The Ohio State University
Board of Trustees

November 16, 2018

THURSDAY, NOVEMBER 15, 2018
FINANCE COMMITTEE MEETING

Timothy P. Smucker
Brent R. Porteus
Alex Shumate
Erin P. Hoeflinger
Alexander R. Fischer
John W. Zeiger
H. Jordan Moseley
James D. Klingbeil
Lawrence A. Hilsheimer
Michael J. Gasser (*ex officio*)

Location: Longaberger Alumni House
Sanders Grand Lounge

Time: 12:15-2:00pm

ITEMS FOR DISCUSSION

1.	*University Financial Scorecards – Mr. Papadakis, Ms. Devine*	12:15-12:20pm
2.	*FY18 Year-End Endowment Performance Update – Mr. Lane*	12:20-12:25pm
3.	*Wexner Medical Center Financial Overview – Mr. Larmore*	12:25-12:35pm
4.	*Corporate Engagement Office and Commercialization Update – Mr. Papadakis, Mr. Osborne*	12:35-12:45pm
5.	*Major Project Updates – Ms. Readey*	12:45-12:50pm

ITEMS FOR ACTION

6.	Approval of 2018 Progress Report on Ohio Task Force on Affordability and Efficiency in Higher Education Recommendations – Mr. Papadakis	12:50-12:55pm
7.	Approval of 2019 Football and Golf Course Fees – Mr. Papadakis, Mr. Smith	12:55-1:00pm
8.	Vote on USG Divestment Proposal – Mr. Papadakis	1:00-1:05pm
9.	Approval of Investment Benchmark Clarification – Mr. Papadakis	1:05-1:10pm
10.	Approval to Enter into Professional Services/Construction Contracts – Ms. Readey	1:10-1:15pm
11.	Approval for Acquisition of Real Property – Mr. Myers	1:15-1:20pm
12.	Approval to Enter a Ground Lease – Mr. Myers	1:20-1:25pm

Written Reports (Background Only) – Public

a. FY19 Interim Financial Report
b. *Efficiency Scorecard*

<u>Executive Session</u> 1:25-2:00pm

THE OHIO STATE UNIVERSITY

November 2018 Board Meeting

FY 2019 | Through August

Consolidated Financial Scorecard ($ in thousands)	2019 YTD Actual	2019 YTD Budget	Actual vs. Budget
A. Financial Snapshot (in thousands)			
1. Total Revenue excluding endowment performance	1,068,668	1,055,992	↑
2. Total Expenses	1,059,050	1,061,613	↔
3. Change in Net Assets	109,674	94,300	↑
4. Change in Net Assets excluding endowment performance	27,314	12,000	↑
5. Change in Net Financial Assets	381,930	125,000	↑
B. Institutional Financial Metrics			
1. Liquidity - Primary Reserve Ratio	0.6	0.4	↑
2. Liquidity - Days Cash on Hand	218	120	↑
3. Actual Debt Service to Operations	2.94%	2.93%	↔
	2018-19 Actual	**2018-19 Benchmark**	**Actual vs. Benchmark**
4. Short Term Investment Pool Return	1.98%	1.52%	↔
5. Intermediate Investment Pool Return	1.47%	0.87%	↔
6. 1 Year Long Term Investment Pool Return	6.99%	7.60%	↔
7. 3 Year Long Term Investment Pool Average Return	7.06%	8.71%	↓
8. Credit Rating	AA	AA	↔

(green)	Meets or exceeds goal	↑	Performance up
(yellow)	Below goal	↔	No change in performance
(red)	Far below goal	↓	Performance down

The Ohio State University

November 2018 Board Meeting

FY 2019 | Through August

University Financial Scorecard ($ in thousands)	2019 YTD Actual	2019 YTD Budget	Actual vs. Budget
A. Revenue Drivers (in thousands)			
1. Tuition and Fees	82,790	79,961	↑
2. Grants and Contracts (exchange)	138,111	137,700	↔
3. Advancement Cash Receipts	23,030	22,958	↔
4. SSI	64,140	64,140	↔
5. State Line Item Appropriations	14,582	15,570	↓
6. Net Contribution from Auxiliary Enterprises	(27,496)	(28,130)	↑
B. Financial Snapshot (in thousands)			
1. Total Revenue excluding endowment performance	448,832	448,279	↔
2. Total Expenses	470,477	469,957	↔
3. Current Net Margin	14,020	10,710	↑
4. Change in Net Assets	59,113	56,022	↑
5. Change in Net Assets excluding endowment performance	28,122	24,742	↑
C. Performance Metrics (Columbus Campus only)			
1. Enrollment - summer/autumn/spring	19,428	19,130	↑
2. Credit Hours - summer/autumn/spring	123,313	118,707	↑

