

University of Massachusetts

The 'AA' IDR and revenue bond rating reflect UMass' role as the Commonwealth of Massachusetts' flagship public research system of higher education and the strong operating and capital support provided by the commonwealth (AA+/Stable). The rating further reflects UMass' disciplined approach to its cash flow needs at both a campus and system level and its moderate available funds that equaled 63% of total expenses and 59% of adjusted debt levels at fiscal year-end 2024.

UMass has a track record of rigorous treasury controls and excellent fiscal management practices that have helped preserve sufficient financial flexibility, and its robust risk management function, following several years of investment across the system, should aid in mitigating challenges related to potential policy and funding changes.

The Stable Outlook reflects Fitch's expectation that UMass' financial and operating profile will remain resilient, with steady enrollment across the system and management's commitment to preserving a structural operating balance and self-sufficient capital management levels at each campus and across the system.

The 'F1+' rating is consistent with the university's strong long-term credit profile and reflects its ample liquid resources in support of its very modest self-liquidity obligations.

Security

UMass' revenue bonds are secured by a pledge of the university's gross unrestricted revenue and other legally available funds. The bonds and CP notes are special obligations of UMBA payable from payments made by UMass. Under a service contract UMass is required to remit to UMBA annually an amount sufficient to pay debt service and other costs associated with operating and maintaining the financed projects during the next year, referred to as the certified amount.

The annual certified amount is payable from a variety of revenue streams, including all legally available revenues of the university and UMBA, including state appropriations, as well as unrestricted net assets (UNA, defined as unrestricted fund accumulated surpluses, as well as quasi-endowment, unexpended plant, and unrestricted renewal and replacement fund).

Ratings

Long-Term IDR AA

Outlooks

Long-Term IDR Stable

New Issues

\$335,835,000 UMBA Senior
Project Revenue bonds,
Series 2025-1 AA

Sale Date

As early as the week of July 14

Outstanding Debt

[Issuer Ratings Information](#)

Applicable Criteria

[U.S. Public Finance College and University
Rating Criteria \(September 2023\)](#)

[U.S. Public Sector, Revenue-Supported
Entities Rating Criteria \(January 2025\)](#)

Related Research

[Fitch Rates University of Massachusetts Ser
2025-1 Revs 'AA', Affirms 'AA' IDR; Outlook
Stable \(June 2025\)](#)

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Key Rating Drivers

Revenue Defensibility - 'aa'

Resilient Enrollment Base; Strong State Support

The 'aa' revenue defensibility assessment reflects UMass' steady enrollment trends over time, including expected YoY growth in fall 2025, and healthy pipeline prospects that should help counter relatively unfavorable regional demographic trends. The UMass system exhibits mixed demand characteristics reflective of a statewide public system, with overall freshman retention averaging just over 82% in fall 2024. Enrollment has remained within a narrow 2% band in recent years, with some mild pressure on undergraduate enrollment partly offset by growth in graduate enrollment, and a relatively modest level of international enrollment.

The 'aa' assessment also reflects the consistent and sound support provided by the Commonwealth of Massachusetts (equal to about 27% of fiscal 2024 revenues), a research base at 15% of expenditures, and the sustainable operating support provided by UMass' sizable endowment. State budget expectations are generally stable to slightly favorable YoY on base appropriations, and once again fully funds the state share of collective bargaining expenditures. About 15% of UMass's expenditures are for research, the bulk of which is supported by National Institutes of Health grants, and therefore are subject to potential federal research funding cuts.

Operating Risk - 'aa'

Resilient Operating Performance; Sizable Capital Plans

The 'aa' operating risk assessment is driven by very steady and good operating results, with cash flow expected to remain near current levels (15.3% in fiscal 2024) via consistent and attentive budgetary controls. UMass continues to budget to a mild surplus on a GAAP basis, a level that has helped support consistent capital investment. UMass' systemwide operating and efficiency efforts continue to support healthy operating cash flow resilience in support of its robust systemwide capital improvement plan, which will be funded by a combination of external (debt and philanthropic) and internal resources.

