. Faculty members, who often still work in Chicago as consultants, researchers, entrepreneurs and artists, bring their expertise to the classroom. In last three years, an average 63 percent of all graduates completed at least one internship during their time at DePaul.

When students graduate, they join a network of more than 195,500 living alumni. Within six months of graduation, an average 91 percent of undergraduate degree recipients and an average 92 percent of graduate degree recipients in the last three years were successfully employed or continuing their education.

The. *U.S. News & World Report* ranked DePaul among the 2021 best colleges in the nation and a best value school.

Hollywood Reporter named DePaul's School of Cinematic Arts one of 2020's Top American Film Schools.

Princeton Review ranked DePaul's undergraduate entrepreneurship program No. 23 in the country.

140+
Undergraduate Majors

145+
Graduate Programs

College Magazine ranked DePaul among the **10 best schools for animation.**

Hollywood Reporter ranked The Theatre School's graduate acting program **No. 21 in the country.**

U.S. News & World Report ranked the College of Law's Health Law program **No. 25 in the country.**

COLLEGES AND SCHOOLS

Whether a student is just beginning college of seeking an advanced degree, DePaul's schools and colleges adhere to the highest standard of academic rigor and innovation. Spread across its Lincoln Park and Loop Campuses, DePaul has 10 colleges and schools.

Driehaus College of Business

College of Communication

College of Computing and Digital Media

College of Education

College of Law

College of Liberal Arts and Social Sciences

College of Science and Health

School of Music

School of Continuing and Professional Studies

The Theatre School

CHICAGO CONNECTIONS

At DePaul, it's hard to tell where our campus ends and the city begins. Students, faculty and staff benefit from countless restaurants, museums, performance venues and recreational activities along the shores of Lake Michigan.

Academically and professionally, DePaul's connection to the city of Chicago has always been strong. As part of the university's strategic plan, a series of alliances between the university and organizations across Chicago have made this connection even stronger, as well as enhanced academic and research opportunities for students and faculty.

- An alliance with **Rosalind Franklin University of Medicine and Science** provides pathways for DePaul students to complete professional degree programs. Faculty at both institutions also collaborate on research.

- DePaul and **Rush University Medical Center** have a history of working together on research projects.

- **Cinespace Chicago Film Studio** provides students with film and television production experience, learning alongside network television and Hollywood motion picture professionals filming in the city.

- As a member of the business incubators **1871** and **2112**, DePaul students have access to Chicago's thriving technology startup community.

- The **Wintrust Arena**, home to DePaul basketball, is a public-private partnership between DePaul and the Metropolitan Pier and Exposition Authority.

- DePaul and the **Catholic Theological Union** have an educational alliance, involving faculty exchanges, co-sponsored educational events and scholarship support.

- DePaul works with **Chicago Public Schools** to offer mentorship, conduct studies and teaching training opportunities.

- DePaul has an academic partnership with **DePaul College Prep**, a Catholic high school on the north side of Chicago.

STRATEGIC DIRECTIONS

GROUNDED IN MISSION - THE PLAN FOR DEPAUL 2024

At the beginning of the 2018-19 academic year, DePaul launched its strategic plan, "Grounded in Mission – The Plan for DePaul 2024." This new plan imagines not only how DePaul will transform itself in six years' time, but also how the university will meet changing student and societal needs many decades from now. The university developed "Grounded in Mission" by engaging faculty, staff and students throughout the strategic planning process, including through a task force, planning teams and town hall meetings.

OUR VISION

DePaul will be unequaled among urban universities in the United States in ensuring the success of a diverse community of learners. Through programs that integrate theory with practice and ideas with action, DePaul's expert and dedicated faculty and staff will develop students' readiness to engage with and thrive in a changing world. The university will broaden its historical mission of access to address the lifelong learning needs of our students by providing innovative and affordable programs and varied curricular structures and modes of delivery. Equipped with a transformative education grounded in our Catholic and Vincentian values, DePaul graduates will be recognized as effective and responsible change agents.

OUR SIX STRATEGIC PRIORITIES

1. Deepen our commitment to DePaul's Catholic, Vincentian, and urban mission.

2. Ensure a welcoming, engaging, diverse, and inclusive campus environment.

3. Excel in preparing all students for global citizenship and success.

4. Expand access to a portfolio of high-quality, affordable academic programs that meet student, workforce, and societal needs.

5. Elevate academic excellence and embrace a culture of creativity and discovery.

6. Employ bold approaches to ensure DePaul's continued fiscal strength for future generations

FINANCIAL AFFAIRS

Under the leadership of the executive vice president, the mission of Financial Affairs is to support the university in its operational and strategic goals, protect and enhance the financial resources of the university, and provide the highest level of services to our internal and external customers, commensurate with the university's Vincentian values.

The treasurer is the financial officer of the university responsible for cash management and short-term investing, treasury operations, management of the institution's long-term debt portfolio, the administration of the university's endowment and other long-term investment portfolios, and commercial real estate leasing and operations. The treasurer also serves as a fiduciary of the university's defined contribution retirement plan. The treasurer is responsible for banking and borrowing activities on behalf of the institution and serves as the primary liaison with credit rating agencies and bondholders.

Reporting to the executive vice president, the treasurer works in partnership with senior and executive leadership of the institution to identify, recommend and implement strategies for effectively managing financial assets and real property. The treasurer provides administrative support, reporting and analysis to the board of trustees through participation in the meetings of its finance committee, serves as the institutional liaison with its investment committee, and staffs other board committee meetings as needed.

As of FYE June 30, 2020:

- Bonds indebtedness: $289 million
- Total cash and investments: $977 million
- Credit line capacity: $90 million

OPPORTUNITIES AND EXPECTATIONS FOR LEADERSHIP

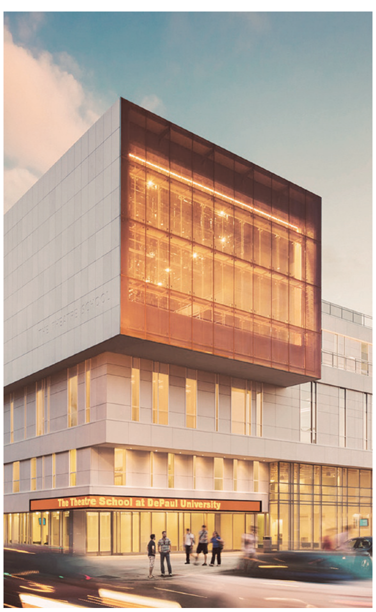
KEY RESPONSIBILITIES OF THE TREASURER:

1. **Cash Management and Short-Term Investing** – Manages banking, borrowing and cash forecasting activities sufficient to provide for the day-to-day liquidity needs of the institution, preserve principal within cash and working capital accounts, ensure compliance with university cash management policies and generate an acceptable risk-adjusted return (20%).