(green)	Meets or exceeds goal	↑	Performance up
(yellow)	Below goal	↔	No change in performance
(red)	Far below goal	↓	Performance down

THE OHIO STATE UNIVERSITY

November 2018 Board Meeting

FY 2019 | Through August

MEDICAL CENTER FINANCIAL PERFORMANCE	2018-19 Actual	2018-19 Budget	Current Status
A. Revenue Drivers			
1. Patient Admissions	10,806	11,279	↓
2. Patients in Inpatient Beds	12,875	13,403	↓
3. Patient Discharges	10,831	11,283	↓
4. Total Surgeries	7,827	7,553	↑
5. Outpatient Visits	317,165	316,349	↑
6. ED Visits	22,629	21,963	↑
B. Activity Metrics			
1. Adjusted Admissions	21,285	21,716	↓
2. Operating Revenue / Adjusted Admit	$ 25,229	$ 24,525	↑
3. Expense / Adjusted Admit	$ 21,637	$ 21,152	↓
C. Financial Snapshot (in thousands)			
1. Operating Revenues	$ 537.0	$ 532.6	↑
2. Total Expenses	$ 460.5	$ 459.3	↑
3. Gain from Operations	$ 76.5	$ 73.2	↑
4. Excess Revenue Over Expenses	$ 54.6	$ 50.1	↑
D. Performance Metrics			
1. Operating EBIDA Margin	20.6%	20.1%	↑
2. Days Cash on Hand	150.2	131.6	↑
3. Debt Service Coverage	7.51	7.53	↓

LEGEND

Meets or exceeds goal	↑ Performance up
Below goal	↔ No change in performance
Far below goal	↓ Performance down

THE OHIO STATE UNIVERSITY

Investment Report
June 30, 2018

LTIP SUMMARY JUNE 30, 2018

PERFORMANCE

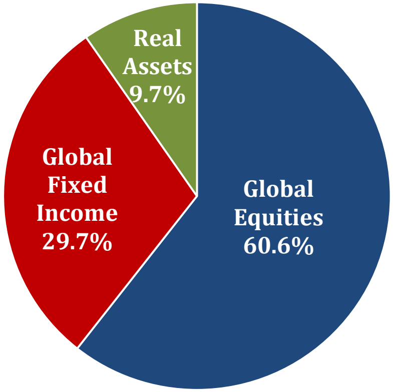
	1 Year	3 Years	5 Years	7/09 6/18
Global Equities	11.62%	7.42%		
MSCI ACWI	11.31%	8.78%		
Global Fixed Income	0.65%	1.81%		
Barclays U.S. Aggregate	(0.40%)	1.72%		
Real Assets	7.34%	11.13%		
CPI + 5%	7.54%	6.79%		
Total LTIP	7.71%	5.99%	7.18%	8.75%
Policy Benchmark	7.40%	6.57%	6.68%	7.69%

ASSET ALLOCATION

Global Equities	60.6%	Global Fixed Income	29.7%
Public Equities	43.9%	Fixed Income	9.8%
Private Equities	16.6%	Absolute Return	16.5%
Buyouts/Growth	11.0%	Private Credit	3.2%
Natural Resources	5.1%	Liquidating Credit	0.2%
Venture Capital	0.5%	**Real Assets**	**9.7%**
Liquidating Assets	0.1%	Real Estate	4.5%
		Infrastructure	3.2%
		Commodities	2.0%

MARKET VALUE ROLLFORWARD

	FYTD 2018	FY 2010-FYTD 2018
Beginning Market Value	$4,253,459,135	$1,651,561,030
Gifts	55,176,056	464,226,691
Other additions, net	752,870,556	2,225,810,324
Distribution	(201,536,536)	(1,236,338,480)
Development & Accounting	(18,292,888)	(139,382,049)
Investment income, net	369,757,793	2,245,556,600
Ending Market Value	$5,211,434,116	$5,211,434,116



OUTLOOK FOR REMAINDER OF CALENDAR YEAR 2018

Primary major issues affecting the current financial environment:

- The pace of Fed tightening – December increase of Fed Funds rate to 2.5%, 10-year pushing near the 3.25% range – flattening yield curve
- The Chinese Trade and Tariffs – escalating tensions
- Mid-term elections