UMass' current five-year capital plan through 2028 incorporates residual debt issuance, which should be relatively modest following the series 2024-1 bonds, and fiscal 2025 results are thus far trending ahead of budget. UMass also benefits from a relatively steady level of capital support from the commonwealth, and consistent philanthropy.

Financial Profile - 'aa'

Strong Financial Profile with Adequate Liquidity

UMass is expected to maintain liquidity against its debt and expenses at a level consistent with the 'aa' assessment. It had approximately \$2.5 billion in available funds (AF) at fiscal YE 2024, equal to about 63% of total expenses and 59% of adjusted debt and improved over prior-year levels. The series 2025-1 refunding transaction will be neutral to leverage, and going forward, UMass' plans to incur modest new money debt issuance to support its strategic capital plans are expected to be absorbed at the current rating level. Leverage levels are expected to remain fairly consistent with the 'aa' assessment through Fitch's scenario analysis, inclusive of these additional capital and debt plans, as well as a Fitch-modeled portfolio market downturn and operating stress.

UMass' \$4.3 billion in adjusted debt includes about \$3.4 billion in long-term bonded debt (fiscal YE 2024), a reported \$384.4 million in net pension liability, which Fitch adjusts to \$528.8 million to reflect a standard 6% discount rate, long-term lease obligations, and commercial paper.

The 'F1+' rating reflects UMass' healthy liquid reserves, with over \$3.4 billion in investments (of which \$150 million is cash and money market funds) against just \$20 million in variable-rate demand bonds supported by self-liquidity. In addition, UMass recently renewed its \$150 million line of credit.

Asymmetric Additional Risk Considerations

No asymmetric additional risk considerations apply to UMass' ratings.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Failure to maintain steady leverage levels against expected increases in debt and sizable capital improvement plans may pressure the rating, should AF-to-total-adjusted debt fall persistently below 30%;
- A sustained decline in operating performance resulting in adjusted cash flow levels consistently below 12% could pressure the rating;

- Material erosion in internal liquid resources and/or significant downward movement in the university's long-term rating, while unlikely, would influence the short-term rating.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Continued favorable revenue growth and prudent expense management, translating to stronger cash flow and balance sheet strengthening, would prompt upward rating consideration, particularly as available AF levels approach 80% of adjusted debt even in a forward-looking stress case.

Credit Profile

UMass is the commonwealth's only public research university system. UMass was established in 1863 and encompasses five separate campuses: Amherst (the flagship campus), Boston, Dartmouth, Lowell and Worcester. The five campuses are geographically dispersed throughout the commonwealth and possess distinct and complementary missions. In fall 2024, the system enrolled 73,555 (headcount) students, of whom just over 73% were undergraduates. The UMBA, the university's debt issuance arm (reported as a blended component unit of the university), is a public instrumentality of the Commonwealth of Massachusetts; it is empowered to construct dormitory, auxiliary, academic and other facilities for the university's campuses.

Revenue Defensibility

Enrollment continues to be relatively steady, with some variations by campus. Demand characteristics also vary by campus, with retention ranging from 64% to 91%, and the six-year graduation rate ranging from 49% to 83%. With the addition of the former Brandman University - now UMass Global - in fiscal 2022, the system has added both geographic and programmatic diversity to its offerings. Across the system, about 80% of undergraduate and roughly 47% of graduate enrollments originate from within the state, with the remainder a combination of out-of-state and international students. UMass Global provides some geographic diversity, serving students across 49 states.

Solid commonwealth support continues, with expectations of some flattening support going forward, following several years of increases. Total commonwealth appropriations (including for fringe benefits) were about \$1.1 billion in fiscal 2024, and the budgeted base appropriation for fiscal 2026 is up slightly over the prior year. The commonwealth's 'AA+' /Stable rating reflects its considerable economic resources, adroit management of economic and revenue cyclicalities, and strong budget controls.