2. **Treasury Operations** – Supervises and ensures the integrity of all fund disbursement activities including wire transfers, check printing and fraud protections, payment card processor activities (including PCI-DSS compliance), fund escheatment processes and prepaid debit card usage (10%).

3. **Long-term Debt Portfolio Management** – Develops and implements recommendations associated with institutional capital finance and borrowing strategies with the intent of assuring adequate access to external capital at acceptable rates. Manages bond issuance process and oversees post-issuance compliance efforts including the timely completion of continuing disclosure and related filing requirements. Manages bondholder and credit rating agency relations and represents the interests of the university in its dealings with underwriters, financial advisors, bond counsel, conduit issuers, and other related relationships (15%).

4. **Long-term Investment Administration** – Oversees the University Investments Office, which is responsible for administering the endowment and other long-term investment portfolios of the institution and supporting the fund management decisions of the board of trustees investment committee. Manages university relationships with investment advisors and fund custodians and ensures ongoing compliance with institutional investment policies. Provides for internal controls sufficient to adequately safeguard investment assets (25%).



5. **Commercial Real Estate Leasing and Operations** – Oversees the University Real Estate Office, which is the lessor of 350,000 square feet of office, retail and parking space to three dozen commercial tenants. Also manages university-as-lessee relationships at downtown, neighborhood and suburban campuses. Oversees property tax payment and exemption processes. Serve as principal negotiator in non- commercial acquisitions, dispositions and development projects (15%).

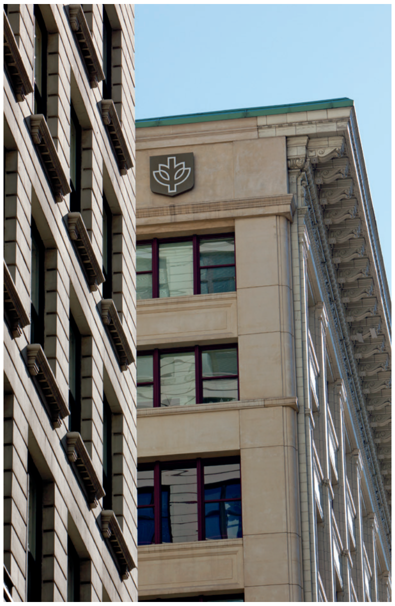
6. Oversees hiring and development of treasurer's office staff and other duties, as assigned (10%)

7. **Defined Contribution Retirement Plan** – Serves as a member of a fiduciary committee responsible for the investment management and plan administration of the university's $800 million 403(b) Defined Contribution Retirement Plan (5%).

The Office of the Treasurer has 15 full-time employees.

QUALIFICATIONS AND EXPERIENCE:

- BA Finance, Accounting or Related Discipline. MBA/MS Finance or Accounting preferred.
- At least 10 years of demonstrated effective financial and professional management experience.
- A track record of accomplishments and leadership within a higher education financial operations context, such as treasury, investment management, accounting, or audit involving collaborative management of complex, organization-wide projects. suppliers and external bond, investment, cash management and real estate constituents.
- Work experience with capital and financial markets and related services providers required. Direct experience in capital finance and/or investment administrations strongly preferred. Experience in real estate management preferred.
- Well-developed negotiations, project leadership and collaboration skills, including lease and supplier contract negotiations experience.
- Demonstrated ability to identify and mitigate operating and financial risks, utilizing strong creative problem-solving skills.
- Effective written and verbal communications skills, including the ability to clearly and concisely articulate complex concepts in meetings, presentations, and in writing to successfully recommend courses of action to executive management and board members.
- Proven advanced quantitative analysis and presentation skills with a solid understanding of financial valuation methods, statistical analysis, investment analysis, and other information modeling techniques required.
- Effective utilization of technology required with proficiency in standard office productivity applications.
- Proven track record in diverse staff development, coaching, performance management and the use of inclusive decision-making to meet organizational objectives.
- Experience with 403(b) defined contribution retirement plan administration and investment preferred.
- Private higher education experience in a complex organization with a minimum budget of $200 million preferred.



MOODY'S
INVESTORS SERVICE

CREDIT OPINION
12 February 2019

Rate this Research

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DePaul University, IL

Update to credit analysis

Summary

DePaul University's (A2 stable) credit profile benefits from growing balance sheet reserves, strong liquidity, and consistently positive operating performance driven by prudent fiscal management. The university's very good strategic positioning is underpinned by its market differentiation as a large urban comprehensive Catholic university in Chicago, with an expanding niche in the health sciences. However, a competitive student market and declining undergraduate enrollment have slowed net tuition revenue growth and necessitated tighter expense containment. Other offsetting challenges include limited revenue diversity and philanthropic support that lags peers.

Credit strengths

» Relatively large scale, with over $600 million of revenue and nearly 20,000 full-time equivalent students (FTE)

» Strong levels of unrestricted liquidity with 518 monthly days cash at fiscal end 2018

» Consistently healthy operating cash flow generation, with cash flow margins averaging roughly 18% since fiscal 2014

» Sound market differentiation as a large urban Catholic university with a diversity of undergraduate and graduate programs

» Conservative fiscal management and demonstrated expense control ensuring continued surplus operations

Credit challenges

» Highly competitive student market as evidenced by 15% matriculation of incoming freshmen and growing discount rate

» Limited revenue diversity, with student charges comprising nearly 88% of fiscal 2018 operating revenue

» Pressure on net tuition revenue necessitates continued expense containment

» Philanthropic support lags that of peer institutions

Rating outlook

The stable outlook reflects expectations of continued strong liquidity, relatively stable operating cash flow generation and no near-term borrowing plans.