Additional:

- US real economy is strong – Q3 GDP growth at 3.5% - supportive fiscal policy, low unemployment, repatriation, stock buybacks, high business confidence and increasing Capex
- Concerns of declining world growth

Important Dates:

- November 6, 2018 – Mid-term elections
- November 7-8, 2018 – Fed (Open Market Committee) meeting
- November 30 – December 1, 2018 – G7 meeting (Trump and Xi in attendance)
- December 18-19, 2018 – Fed (Open Market Committee) meeting
- January 1, 2019 – Tariffs increase from 10% to 25% on $200B of Chinese goods

The Ohio State University
Board of Trustees
Finance Committee
Wexner Medical Center Financial Overview

November 15, 2018

Wexner Medical Center Financial Overview

Combined Statement of Operations
For the YTD ended: June 30, 2018
(in thousands)

	Actual	Budget	Act-Bud Variance	Budget % Var	Prior Year	PY % Var
OPERATING STATEMENT						
Total Operating Revenue	$3,689,977	$3,586,476	$ 103,501	2.9%	$3,407,073	8.3%
Operating Expenses						
Salaries and Benefits	1,893,163	1,877,492	(15,671)	-0.8%	1,764,281	-7.3%
Resident/Purchased Physician Services	107,159	108,956	1,797	1.6%	105,835	-1.3%
Supplies	347,870	334,157	(13,713)	-4.1%	334,982	-3.8%
Drugs and Pharmaceuticals	319,081	296,630	(22,451)	-7.6%	278,492	-14.6%
Services	383,762	392,588	8,826	2.2%	363,582	-5.6%
Depreciation	181,595	179,834	(1,761)	-1.0%	154,431	-17.6%
Interest/Debt	50,516	49,051	(1,465)	-3.0%	51,295	1.5%
Shared/University Overhead	32,564	42,906	10,342	24.1%	15,133	-115.2%
Other Operating Expense	38,036	33,780	(4,256)	-12.6%	33,693	-12.9%
Medical Center Investments	(5,347)	9,400	14,747	156.9%	2,926	282.7%
Total Expense	3,348,399	3,324,794	(23,605)	-0.7%	3,104,650	-7.9%
Excess of Revenue over Expense	$ 341,577	$ 261,681	$ 79,896	30.5%	$ 302,423	12.9%
Financial Metrics						
Integrated Margin Percentage	9.3%	7.3%	2.0%	26.9%	8.9%	4.3%
Adjusted Admissions	123,023	120,117	2,906	2.4%	116,717	5.4%
OSUP Physician Encounters	2,720,834	2,838,893	(118,059)	-4.2%	2,650,313	2.7%
Operating Revenue per AA	$ 24,360	$ 24,267	$ 93	0.4%	$ 23,688	2.8%
Total Expense per AA	$ 21,032	$ 21,112	$ 80	0.4%	$ 20,695	-1.6%

This statement does not conform to Generally Accepted Accounting Principles. Different accounting methods are used in each of these entities and no eliminating entries are included.

Wexner Medical Center Financial Overview

Combined Statement of Operations
For the YTD ended: June 30, 2018
(in thousands)

	ACTUAL	BUDGET	ACT-BUD VARIANCE	BUDGET % VAR	PRIOR YEAR	PY % Var
Health System						
Revenues	$2,996,897	$2,914,898	$ 81,999	2.8%	$2,764,780	8.4%
Expenses	2,716,894	2,675,279	(41,615)	-1.6%	2,526,781	-7.5%
Net	280,002	239,616	40,386	16.9%	237,999	17.6%
OSUP						
Revenues	$ 439,733	$ 436,199	$ 3,534	0.8%	$ 421,718	4.3%
Expenses	422,904	430,819	7,915	1.8%	392,214	-7.8%
Net	16,829	5,380	11,449	212.8%	29,504	-43.0%
COM/OHS						
Revenues	$ 253,347	$ 235,380	$ 17,967	7.6%	$ 220,574	14.9%
Expenses	208,601	218,696	10,095	4.6%	185,655	-12.4%
Net	44,746	16,685	28,061	168.2%	34,920	28.1%
Total Medical Center						
Revenues	$3,689,977	$3,586,476	$ 103,501	2.9%	$3,407,073	8.3%
Expenses	3,348,399	3,324,794	(23,605)	-0.7%	3,104,650	-7.9%
Net	341,577	261,681	79,896	30.5%	302,423	12.9%

This statement does not conform to Generally Accepted Accounting Principles. Different accounting methods are used in each of these entities and no eliminating entries are included.