UMass' pooled endowment equaled about \$1.5 billion through audited 2024, up year over year and providing about \$49 million in fiscal 2024 operating support, equal to a 3.2% effective spending distribution for the year. UMass has a total \$961 million in federal funding, of which about half is student financial aid. About \$387 million is direct funding, and \$151 is indirect funding. UMass continues to actively manage its risks, with targeted and robust internal reporting and controls that include daily cash flow analysis, bi-weekly payroll analysis, and sensitivity analysis.

Operating Risk

Operating performance has been very steady over time systemwide, benefitting from UMass' ongoing efforts around strategic efficiencies and enterprise risk work. Against budget, fiscal 2025 operating performance is trending favorably, supported by both solid enrollment and strong budgetary controls.

UMass generates modest, but consistent, annual and campaign fundraising results in support of its strategic and capital needs, including from campus-by-campus efforts. UMass also benefits from fairly stable state capital appropriation support (equal to about \$30 million in fiscal 2023).

UMass' robust \$2.1 billion five-year capital plan through 2028 is well underway, funded from a combination of additional debt (about \$780 million), fundraising, state support and internal resources. UMass has about \$180 million in remaining debt issuance planned in support of these needs in the next few years. Key projects supported by the current transaction include an engineering lab, computer science lab, student success center renovations, and a public health and health sciences hub on the Amherst campus.

Financial Profile

UMass' financial profile is also assessed at 'aa'. Its debt burden remains manageable, incorporating the series 2025-1 transaction and expected future debt (\$179M in near term, conservatively assumed at \$350M in the scenario). Current debt service coverage (as Fitch calculates) was 1.6x in fiscal 2024, and debt service is slightly front-loaded, with over half of the principal amortizing within 15 years. Some additional debt is likely and can be absorbed at the current rating, as principal amortization will provide some additional capacity over the next few years. In addition, Fitch expects any future debt issuance will be accompanied by growth or maintenance of resources sufficient to cover debt service.

Overall, UMass maintains adequate balance-sheet resources through Fitch's scenario, with steady AF against expenses and adjusted debt. The pension obligation is the largest component of adjusted debt, reflecting UMass' reported \$384 million in reported net pension liability adjusted using a 6% discount rate (down from the 7 % disclosed discount rate) to a total \$528 million net liability. The state provides support for a portion of UMass' fringe benefit costs, which equaled \$386 million, net of the university's contribution of its portion in fiscal 2024.

UMass' \$4.3 billion in adjusted debt includes about \$3.4 billion in long-term bonded debt (FYE24), a reported \$384.4 million in net pension liability, which Fitch adjusts to \$528.8 million to reflect a standard 6% discount rate, long-term lease obligations, and commercial paper. The 'F1+' rating reflects UMass' healthy liquid reserves, with over \$3.4 billion in investments (of which \$150 million is cash and money market funds) against just \$20 million in variable-rate demand bonds supported by self-liquidity. In addition, UMass recently renewed its \$150 million line of credit.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means 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. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