Factors that could lead to an upgrade

» Strengthening student demand evidenced by improved net tuition revenue growth

» Continued growth of spendable cash & investments with limited debt issuance

» Sustained increase in philanthropic support resulting in greater revenue diversity

Factors that could lead to a downgrade

» Sustained deterioration of operating performance

» Material decline of unrestricted liquidity or financial reserves

» Significant increase in leverage absent growth in reserves or improved operating performance

Key indicators

Exhibit 1
DEPAUL UNIVERSITY, IL

	2014	2015	2016	2017	2018	Median: A Rated Private Universities
Total FTE Enrollment	20,668	20,607	20,187	19,961	19,721	4,604
Operating Revenue ($000)	578,210	584,325	591,822	596,931	604,841	185,094
Annual Change in Operating Revenue (%)	-0.1	1.1	1.3	0.9	1.3	2.6
Total Cash & Investments ($000)	645,226	676,386	625,460	690,734	782,140	382,221
Total Debt ($000)	300,395	279,806	337,482	325,732	305,369	144,757
Spendable Cash & Investments to Total Debt (x)	2.0	2.2	1.7	1.9	2.4	1.8
Spendable Cash & Investments to Operating Expenses (x)	1.1	1.2	1.1	1.2	1.3	1.4
Monthly Days Cash on Hand (x)	410	455	410	445	518	355
Operating Cash Flow Margin (%)	12.4	20.3	19.2	17.6	18.5	14.1
Total Debt to Cash Flow (x)	4.2	2.4	3.0	3.1	2.7	4.9
Annual Debt Service Coverage (x)	2.3	3.9	4.6	4.0	3.7	2.7

Source: Moody's Investors Service

Profile

DePaul University, located in the city of Chicago and founded in 1898 by the Congregation of the Mission (or Vincentian) religious community, is the nation's largest Catholic university. It has ten colleges or schools including music, theater and law. DePaul has two main campuses, one in the downtown Loop district and one in the Lincoln Park neighborhood. For fiscal 2018, the university had total operating revenue of $605 million and in fall 2018 enrolled nearly 20,000 full-time equivalent (FTE) students.

Detailed credit considerations

Market profile: improving graduate enrollment partially mitigating undergraduate pressure

DePaul will continue to leverage its market position as a large urban comprehensive Catholic university to sustain relatively stable enrollment. Although the university's FTE enrollment has declined nearly 5% since fall 2014, graduate enrollment is up almost 6% over the same period driven by growth in both business as well as computing and digital media programs. Additionally, on-site graduate offerings to corporate partners and health sciences programs continue to be areas of focus for the university.

Undergraduate enrollment, which represents about 73% of total enrollment, remains challenged, down nearly 8% since fiscal 2014 and contributing to slow net tuition revenue growth (0.6% in fiscal 2018). The university's total tuition discount rate has climbed modestly over the last five years from nearly 27% to 32% in fiscal 2018 with first-year discounting remaining between 50-55% during that period. Roughly 65% of fall 2018 first year undergraduate students hailed from Illinois, a state with pressured demographics for high school graduates. DePaul has bolstered its recruitment staff in efforts to improve out-of-state representation. Favorably, the university's first year matriculation has increased over the past two years with additional modest improvement expected for fall 2019.

Operating performance: expense containment offsetting slow revenue growth

DePaul will continue to generate healthy operating cash flow, providing sound debt service coverage. Operating cash flow margins and debt service coverage have averaged nearly 18% and 4x, respectively, over the past five years driven by close expense management. Expense management has been a key area of focus for the university, which has reduced its workforce and implemented other strategic measures to counteract slow net tuition revenue growth. DePaul's revenue diversity remains limited, with an 88% reliance on student charges in fiscal 2018. The State of Illinois (Baa3 stable) provides roughly $18 million annually in MAP grants (need-based student grants) to DePaul on behalf of about 30% of the school's undergraduates, and the state has committed to fully funding the program in fiscal 2019. The university maintains contingencies should the state not fully fund the awards.

Wealth and liquidity: growing balance sheet reserves and liquidity

The university's overall wealth will continue to grow through retained cash flow and prudent investment management. Since fiscal 2014, the university's total cash and investments have grown by over 20% to $782 million (as of June 30, 2018). Spendable cash and investments, representing over 90% of total cash and investments, covered operations by a healthy 1.3x, on par with the median of 1.4x for A-rated private universities (fiscal 2017 data).

Fundraising lags peers, with three-year average gifts per student of $1,057 (fiscal 2016-18), lower than the A-rated median of $4,171. The university is in the planning stages of its next fundraising campaign. Its last campaign closed in 2014 and raised $333 million, higher than the original goal of $250 million. DePaul's endowment returned roughly 6% in fiscal 2018; the university has had a policy since fiscal 2016 to designate half of operating surpluses to the endowment to further bolster growth. Increased fundraising and endowment growth would be credit positive, improving revenue diversity and supporting growing financial aid.

Liquidity

DePaul's liquidity will remain strong given its positive operating performance and limited potential calls on liquidity. Unrestricted monthly liquidity as of fiscal end 2018 (June 30, 2018) was $713 million providing a solid 518 monthly days cash, higher than the A-rated private university median of 355 days.

Leverage: debt burden modest relative to reserves and operating performance

The university's debt will remain manageable given robust cash flow generation and strong balance sheet reserves. Fiscal 2018 spendable cash and investments of $724 million cushioned outstanding debt by a solid 2.4x. Debt affordability is very strong with fiscal 2018 total debt to cash flow of 2.7x, lower than the A-rated private university median of 4.9x. DePaul has no near-term plans for additional debt. Recent capital investment includes a performance center for the school of music (opened May 2018) and a renovated opera theater (opening December 2019). In 2017, an affiliated student housing facility, the University Center of Chicago (UCC) was sold. DePaul received $34 million for its share of the UCC facility and entered into a ten-year lease agreement with the new property owners (lease expense was $4.9 million in fiscal 2018).

Debt structure

All of DePaul's debt is fixed rate and amortizing, with no bullet maturities. The university's debt is an unsecured general obligation of the university and is all on parity, including a July 2018 privately placed refunding of Series 2008 bonds. There are no financial covenants.

Debt-related derivatives

There are no debt related derivatives.

Pensions and OPEB

Expenses for the university's defined contribution plan were nearly $17 million in fiscal 2018, a manageable 3% of expenses; DePaul does not have a defined benefit plan. The university also has a post retirement healthcare (OPEB) for eligible faculty and staff with an associated liability of $59 million in fiscal 2018.