Wexner Medical Center Financial Overview

Combined Balance Sheet
As of: June 30, 2018
(in thousands)

	June 2018	June 2017	Change
Cash	$ 938,920	$ 734,302	$ 204,618
Net Patient Receivables	443,206	410,404	32,802
Other Current Assets	461,459	395,833	65,626
Assets Limited as to Use	411,545	403,052	8,493
Property, Plant & Equipment - Net	1,544,692	1,503,002	41,690
Other Assets	462,759	428,241	34,518
Total Assets	$ 4,262,581	$ 3,874,834	$ 387,747
Current Liabilities	$ 378,803	$ 323,892	$ 54,911
Other Liabilities	104,599	93,741	10,858
Long-Term Debt	793,311	852,129	(58,818)
Net Assets - Unrestricted	2,360,121	2,026,145	333,976
Net Assets - Restricted	625,747	578,927	46,820
Liabilities and Net Assets	$ 4,262,581	$ 3,874,834	$ 387,747

This Balance sheet is not intended to conform to Generally Accepted Accounting Principles. Different accounting methods are used in each of these entities and no eliminating entries are included.

Wexner Medical Center Financial Overview

Combined Statement of Operations
For the YTD ended: September 30, 2018
(in thousands)

	Actual	Budget	Act-Bud Variance	Budget % Var	Prior Year	PY % Var
OPERATING STATEMENT						
Total Operating Revenue	$ 971,077	$ 961,280	$ 9,797	1.0%	$ 883,311	9.9%
Operating Expenses						
Salaries and Benefits	495,454	492,630	(2,824)	-0.6%	459,351	-7.9%
Resident/Purchased Physician Services	28,361	29,088	727	2.5%	27,106	-4.6%
Supplies	88,857	90,832	1,975	2.2%	83,568	-6.3%
Drugs and Pharmaceuticals	94,824	91,842	(2,982)	-3.2%	75,201	-26.1%
Services	104,748	105,174	426	0.4%	95,835	-9.3%
Depreciation	44,830	46,410	1,580	3.4%	41,775	-7.3%
Interest/Debt	13,137	11,979	(1,158)	-9.7%	12,486	-5.2%
Shared/University Overhead	10,430	12,383	1,953	15.8%	10,125	-3.0%
Other Operating Expense	8,789	10,011	1,222	12.2%	8,454	-4.0%
Medical Center Investments	5,920	5,553	(367)	-6.6%	2,557	-131.5%
Total Expense	895,350	895,902	552	0.1%	816,458	-9.7%
Excess of Revenue over Expense	$ 75,727	$ 65,378	$ 10,349	15.8%	$ 66,851	13.3%
Financial Metrics						
Integrated Margin Percentage	7.8%	6.8%	1.0%	14.7%	7.6%	3.0%
Adjusted Admissions	31,269	32,006	(737)	-2.3%	30,066	4.0%
OSUP Physician Encounters	674,623	671,609	3,014	0.4%	656,110	2.8%
Operating Revenue per AA	$ 25,297	$ 24,475	$ 822	3.4%	$ 24,027	5.3%
Total Expense per AA	$ 22,042	$ 21,451	$ (591)	-2.8%	$ 20,862	-5.7%

This statement does not conform to Generally Accepted Accounting Principles. Different accounting methods are used in each of these entities and no eliminating entries are included.

Wexner Medical Center Financial Overview

Combined Statement of Operations
For the YTD ended: September 30, 2018
(in thousands)

	ACTUAL	BUDGET	ACT-BUD VARIANCE	BUDGET % VAR	PRIOR YEAR	PY % Var
Health System						
Revenues	$ 791,023	$ 783,369	$ 7,654	1.0%	$ 722,370	9.5%
Expenses	721,973	721,258	(715)	-0.1%	661,660	-9.1%
Net	69,051	62,110	6,941	11.2%	60,710	13.7%
OSUP						
Revenues	$ 114,311	$ 112,960	$ 1,351	1.2%	$ 101,289	12.9%
Expenses	112,946	113,671	725	0.6%	102,599	-10.1%
Net	1,364	(711)	2,076	291.8%	(1,309)	204.2%
COM/OHS						
Revenues	$ 65,743	$ 64,951	$ 792	1.2%	$ 59,650	10.2%
Expenses	60,431	60,973	542	0.9%	52,199	-15.8%
Net	5,312	3,979	1,334	33.5%	7,450	-28.7%
Total Medical Center						
Revenues	$ 971,077	$ 961,280	$ 9,797	1.0%	$ 883,311	9.9%
Expenses	895,350	895,902	552	0.1%	816,458	-9.7%
Net	75,727	65,378	10,349	15.8%	66,851	13.3%

This statement does not conform to Generally Accepted Accounting Principles. Different accounting methods are used in each of these entities and no eliminating entries are included.