Demand Summary

(Fall Semester of Fiscal Years Ended June 30)	2021	2022	2023	2024	2025
Headcount					
Undergraduate Enrollment - Full-Time	56,945	55,218	54,520	53,902	53,911
Total Undergraduate Enrollment	56,945	55,218	54,520	53,902	53,911
Graduate - Full-Time	18,486	19,336	19,439	19,691	19,644
Total Graduate	18,486	19,336	19,439	19,691	19,644
Total Headcount Enrollment	75,431	74,554	73,959	73,593	73,555
Total Undergraduate / Total Headcount Enrollment (%)	75.5	74.1	73.7	73.2	73.3
Full-Time Equivalent (FTE)					
Total FTE Undergraduate Enrollment	52,633	50,721	50,145	49,903	50,056
Total FTE Graduate Enrollment	13,437	14,066	14,434	14,952	15,110
Total FTE Enrollment	66,070	64,787	64,579	64,855	65,166
5-Year FTE Enrollment CAGR (%)	0.8	0.3	0.0	-0.1	-0.3
Admissions					
Freshman Applications	77,299	80,611	86,188	93,571	95,920
Freshman Admissions	53,787	58,619	63,484	66,098	68,896
Acceptance Rate (%)	69.6	72.7	73.7	70.6	71.8
Freshman Matriculants	10,577	10,226	11,222	11,123	10,925
Matriculation Rate (%)	19.7	17.4	17.7	16.8	15.9
Transfer Applications	9,823	9,846	9,067	9,352	10,398
Transfer Admissions	6,886	6,816	7,041	7,234	7,923
Acceptance Rate (%)	70.1	69.2	77.7	77.4	76.2
Transfer Matriculants	3,917	3,777	3,424	3,441	3,696
Matriculation Rate (%)	56.9	55.4	48.6	47.6	46.7
Student Demand Data					
In-State Undergraduate Student (%)	82.5	82.3	81.0	80.0	80.1
Out-of-State Undergraduate Student (%)	17.5	17.7	19.0	20.0	19.9
Average Freshmen SAT	1,184	1,231	1,238	1,241	1,255
Freshmen to Sophomore Year Retention Rate (%)	82.9	83.6	82.4	82.4	82.3
Six Year Graduation Rate (%)	70.9	70.9	71.4	70.0	68.5
Annual Undergraduate Cost of Attendance \$					
Tuition	15,791	15,791	16,186	16,591	17,006
Mandatory Fees	648	648	766	766	766
Room & Board	13,329	14,217	14,766	15,437	16,128
Total	29,768	30,656	31,718	32,794	33,900

Sources: Fitch Ratings, Fitch Solutions, University of Massachusetts (MA)

Financial Ratios

(Audited Fiscal Years Ended June 30)	2020	2021	2022	2023	2024
Revenue Diversity (% Operating Revenues)					
Tuition	26.5	26.9	25.6	25.6	24.1
Student Fees (Tuition & Auxiliary Revenues)	37.4	31.6	36.7	37.2	35.2
Total Grants & Contracts	20.3	24.5	24.1	20.9	21.8
State Appropriations	23.4	24.4	22.4	24.8	27.2
Gifts & Contributions	1.2	1.2	1.7	1.1	1.1
Total Investment Return	1.8	2.6	0.9	1.1	1.2
Expense Ratios (% Operating Expenses)					
Instruction	27.1	26.8	25.0	25.3	26.0
Research	13.7	15.8	14.8	14.9	15.3
Operation & Maintenance of Plant	6.8	6.4	6.5	6.6	6.9
Depreciation	8.1	9.1	8.9	8.8	8.9
Interest	3.1	3.1	3.2	3.3	3.3
Financial Aid Ratios					
Tuition Discounting (%)	27.2	27.1	26.9	28.2	31.2
Net Tuition & Fees	917,876	930,613	1,007,124	1,042,664	1,021,621
Change in Net Tuition & Fees(%)	2.6	1.4	8.2	3.5	-2.0
Net Tuition Revenue/FTE	13,907	14,085	15,545	16,146	15,752
Change in Net Tuition Revenue/FTE (%)	1.5	1.3	10.4	3.9	-2.4
5-Year Net Tuition Revenue per FTE Enrollment CAGR (%)	2.5	1.5	3.2	3.6	2.8
Operating Performance Ratios (%)					
Adjusted Operating Margin	-2.5	-0.9	5.4	3.4	4.0
Cash Flow Margin - Adjusted	13.0	14.0	14.9	13.9	13.3
Capital Expenditures as % of Depreciation	118.2	107.4	114.4	129.0	127.8
Average Age of Plant (Years)	12.3	12.5	12.3	12.4	12.7
Balance Sheet Ratios (%)					
Available Funds/Total Operating Expense	50.7	61.9	56.5	50.1	62.6
Available Funds/Total Long Term Debt	56.3	62.4	53.8	53.0	67.6
Available Funds/Adjusted Debt	43.7	49.7	48.6	45.5	59.3
Available Funds/MADS (x)	7.7	9.2	9.0	7.6	9.8
Debt Ratios					
Current Debt Service Coverage (x)	2.0	4.1	1.6	2.0	1.6
Current Debt Burden (%)	6.3	3.4	8.8	6.9	8.2
Pro Forma MADS Coverage (x)	1.9	2.1	2.4	2.2	2.1
Pro Forma MADS Burden (%)	6.7	6.8	6.0	6.4	6.1
Variable Rate Bonds as % of Total Bonds	13.3	0.7	0.6	0.6	0.6
Hedged Variable Rate Bonds as % of Total Bonds	12.6	0.0	0.0	0.0	0.0