Governance and management: effective fiscal stewardship to continue

DePaul's strategic prioritization and tight budgetary controls support its very good strategic positioning. The university utilizes conservative assumptions for budgeting, including funding depreciation, budgeting for a 4.5% endowment spend rate as well as a surplus and contingency reserve. A new president assumed the role in July 2017 following the retirement of the long-tenured predecessor. A new strategic plan was released in late 2018, and key priorities include: sustaining financial performance, improving philanthropic support and growing the endowment to $1 billion by 2024.

REPORT NUMBER 1160610

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

MOODY'S INVESTORS SERVICE

FitchRatings

Fitch Upgrades DePaul University (IL) to 'A+' from 'A'; Outlook Stable

Fitch Ratings-Chicago-23 October 2019: Fitch Ratings has assigned an Issuer Default Rating (IDR) of 'A+' to DePaul University. In addition, Fitch has upgraded the long-term rating to 'A+' from 'A' on various revenue bonds issued by either DePaul University (DePaul) or the Illinois Finance Authority (IFA) on behalf of DePaul. The university is removed from Under Criteria Observation.

The Rating Outlook is Stable.

SECURITY

The bonds are an unsecured general obligation of DePaul University.

ANALYTICAL CONCLUSION

The 'A+' rating upgrade from 'A', and assignment of an 'A+' IDR, reflect DePaul University's strong financial profile, supported by conservative budgeting, expense controls and a growing endowment. The university's rating is constrained at this time by modestly declining enrollment, significant competition, and Fitch's expectation of challenging high school demographic trends in Illinois and the Midwest over the next decade. The upgrade reflects a combination of credit fundamentals and implementation of Fitch's revised rating criteria for U.S. Colleges and Universities, released in June 2019. DePaul currently has financial leverage metrics typical of a 'AA' category credit, but has other mitigating characteristics including demand and enrollment pressures which are reflected in the 'A+' rating.

KEY RATING DRIVERS

Revenue Defensibility: 'bbb'; Demographic and Competitive Pressures

The 'bbb' Revenue Defensibility assessment reflects DePaul's high 90% reliance on student revenue, moderately selective admissions, a very competitive market for both undergraduate and graduate students, pressured high school demographics and modest enrollment declines. Positively, DePaul has a regional demand niche that includes the strong Chicago metropolitan area.

Operating Risk: 'a'; Strong Cash Flow Margins

DePaul's Operating Risk profile is consistent with an 'a' assessment. The university has a solid operating track record demonstrating good operating cost flexibility, with adjusted cash flow margins of 15%-18% in each of the last four fiscal years. Major capital outlays have been completed, some using internal reserves, and management has no new debt plans at this time. The university's operating focus is to build endowment and retire debt.

Financial Profile: 'aa'; Strong Balance Sheet Relative to Debt

DePaul's leverage position is solid and growing over time with debt amortization. DePaul's leverage position and overall financial profile should remain strong through a moderate stress scenario, consistent with an 'aa' assessment; no new debt is expected.

Asymmetric Additional Risk Considerations

No negative asymmetric risk considerations affected the rating.

RATING SENSITIVITIES

BALANCE SHEET METRICS: Continued growth in DePaul's balance sheet resources relative to both debt and operating expense, assuming continued strong operating results, could support further upward rating movement.

DEMAND PRESSURES: DePaul has effectively managed enrollment declines, and Fitch expects that to continue. However, 90% of operating income is from net student revenue, and enrollment pressures remain a key analytical consideration. Demographic pressures are expected to continue in Illinois and the Midwest over the next decade. DePaul's operations have remained strong despite enrollment pressures.

MODEST DEBT LEVERAGE: DePaul has some debt capacity within the rating category and in Fitch's stress scenario. The university has no new debt plans at this time.

CREDIT PROFILE

Founded in 1898, DePaul is a private non-profit institution, and one of the largest Catholic universities in the U.S. DePaul has large campuses in Chicago's Loop business district and the Lincoln Park neighborhood of Chicago. The university has closed leased suburban satellite campuses in recent years. Management reports most affected students shifted to online or employer-based programs with no material enrollment impact.

DePaul is a co-educational institution offering extensive undergraduate and graduate degree programs. In fall 2019, about 73% of the 19,529 full-time equivalent (FTE) students were undergraduates. Large professional and graduate programs include law, business, computing and digital media, nursing, and education. Management reports that about 15% of credit hours are delivered online. The university's student draw is largely regional, with new freshman undergraduate students coming primarily from Illinois and the Chicago metropolitan area (about 65% in fall 2018 and 62% in fall 2019).

REVENUE DEFENSIBILITYY

The 'bbb' Revenue Defensibility assessment reflects DePaul's high reliance on student revenue, moderately selective admissions, a highly competitive market for both undergraduate and graduate students, and pressured high school demographics. Positively, the university has a regional demand niche that includes the strong Chicago metropolitan area.

DePaul is highly tuition dependent, with net student revenue consistently about 90% of operating revenue. Even though the university has grown endowment with operating surpluses, gifts and other resources, Fitch does not expect material change in revenue diversity in the medium term.

The university has modestly competitive demand metrics given its location in the highly competitive Chicago metro area and high school demographic challenges in Illinois and the Midwest. Overall FTE enrollment has dipped about 5% since fall 2015, to 19,529 in fall 2019. Most of the decline is transfer students, who can be economically counter-cyclical. Full-time undergraduate enrollment has been fairly stable, with entering freshmen classes consistently exceeding 2,500. The fall 2019 freshman class grew to 2,627.

Freshman student quality is above the national average. DePaul's admissions went 'test optional' two years ago, and average test scores are no longer reported. About 65% of undergraduate students come from Illinois, with most of the rest coming from the Midwest. Even with declining numbers of high school graduates in the next decade, the Chicago metro area remains a strong source of high quality students.

Transfer enrollment has declined in each of the last four years, a combination of lower community college enrollment (which is economically counter-cyclical), competition and demographic pressures. Enrollment in DePaul's sizable graduate programs, 27% of FTE enrollment and a mix of traditional and on-line programs, remains stable. Fall 2019 graduate FTE is 5,256, down slightly from 5,334 in fall 2017, but well above the 5,000 level seen in fall 2014 and 2015.