Wexner Medical Center Financial Overview

Combined Balance Sheet
As of: September 30, 2018
(in thousands)

	September 2018	June 2018	Change
Cash	$ 1,021,641	$ 938,920	$ 82,721
Net Patient Receivables	429,999	443,206	(13,207)
Other Current Assets	461,820	461,459	361
Assets Limited as to Use	411,883	411,545	338
Property, Plant & Equipment - Net	1,549,219	1,544,692	4,527
Other Assets	465,188	462,759	2,429
Total Assets	$ 4,339,749	$ 4,262,581	$ 77,168
Current Liabilities	$ 407,033	$ 378,803	$ 28,230
Other Liabilities	108,740	104,599	4,141
Long-Term Debt	773,777	793,311	(19,534)
Net Assets - Unrestricted	2,435,361	2,360,121	75,240
Net Assets - Restricted	614,839	625,747	(10,908)
Liabilities and Net Assets	$ 4,339,749	$ 4,262,581	$ 77,168

This Balance sheet is not intended to conform to Generally Accepted Accounting Principles. Different accounting methods are used in each of these entities and no eliminating entries are included.

Thank You

Wexnermedical.osu.edu

THE OHIO STATE UNIVERSITY

Commercialization and Corporate Engagement

Board of Trustees - Finance Committee

November 2018

Reinventing Corporate Engagement

In 2012, the university expanded its focus on commercialization and corporate engagement through four key initiatives:

Overhaul of Technology Commercialization	Engage faculty Adopt best practices
Creation of Innovation Foundation	Strategic, centralized management of investments in IP
Creation of unique partnerships	Rev1 Ventures supports startups Emphasis on corporate engagement
Creation of funding continuum	Accelerator Awards for early technologies $100M pool for economic development investments

Corporate Engagement Office

Formed to provide best-in-class customer service and facilitate the right connections, both internally and externally.