Note: Fitch may have reclassified certain financial statement items for analytical purposes.
Sources: Fitch Ratings, Fitch Solutions, University of Massachusetts (MA)

Financial Summary

(\$ 000, Audited Fiscal Years Ended June 30)	2020	2021	2022	2023	2024
Balance Sheet - Assets					
Cash & Cash Equivalents	386,045	306,859	194,550	209,916	611,889
Investments	1,369,460	1,803,050	1,850,981	1,671,380	1,845,117
Total Cash & Investments	1,755,505	2,109,909	2,045,531	1,881,296	2,457,006

Property, Plant & Equipment, Gross	8,754,330	8,907,819	9,188,405	9,887,522	10,512,162
Less: Accumulated Depreciation	3,547,761	3,751,483	4,049,968	4,272,221	4,584,573
Property, Plant & Equipment, Net	5,206,569	5,243,969	5,549,054	5,615,301	5,927,589
Balance Sheet - Liabilities & Net Assets					
Fixed Rate Bonds Payable	2,591,064	2,964,032	3,506,586	3,367,946	3,383,815
Unhedged Variable Rate Bonds Payable	20,000	20,000	20,000	20,000	20,000
Hedged Variable Rate Bonds Payable	376,375	0	0	0	0
Total Bonds Payable	2,987,439	2,984,032	3,526,586	3,387,946	3,403,815
Capitalized Leases	2,189	2,193	0	0	0
Commercial Paper	1,486	31,000	20,000	37,250	58,067
Total Other Obligations	434,541	476,448	381,200	332,498	359,336
Total Long Term Debt	3,196,178	3,460,480	3,907,786	3,720,444	3,763,151
Operating Lease Expense	34,900	0	0	0	0
Fitch Adjusted Net Pension Liability (NPL, UAAL)	748,557	883,787	422,712	613,842	528,807
Debt Equivalents	923,057	883,787	422,712	613,842	528,807
Adjusted Debt	4,119,235	4,344,267	4,330,498	4,334,286	4,291,958
Unfunded Capital Commitments	34,457	28,043	0	40,678	40,678
Unrestricted Net Assets	(189,621)	62,540	181,297	419,219	829,764
Invested In Capital	2,376,333	2,269,411	2,281,471	2,341,776	2,447,350
Restricted Net Assets - Non-Expendable (Fitch-Adjusted)	22,252	22,378	22,515	17,648	17,776
Restricted Net Assets - Expendable (Fitch-Adjusted)	223,803	232,833	262,669	265,329	256,945
Total Net Assets	2,432,767	2,587,162	2,747,952	3,043,972	3,551,835
Balance Sheet - Resources & Liquidity					
Available Funds (AF)	1,733,253	2,087,531	2,023,016	1,863,648	2,439,230
Foundation Available Funds	66,146	73,036	79,633	107,240	106,282
Total Available Funds (University & Foundation)	1,799,399	2,160,567	2,102,649	1,970,888	2,545,512
Statement of Cash Flows					
Depreciation	288,667	318,828	330,715	344,872	361,126
Net Cash Generated (Used) in Operating Activities	-626,986	-586,043	-677,368	-660,348	-825,190
Additions of PP&E/Capital Assets	341,247	322,341	378,227	444,906	461,537
Payments on Bonds Payable	549,788	722,552	210,816	123,523	200,540
Cash Paid for Interest	132,468	156,636	135,125	155,939	146,505
Pension Plans					
Total Pension Liability (TPL, AAL)	1,562,097	1,718,761	1,230,245	1,536,525	1,312,503
Fiduciary Net Position (FNP, AVA)	1,035,358	1,073,882	953,932	1,091,701	928,071
Fitch Adjusted Total Pension Liability (TPL, AAL)	1,783,914	1,957,668	1,376,644	1,705,543	1,456,878
Fitch Adjusted Net Pension Liability (NPL, UAAL)	748,557	883,787	422,712	613,842	528,807
Fitch Adjusted Ratio of Assets to Liabilities (FNP/TPL, AVA/AAL) (%)	58.0	54.9	69.3	64.0	63.7
Add: Pension Expense	93,200	100,900	5,300	28,100	21,400
Less: Pension Contributions	40,617	31,495	45,010	37,980	38,735
Total Pension Service Cost	32,308	36,226	25,646	31,403	27,395