Student revenues support strong operating results, a consistent strength of DePaul. Enrollment is somewhat sensitive to tuition increases given the highly competitive market. In recent years DePaul has increased tuition for continuing students at about 2%-3% annually, with slightly higher rates for new students. These tuition rates have still supported growth in entering freshmen classes and stable graduate enrollment, and maintained strong cash-flow margins. Net tuition revenue has been relatively flat.

DePaul's five-year CAGR of net tuition revenue per FTE student was 1.6% in fiscal 2018 and 2.0% in fiscal 2019, both years with slightly declining overall FTE due to fewer transfer students. This statistic reflects price sensitivity in a highly competitive market.

DePaul's endowment draw is not a significant revenue source, less than 2.5% of fiscal 2018 operating revenue, but has been increasing modestly as a proportion of revenue. The bulk of the university's endowment and internal reserves are unrestricted. Fitch considers the endowment draw sustainable at 4.5% of a trailing three-year market value, and under a 'return to principal' policy, half of that annual draw goes back into endowment. Management estimates endowment at around $697 million as of June 30, 2019.

DePaul is a solid fundraiser but is not currently in an active campaign; focus is on the annual fund and programmatic initiatives. Unrestricted gifts in fiscal 2018 audit exceeded $20 million, and a $20 million anonymous gift for a new school of applied diplomacy was just announced in September 2019.

OPERATING RISK

DePaul's Operating Risk profile is consistent with an 'a' assessment. The university has a solid operating track record demonstrating good operating cost flexibility, with adjusted cash flow margins of 15%-18% in the last four fiscal years. Major capital outlays have been completed, some using internal reserves, and management has no new debt plans at this time. The university's operating focus is to build endowment and retire debt.

Operating cost flexibility is supported by consistently strong cash-flow margins over time. The fiscal 2018 audited GAAP surplus was $43.8 million, consistent with prior years. Cash-flow margin (which is adjusted for depreciation and interest expense) is also solid over time, and was 16.5% of operating revenue in fiscal 2018 and 15% in fiscal 2017. The margin is expected to decline temporarily in fiscal 2019 due to the one-time effect of an early retirement incentive program; without that cost, management reports the cash-flow margin would be consistent with prior years.

DePaul reports no major capital projects. In recent years the university has planned for major capital projects and funded them from a mix of accumulated reserves and gifts. The average age of plant in fiscal 2018 is 12.3

years.

FINANCIAL PROFILE

DePaul's leverage position is solid and consistent over time, with fiscal 2018 available funds (AF; unrestricted cash and investments) of $722 million equal to 178.4% of Fitch-adjusted debt ($404.8 million). Fiscal 2019 balance sheet ratios are expected to be similar. DePaul's leverage position and overall financial profile should remain strong through a moderate stress scenario, consistent with an 'aa' assessment.

DePaul had $305 million of direct debt and bond premiums at FYE 2018, which Fitch adjusts to $404.8 million with the inclusion of $74 million for non-cancelable operating lease debt equivalents. The university's debt structure is fixed rate, with rapid principal amortization; roughly $80 million of debt is scheduled to amortize by fiscal 2023. Current debt service coverage in fiscal 2018, as calculated by Fitch, was solid at 2.8x.

Asymmetric Additional Risk Considerations
There were no asymmetric risk considerations.

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ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of 3 - ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity.

For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by information from Lumesis.

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Additional information is available on www.fitchratings.com
Applicable Criteria
Public Sector, Revenue-Supported Entities Rating Criteria (pub. 28 May 2019)
U.S. Public Finance College and University Rating Criteria (pub. 03 Jun 2019)

Additional Disclosures
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Ratings

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Illinois Finance Authority DePaul University; Private Coll/Univ - General Obligation

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Long Term Rating	A/Stable	Affirmed
Illinois Finance Authority, Illinois		
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Illinois Fin Auth (DePaul Univ) rev bnds		
Long Term Rating	A/Stable	Affirmed

Rating Action

S&P Global Ratings affirmed its 'A' issuer credit rating (ICR) and long-term rating on Illinois Finance Authority's revenue and revenue refunding bonds for DePaul University, Ill. The outlook on the ICR and all rated issues is stable.

DePaul's outstanding debt s at fiscal year end June 30, 2019, totaled $287.2 million inclusive of $6.8 million of notes payable. Total debt included $29.4 million of direct purchase debt outstanding that was utilized to refund its series 2008 bonds in 2018. In August 2020 DePaul entered into a forward purchase agreement with a financial institution to issue a $24.7 million series 2021 direct placement obligation in March 2021 that will enable the university to refund its tax-exempt series 2011B bonds at that time. While DePaul's existing direct placement obligation contains certain events of default that could trigger an acceleration of its debt, in our view the risk associated with potential debt acceleration is mitigated by the university's excellent liquidity as most of its $696.5 million endowment (value as of fiscal year-end 2019) is available on a daily basis. We understand DePaul does not currently intend to issue additional (new money) debt for at least the next year.

While there is high uncertainty regarding the duration and extent of the COVID-19 pandemic, we believe that DePaul University has taken prudent steps to address its COVID-19 concerns. It transitioned to an online format on March 11, 2020, and conducted virtual teaching for the spring and summer 2020 quarters. The university announced in June that it intended to reopen the campus for the fall quarter with limited on- campus enrollment. However, in mid-August, in response to an increase in infections in Chicago and in other parts of the nation, the university announced it would pivot to remote learning for most of its academic offerings with very limited in-person instruction and residence hall occupancy. The total room and board refunds issued for the spring quarter were about $9 million. Auxiliary revenues represent approximately 6.9% of fiscal 2019 adjusted operating revenue and in our view are lower than average. DePaul received approximately $14.2 million in Coronavirus Aid, Relief, and Economic Security Act stimulus funding, with $7.1 million going to students in the form of grants, and $7.1 million representing institutional support. International students accounted for 1,115 full-time equivalent (FTE) students in fall 2019 or 6% of the total FTE enrollment of 19,529 and thus are only mildly expected to impact tuition revenue for fiscal 2021. DePaul anticipates realizing a positive operating margin for fiscal 2020 comparable to or better than its 2.6% operating margin performance in fiscal 2019. Fiscal 2021 results are expected to reflect around $40 million in savings from expense reductions or revenue enhancements put into place as a result of concern about the potential impact of the COVID-19 pandemic. The fiscal 2021 budget is expected to be finalized shortly and management indicated positive results are anticipated for the year.