Strategic Partnerships

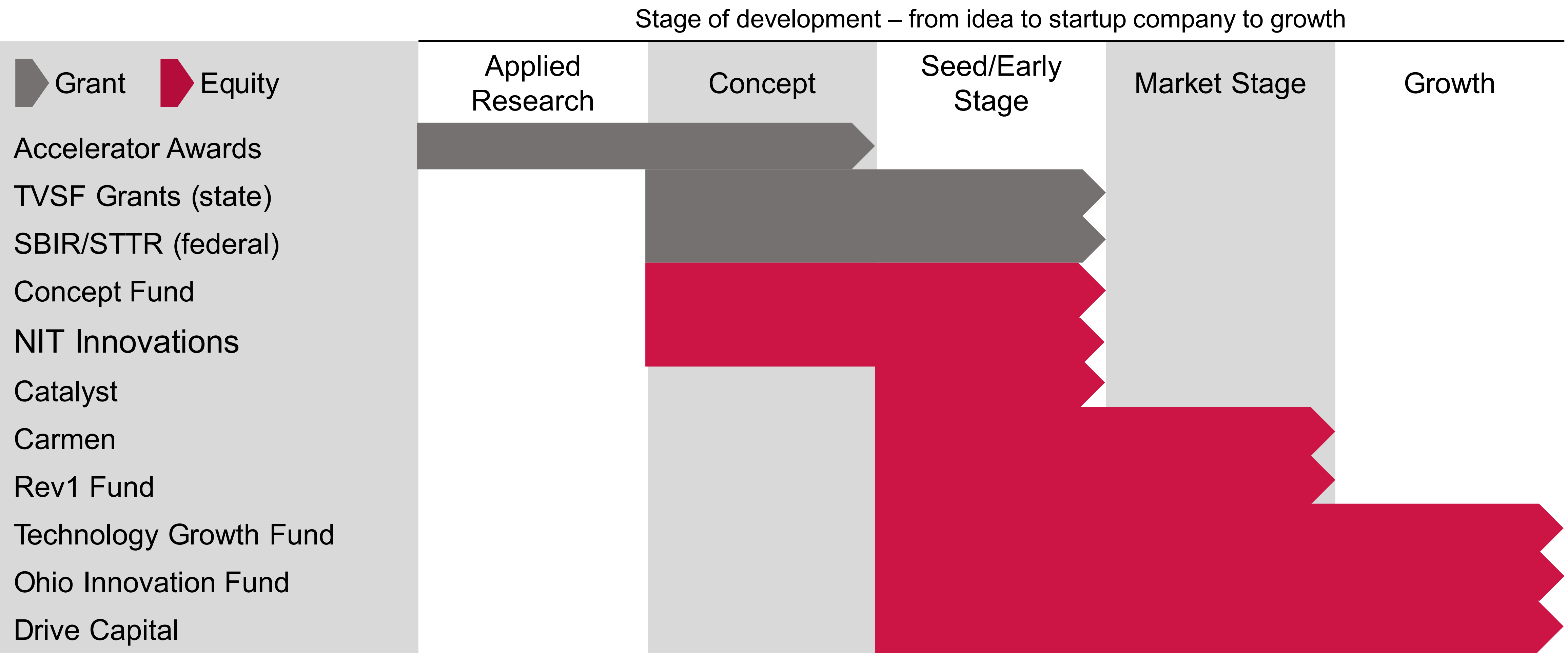
Technology Commercialization

New Ventures

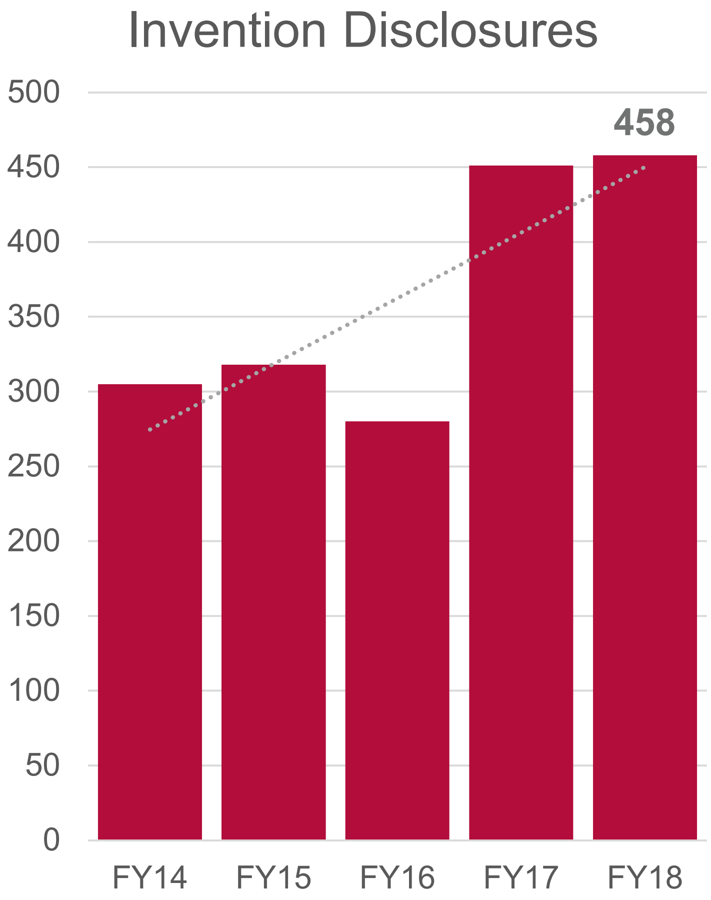