Note: Fitch may have reclassified certain financial statement items for analytical purposes.
Sources: Fitch Ratings, Fitch Solutions, University of Massachusetts (MA)

Financial Summary

(\$ 000, Audited Fiscal Years Ended June 30)	2020	2021	2022	2023	2024
Operating Revenues					
Gross Tuition & Fees	1,260,907	1,275,741	1,377,026	1,452,423	1,483,749
Less: Student Aid	343,031	345,128	369,902	409,759	462,128
Net Tuition & Fees (\$000)	917,876	930,613	1,007,124	1,042,664	1,021,621

Financial Summary

(\$ 000, Audited Fiscal Years Ended June 30)	2020	2021	2022	2023	2024
Sales & Services of Auxiliary Enterprises	378,314	163,812	434,129	475,591	467,457
Federal Grants & Contracts	122,375	179,545	227,216	106,788	97,517
Other Grants & Contracts	581,850	667,149	719,479	746,350	823,037
State Appropriations	810,518	845,481	880,003	1,011,360	1,151,020
Gifts & Contributions	41,996	41,262	67,948	43,881	47,350
Dividend & Interest Income	32,762	58,383	0	0	0
Other Material (10%) Operating Revenue	116,204	125,939	130,771	121,654	146,192
All Other Operating Revenues	431,786	415,781	429,790	485,718	429,078
Total Operating Revenue	3,433,681	3,427,965	3,896,460	4,034,006	4,183,272
Unrealized/Realized Gains Portion of Endowment Payout	28,113	31,965	34,944	43,774	49,261
Adjusted Total Operating Revenue	3,461,794	3,459,930	3,931,404	4,077,780	4,232,533
Operating Expenses					
Instruction	960,548	934,708	930,362	996,803	1,057,281
Academic Support	200,928	199,456	194,153	222,169	247,057
Institutional Support	303,100	311,629	315,810	343,980	373,359
Student Services	157,842	141,107	211,088	240,039	247,973
Public Service	340,496	351,060	325,069	342,732	308,412
Research	485,759	550,593	551,367	586,292	620,502
Auxiliary Enterprises	336,497	213,499	320,535	352,627	360,852
Student Aid	65,469	85,500	121,334	62,237	29,463
Operation & Maintenance of Plant	241,880	221,750	242,749	259,873	280,303
Depreciation	288,667	318,828	330,715	344,872	361,126
Interest Expense	109,186	109,144	117,244	129,132	132,442
All Other Operating Expenses	56,256	53,485	58,582	56,605	45,240
Total Operating Expense	3,546,628	3,490,759	3,719,008	3,937,361	4,064,010
Change in Net Assets from Operations	-112,947	-62,794	177,452	96,645	119,262
Adjusted Change in Net Assets from Operations	-84,834	-30,829	212,396	140,419	168,523
Non-Operating Revenues/(Expenses)					
Realized & Unrealized Gain (Loss) on Investments	-6,331	125,537	-24,164	68,155	100,133
Capital Appropriations	51,525	62,592	87,062	29,690	152,596
Capital Grants & Gifts	7,516	8,528	8,846	11,526	6,554
Other Non-Operating Revenue/(Expenses)	-7,491	-10,519	-123,350	46,230	80,057
Total Non-Operating Revenue (Expense)	45,219	186,138	-51,606	155,601	339,340
Change in Net Assets	-39,615	155,309	160,790	296,020	507,863
Adjusted Change in Net Assets from Operations	-84,834	-30,829	212,396	140,419	168,523
Add: Interest Expense	109,186	109,144	117,244	129,132	132,442
Add: Pension Expense	93,200	100,900	5,300	28,100	21,400
Add: Depreciation Expense	288,667	318,828	330,715	344,872	361,126
Less: Pension Contributions	40,617	31,495	45,010	37,980	38,735
Add: Non-Cash OPEB Expenses	75,860	23,961	-56,391	-45,361	-91,450
Cash Flow	441,462	490,509	564,254	559,182	553,306
Adjusted Change in Net Assets from Operations	-84,834	-30,829	212,396	140,419	168,523
Add: Interest Expense	109,186	109,144	117,244	129,132	132,442
Add: Pension Expense	93,200	100,900	5,300	28,100	21,400
Add: Depreciation Expense	288,667	318,828	330,715	344,872	361,126
Total Pension Service Cost	32,308	36,226	25,646	31,403	27,395
Add: Non-Cash OPEB Expenses	75,860	23,961	-56,391	-45,361	-91,450