We assessed DePaul's enterprise profile as strong, characterized by a sound market position with rising freshman applicants for fall 2018 and 2019 and a freshman class size that increased in fall 2017 through fall 2019. However, since most students are largely drawn from the Chicago region, management indicates the Midwest's unfavorable demographics have largely been responsible for a total FTE enrollment decline of between 1% to 2% annually since fall 2016 through fall 2019, contributing to flat net tuition revenue. The enterprise profile also recognizes the university's broad program offerings, robust regional competition and sound management and governance. We assessed DePaul's financial profile as strong, characterized by excellent financial management policies, healthy financial performance with recurring surpluses on a GAAP basis, sufficient and highly liquid financial resources for the rating category and sound debt and contingent liabilities.

We view favorably management's ongoing expense controls and conservative budgeting practices that enable DePaul to produce healthy net (adjusted) operating margins that have ranged from 2.6% to 5.7% over the past five years while expendable resources remain just over $700 million at fiscal year-end 2019, inclusive of an endowment that management indicates at July 31, 2020, totaled $766.8 million.

The rating further reflects our view of the university's:

- Continuing moderate demand metrics for the rating category;
- Robust financial performance and expectation of continued favorable performance in fiscal 2020;
- Financial resource ratios that are near or exceed median ratios for the rating category;
- Modest 3.9% debt burden of fiscal 2019 operating expenses, as calculated on maximum annual debt service (MADS), and conservative debt structure of all fixed-rate serial maturities; and
- Low reliance on investment returns from endowment to support operations.

Offsetting credit factors, in our view, include:

- Limited revenue diversity, as student-generated tuition and auxiliary fees constitute approximately 94% of adjusted operating revenues made slightly more tenuous by modest declines in enrollment;
- Largely regional draw for students, although it is diversifying, with 80% of students from Illinois with significant competition for students; and
- A moderately- sized endowment in comparison with other universities that have an enrollment comparable to DePaul's.

DePaul, associated with the Vincentian religious order, is the largest Catholic university in the U.S. in terms of FTE enrollment and operates two primary campuses in Chicago. Its Lincoln Park campus is a residential campus primarily focused on undergraduate enrollment and is located approximately four miles north of its larger downtown campus that houses many of its graduate and professional programs. DePaul was established in 1898 and is now a major university offering 147 undergraduate and 163 graduate degree programs. Fall 2019 total headcount enrollment fell 1.7% to 22,064 from the fall 2018 22,437 enrollment. In fall 2019, total FTE enrollment was 19,529, consisting of about 73% undergraduate and 27% graduate students with preliminary fall 2020 numbers indicate similar results. In addition to extensive undergraduate degree offerings, DePaul has numerous graduate and professional programs, including law, business, and education. Most undergraduate and law students attend on a full-time basis, although many commute to campus.

The stable outlook reflects our view that, DePaul's enrollment will only decline modestly consistent with recent trends, while its financial margins will remain healthy and its financial resource ratios remain consistent with median ratios for the rating category. We also anticipate minimal, if any, additional (new money) debt issuance.

Environmental, social, and governance factors (ESG)

Because of the COVID-19 pandemic, DePaul University's management team moved to implement remote learning to protect the students' health and safety and limit social risks associated with community spread of COVID-19. We view health and safety issues as a social risk under our ESG factors. In our view, DePaul, similar to other higher education institutions, will face challenges should the pandemic persist throughout the current school year, and this could negatively affect fall 2020 and 2021 enrollment and fiscal 2021 and 2022 operating results. Elevated social risks due to potentially decreasing enrollment, could pressure finances, leading to consideration of a negative outlook or potentially a lower rating. Despite this, we consider management and governance risks to be in line with those of its higher-education-sector peers.

Stable Outlook

Downside scenario

A lower rating is possible if total annual FTE enrollment declines at an accelerated rate such that financial margins weaken, or if expendable resources to operations falls further below the median for the rating category. Also, if additional (new money) debt is issued without a commensurate increase in financial resource ratios a negative rating action is likely. In addition, although we understand the coronavirus is a global risk, we could also consider a negative rating action during the outlook period should unforeseen pressures related to the pandemic materially affect demand, finances or the trajectory of the university's plan as a result of the COVID-19 outbreak.

Upside Scenario

A positive rating action during the two-year outlook period would be predicated upon the university's enrollment trend showing sustainable improvement, financial performance remaining strong, expendable resources relative to operations and debt being favorable relative to median ratios for the rating category and no material (new money) additional debt issuance. In addition, further endowment growth would be viewed favorably given a high dependency upon student-generated tuition and auxiliary fees for most of the university's revenue.

Credit Opinion

Enterprise Profile

Economic fundamentals

In our view, the university has limited geographic diversity with 80% of students hailing from Illinois in fall 2019, compared with 78.5% in fall 2018. As such, our assessment of DePaul's economic fundamentals is anchored by the Illinois GDP per capita.

Market position and demand

DePaul has historically recruited students regionally, with many coming from Illinois and the Chicago metropolitan area. The total undergraduate population from Illinois was about 80% in fall 2019. DePaul's competitors include Illinois public universities such as the University of Illinois-Chicago and University of Illinois-Champaign, in addition to other Midwestern private Catholic universities such as Loyola University-Chicago, Marquette University, Wis., St. Louis University, MO., and the University of Dayton, OH. DePaul's institutional mission is to promote service and social justice while serving many first-generation students-(who in the recent past comprised 33% of the fall freshman undergraduate class) minority students (44% of the class), and students with lower financial resources (30% of the class being Pell grant-eligible).

Total FTE enrollment declined 5.5% to 19,529 in fall 2019 from the fall 2014 enrollment of 20,667. The decline in FTE enrollment in fall 2019 compared with the prior year was 1.0%, a rate in-line with recent annual declines that have ranged from a low of negative 0.3% in fall 2015 to a recent high of negative 2.0% in fall 2016. As the fall quarter for fiscal 2021 just began on Sept. 9th, management is currently focused on fine-tuning operations in response to the impact of COVID-19 on enrollment and indicated it had budgeted a 1% enrollment decline for the year.