Smart Cities

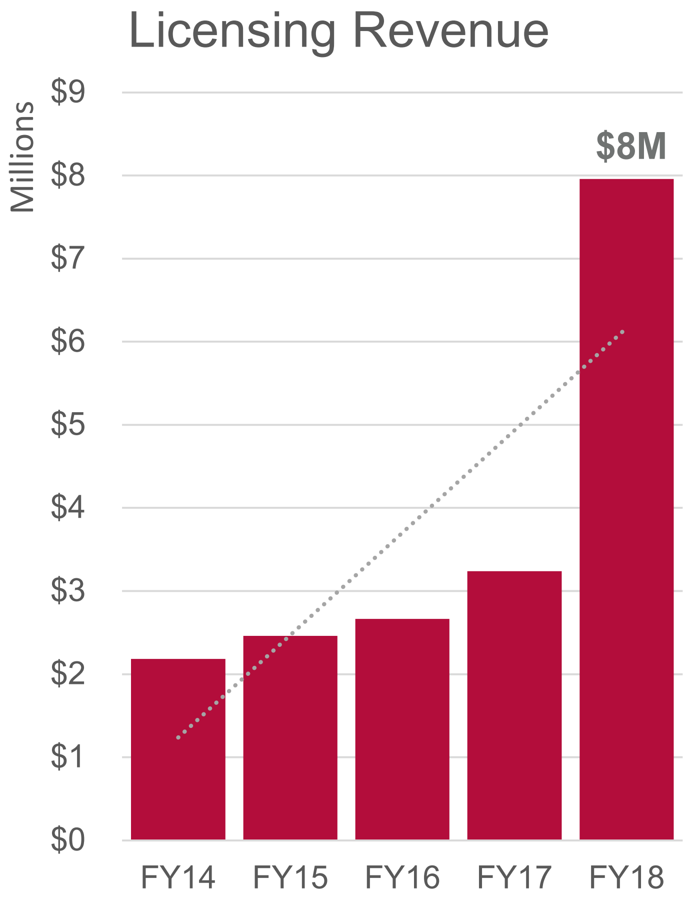
Economic Development

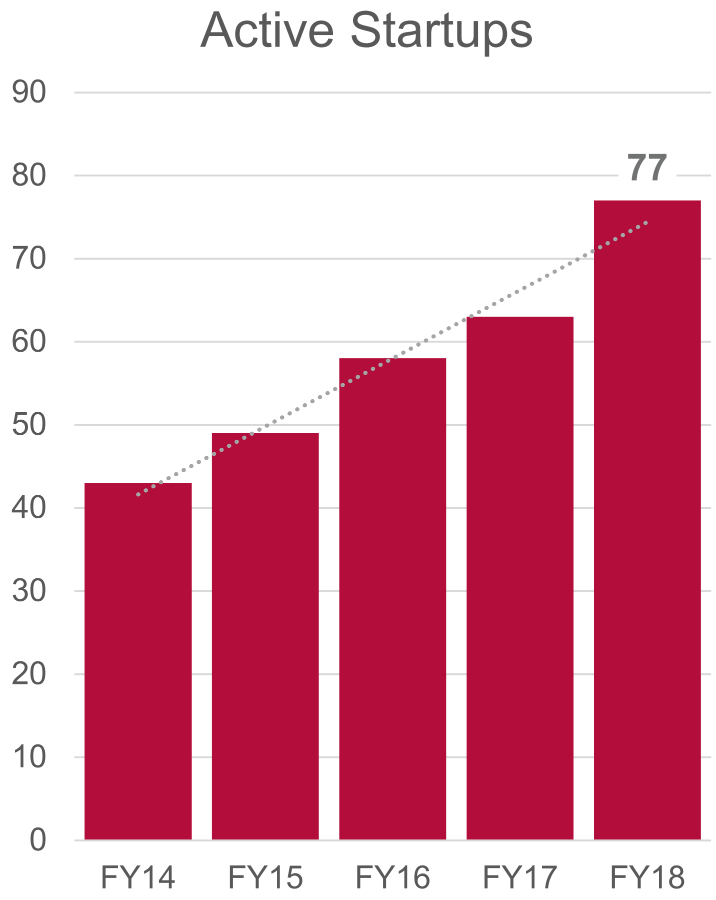
Full Funding Continuum Supports Innovation