Financial Summary

(\$ 000, Audited Fiscal Years Ended June 30)	2020	2021	2022	2023	2024
Cash Flow – Adjusted	449,771	485,778	583,618	565,759	564,646
Current Debt Service	218,309	118,485	345,941	279,462	347,045
Pro Forma Maximum Annual Debt Service (MADS)	233,075	234,490	234,490	259,669	259,669
MADS Fiscal Year	2024	2024	2024	2031	2031

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Source: Fitch Ratings, Fitch Solutions, University of Massachusetts (MA)

Key Definitions

Term	Definition	Significance
Issuer Default Rating (IDR)	An expression of overall enterprise risk and relative vulnerability to default.	Provides an opinion on the relative ability of an entity to meet financial commitments, expressed as an ordinal measure of credit risk.
Base Case	The expected forward-looking case in the current macroeconomic environment.	Provides the analytical starting point in the forward-looking analysis, and also informs the stress case.
Stress Case	Forward-looking performance under a common set of assumptions.	Illustrates how cycles affect individual institutions differently, and informs the level of rating stability and credit resiliency.
Adjusted Debt	Total long term debt + unfunded pension liability + an operating lease expense multiple or reported lease liability.	Provides an inclusive evaluation of total long term liabilities.
Available Funds	Cash + investments - permanently restricted net assets (including those of closely related foundations and endowments)	Provides an absolute measure of total balance sheet resources. Excludes bond proceeds.
Adjusted Operating Margin (%)	(Total Adjusted Operating Revenue - Total Operating Expense)/Total Adjusted Operating Revenue	Provides an operating performance measure inclusive of the endowment income available in operations.
Cash Flow	Adjusted Change in Unrestricted Net Assets from Operations + depreciation + amortization + interest expense + pension expense - pension contribution + non-cash OPEB Expense + other non-cash expenses.	Indicates the level of operating efficiency, using the level of an institution's operating surplus (or deficit) available to cover all of its annual outlays.
Cash Flow - Adjusted	Adjusted Change in Unrestricted Net Assets from Operations + depreciation + amortization + interest expense + pension expense + non-cash OPEB expense + other non-cash expenses - proportionate pension service cost	Indicates the absolute level of resources available to service debt obligations after the payment of cash-based operating expenses. Adjusted for non-recurring/extraordinary items.
Debt Service Coverage	Cash Flow/current debt service	Indicates the net income available to meet annual debt service requirements.
Average Age of Plant	Accumulated depreciation/depreciation expense	Provides an indication of the condition of the physical operating plant, and the level of needed reinvestment.
Capital Expenditures as % of Depreciation	Net acquisitions of property plant and equipment/depreciation expense	Indicates the level of investment in physical plant over time, which informs the need for future investment.

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