Graduate and professional students constitute about 27% of total FTE enrollment. Graduate FTE enrollment declined by less than 1% to 4,442 students in fall 2019 from 4,455 students in fall 2018. Professional FTE enrollment has declined to 814 students in fall 2019 from a recent high of 884 students in fall 2017, as DePaul deliberately reduced the size of its entering law school classes beginning in fall 2019.

DePaul's applications for new freshman increased 2.8% to 26,895 in fall 2019 from 26,169 in fall 2018 after rising 21.1% from 21,613 in fall 2017. In addition, its selectivity has improved to 68.2% in fall 2019 from the low 71% range two years earlier. The matriculation rate fell to 14.3% in fall 2019 from approximately 18% in fall 2015, indicative of the unfavorable Midwestern demographic trend for college-bound high-school seniors and increasing competition for qualified students. The six-year graduation rate for fall 2019 was 73.8% with similar expectations for fall 2020. Retention is sound and remained at about 85% for the past three years.

Fundraising

DePaul's last major comprehensive fundraising campaign ended successfully in June 2014, having raised $333 million compared with the original goal of $250 million. This was the largest capital campaign in DePaul's history. Following that campaign, the school embarked on a post-campaign, three-year fundraising goal of $100 million. This campaign was successfully concluded in fiscal year 2017. In response to the economic uncertainty experienced by students and their families as a result of the pandemic, DePaul recently launched a one-year $60 million campaign to meet student needs. We understand that fiscal 2020 was the university's best year ever for receipt of major gifts that equal or exceed $50,000, and that it recently received a $20 million gift from a donor who wishes to remain anonymous to establish a new school within the College of Liberal Arts & Sciences to be known as the Grace School for Diplomacy.

Management and governance

DePaul has a two-tier governance structure. The corporation currently has 0 members, at least two-thirds of which come from the religious community (the Congregation of the Mission) that sponsors the university. The members elect the individuals to serve on the board of trustees (the board). The board elects its own officers and appoints the president, provost, executive vice president, and secretary. Other senior staff are appointed by the president. The bylaws stipulate that between 40 and 45 members must serve on the board--there are about 41 current members. We understand that in recent years, board changes have reflected normal turnover.

DePaul welcomed its 12th president, A. Gabriel Esteban on July 1, 2017. The prior president, Rev. Dennis H. Holtschneider, served in that capacity for 13 years. The senior management team is relatively new with most members serving in their current role for five years or less; however, many have been associated with the university for a much longer period. President Esteban since his arrival at DePaul has led the university and its board in drafting a new long-range strategic plan titled Grounded in Mission: Engaging Students, Transforming Communities. The plan is called The Plan for DePaul 2024. We understand the last of its six strategic priorities states it will employ bold approaches to ensure DePaul's continued fiscal strength for future generations incorporating goals around operating margins, philanthropy, and strategic planning around programs and enrollment. Specific targets include achieving a sustainable annual operating margin of at least 4%, gift contributions to the endowment of an average $25 million or more per annum and growing the endowment to $1 billion.

Financial Profile

Financial management policies

DePaul has formal policies for reserves, liquidity and investments; however, it does not have a formal debt policy. It budgets for depreciation, which we consider a best practice. The university meets standard annual disclosure requirements. The financial policies assessment reflects our opinion that, while there may be some areas of risk, the organization's overall financial policies are not likely to negatively affect its ability to pay debt service. Our analysis of financial policies includes a review of DePaul's financial reporting and disclosure, investment allocation and liquidity, debt profile, contingent liquidities, and legal structure; and a comparison of these policies with those of comparable institutions.

Operating performance

DePaul generates robust financial operating and bottom line margins. DePaul generated 2.6% and 5.4% (adjusted) operating and bottom line margins, respectively, in fiscal 2019. The operating margin generated in fiscal 2019 is impressive in our view given that net tuition revenue decreased 1.0% in that year and reflects management's careful expense control. DePaul anticipates realizing another positive operating margin for fiscal 2020 comparable with or better than its performance in fiscal 2019. While the fiscal 2021 budget is expected to be finalized very shortly, management indicates that despite rescinding a planned tuition increase for the year, the university anticipates producing a budgeted healthy financial operating margin through aggressive cost cutting and a slightly higher reliance on endowment spending.

DePaul is heavily reliant on student-generated tuition and auxiliary fees, which are consistently more than 90% of adjusted operating revenues. The institutional discount rate was a moderate 33.6% in fiscal 2019 (including both undergraduate and graduate students), but the rate has increased over time from less than 30% in fiscal years prior to 2017. DePaul has historically contained its total discount, while some peer institutions significantly increased their rates. The university continues to intentionally increase financial aid while maintaining a moderate tuition rate, in our view, in comparison with regional private university competitors. We understand that for the fourth year in a row, DePaul has adopted a 2021 budget that forecasts slightly less net tuition and fee revenue than was actually realized in the preceding year. While this compression is a concern, it is balanced by management's attention to operating performance and cost control.

DePaul's investment and endowment income represented a small revenue component, about 1.8% of fiscal 2019 adjusted operating revenues. Private gifts, grants and contracts constituted 2.0% of operating revenues with government grants representing another 1.4%. The university has an endowment spending draw policy of 4.5% of a three-year market value average, which we consider conservative and its actual draw rate has been considerably less and was 2.3% for fiscal 2019. For fiscal 2021, in response to the challenges presented by the pandemic, the endowment spending rate is expected to rise to 4.5%.

Available resources

DePaul's available resource ratios are considered adequate, as its expendable resources to operations ratio of 88.5% for fiscal 2019 trails the median 96.3% ratio for the rating category, while its expendable resources to debt ratio of 244.6% is considerably above the 175.7% median.

We measure financial resources by computing expendable resources, which are based on audited unrestricted net assets adjusted for long-term debt, net property values, and temporarily restricted net assets (a change in national accounting reporting that eliminated some of these items in fiscal 2019 caused us to utilize a cross walk to enable calculating these items in a manner consistent with the prior fiscal year). For DePaul, expendable resources as of June 30, 2019, totaled $702.6 million. Its expendable resources improved significantly in fiscal 2019 as DePaul implemented FASB ASU No. 2016-02, Leases (Topic 842), causing it to reverse the prior capitalization of its Wintrust Arena that was developed jointly with the Metropolitan Pier and Exposition Authority.

Cash and investments as of June 30, 2019, totaled $765.9 million, about $696.5 million of which represented endowment or funds designated as endowment. The asset allocation for DePaul's long-term investments has evolved over the past several years to a more diverse mix. As of July 31, 2020, the asset allocation for DePaul's endowment of about $766.8 million was 27.8% fixed income, 71.5% equities, with the reminder in alternative investment assets. We understand as of July 31, 2020, that about 95.5% of total endowment and institutional reserves of $820.8 million could be liquidated within one business day. DePaul's highly liquid investment profile helps offset limitations associated with what we view as a moderately sized portfolio.

DePaul holds an institutional reserve, which is available for board-directed initiatives and projects. This reserve is invested in a U.S. Treasury-backed money-market fund and, as of July 31, 2020, had assets of about $54 million that are included in the above mentioned $820.8 million figure. DePaul also maintains significant working cash balances, and the university increased its bank lines of credit to $90 million in March 2020 from $30 million previously, in response to concerns about the uncertainty of the impact of the COVID-19 pandemic on its future operations. At fiscal year-end 2019 there was no outstanding balance on the then-existing $30 million bank line, and we understand there are no balances outstanding currently on the existing $90 million bank lines. Management indicated that it would utilize its lines of credit as needed by operations during the fiscal year.

Debt and contingent liabilities

Total debt as of June 30, 2019, is about $287.2 million inclusive of $6.8 million of notes payable. DePaul also had about $29.4 million of direct purchase debt it secured early in fiscal year 2019 that it utilized to refund its series 2008 that is included in the debt figure cited above.

The university offers most employees a defined-contribution retirement system, which by definition is fully funded. It also offers a defined-benefit postretirement medical plan for faculty and staff. We understand some staff (about 300) are grandfathered under the existing system to receive full coverage, and another 391 employees will have limited coverage. Liabilities related to both of these groups are reflected in the June 30, 2019, accrued postretirement benefit obligation of $58.5 million down from $58.7 million in fiscal 2018. Employees hired after April 1, 2006, pay the group rate for health coverage at retirement and, as such, there is no audit liability reported for those employees.

DePaul and two other Chicago higher education institutions are members of the Education Advancement Fund (EAF)--a joint venture formed in 2004 to build a joint student housing residence known as University Center of Chicago (UCC) that has over 1,700 beds. DePaul's formal participation share is 40.625%. The venture had about $135.8 million of nonrecourse project debt outstanding, related to construction of this facility in Chicago's "South Loop" business district. The EAF facility is a few blocks from DePaul's Loop campus and is near academic facilities of several other public and private higher education institutions. In July 2017, the student housing facility was sold to a student housing operator and financial institution and the proceeds were used to defease the outstanding EAF bonds. In addition, DePaul received a distribution of $34.2 million in fiscal 2018. DePaul and the other higher education institutions that are members of EAF continue to house students at UCC through a lease arrangement.

DePaul University, Illinois--Enterprise And Financial Statistics

	--Fiscal year ended June 30--				
	2020	**2019**	**2018**	**2017**	**2016**
Enrollment and demand					
Headcount	22,064	22,437	22,769	23,110	23,539
Full-time equivalent	19,529	19,720	19,961	20,187	20,607
Freshman acceptance rate (%)	68.2	67.5	71.7	69.7	72.0
Freshman matriculation rate (%)	14.3	14.6	16.4	15.7	17.8
Undergraduates as a % of total enrollment (%)	64.4	64.7	65.1	66.7	67.8
Freshman retention (%)	85.1	85.9	85.9	83.6	87.2
Graduation rates (six years) (%)	73.8	72.0	72.0	70.7	72.5

DePaul University, Illinois--Enterprise And Financial Statistics (cont.)

	--Fiscal year ended June 30--				
	2020	**2019**	**2018**	**2017**	**2016**
Income statement					
Adjusted operating revenue ($000s)	N.A.	815,141	808,612	781,604	767,059
Adjusted operating expense ($000s)	N.A.	794,219	764,800	742,913	726,595
Net operating income ($000s)	N.A.	20,922	43,812	38,691	40,464
Net operating margin (%)	N.A.	2.63	5.73	5.21	5.57
Change in unrestricted net assets ($000s)	N.A.	42,857	93,151	66,764	30,439
Tuition discount (%)	N.A.	33.6	32.1	30.1	29.2
Tuition dependence (%)	N.A.	86.7	86.3	87.3	87.6
Student dependence (%)	N.A.	93.7	93.2	93.8	94.4
Research dependence (%)	N.A.	1.4	1.3	1.3	1.2
Endowment and investment income dependence (%)	N.A.	1.8	1.6	1.5	1.4
Debt					
Outstanding debt ($000s)	N.A.	287,207	305,369	325,762	333,698
Proposed debt ($000s)	N.A.	24,735	N.A.	N.A.	N.A.
Total pro forma debt ($000s)	N.A.	280,722	N.A.	N.A.	N.A.
Pro forma MADS	N.A.	31,149	N.A.	N.A.	N.A.
Current debt service burden (%)	N.A.	3.99	4.55	3.85	3.49
Current MADS burden (%)	N.A.	3.92	4.55	4.68	4.63
Pro forma MADS burden (%)	N.A.	3.92	N.A.	N.A.	N.A.
Financial resource ratios					
Endowment market value ($000s)	N.A.	696,452	593,407	492,400	420,057
Cash and investments ($000s)	N.A.	765,888	782,140	690,734	625,460
Unrestricted net assets ($000s)	N.A.	1,043,078	1,000,221	907,070	840,306
Expendable resources ($000s)	N.A.	702,603	513,324	496,655	551,051
Cash and investments to operations (%)	N.A.	96.4	102.3	93.0	86.1
Cash and investments to debt (%)	N.A.	266.7	256.1	212.0	187.4
Cash and investments to pro forma debt (%)	N.A.	272.8	N.A.	N.A.	N.A.
Expendable resources to operations (%)	N.A.	88.5	67.1	66.9	75.8
Expendable resources to debt (%)	N.A.	244.6	168.1	152.5	165.1
Expendable resources to pro forma debt (%)	N.A.	250.3	N.A.	N.A.	N.A.
Average age of plant (years)	N.A.	12.9	12.3	11.7	10.5

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. Expendable resources = unrestricted net assets + temp. restricted net assets - (net PPE- outstanding debt). Average age of plant = accumulated depreciation/depreciation and amortization expense.

Related Research

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