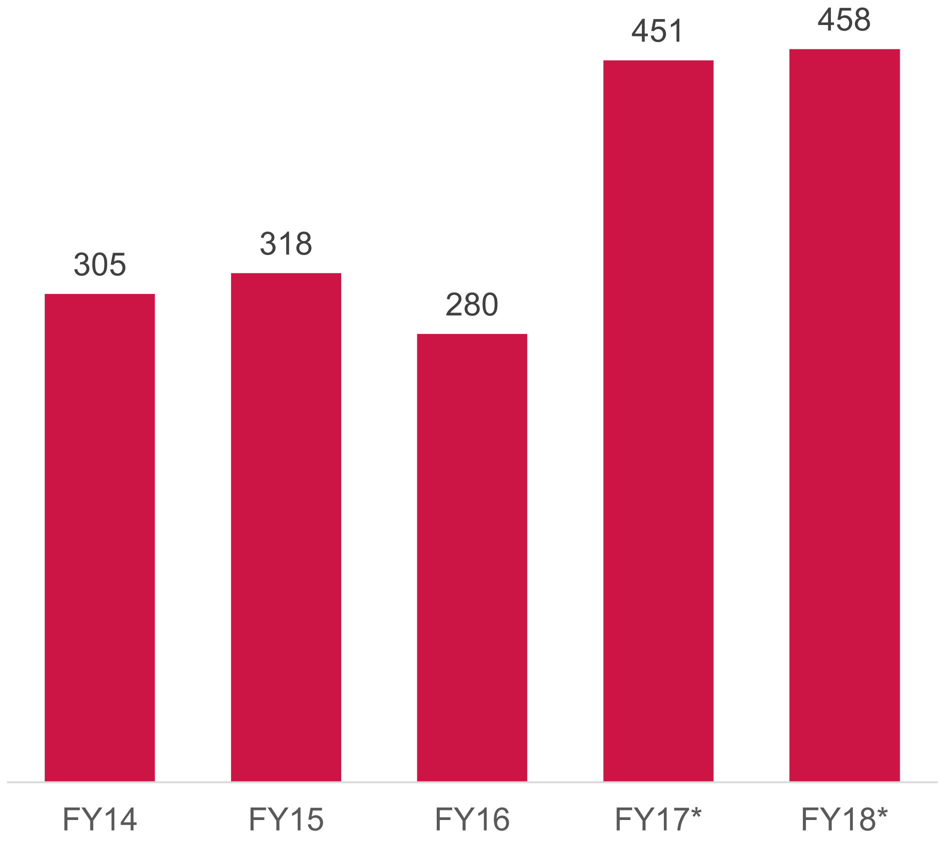
Commercialization Trending Upward







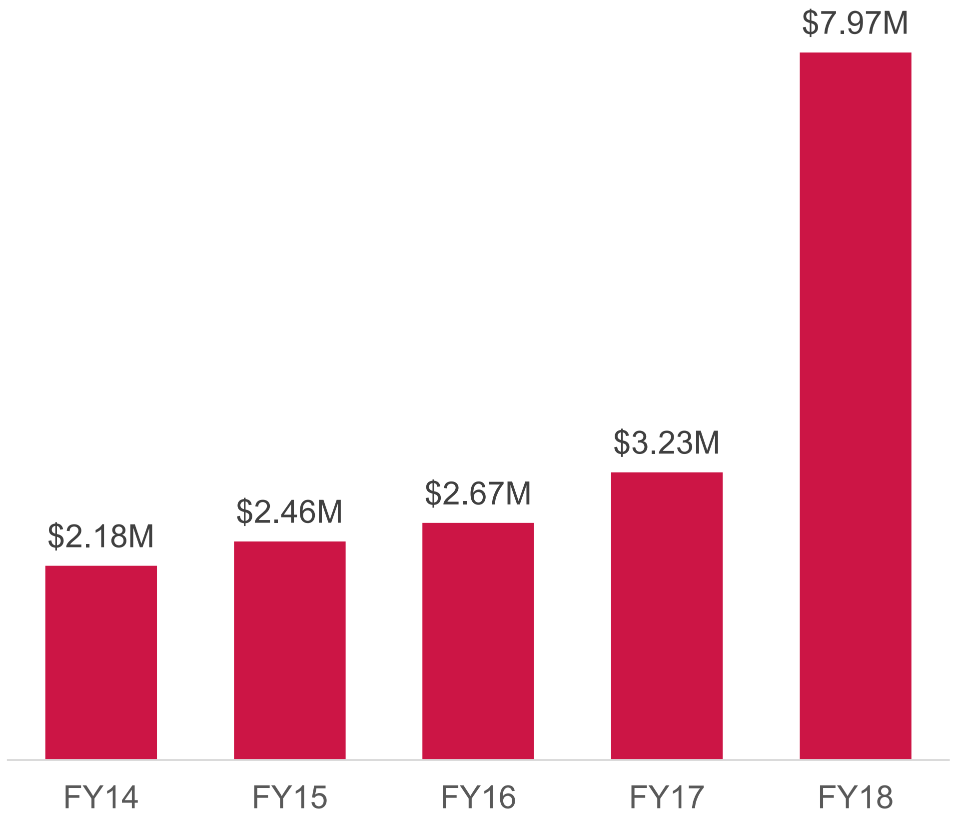
Invention Disclosures: ▲50% Since FY14



*Medical guidelines added 96 disclosures in FY17 and 58 in FY18

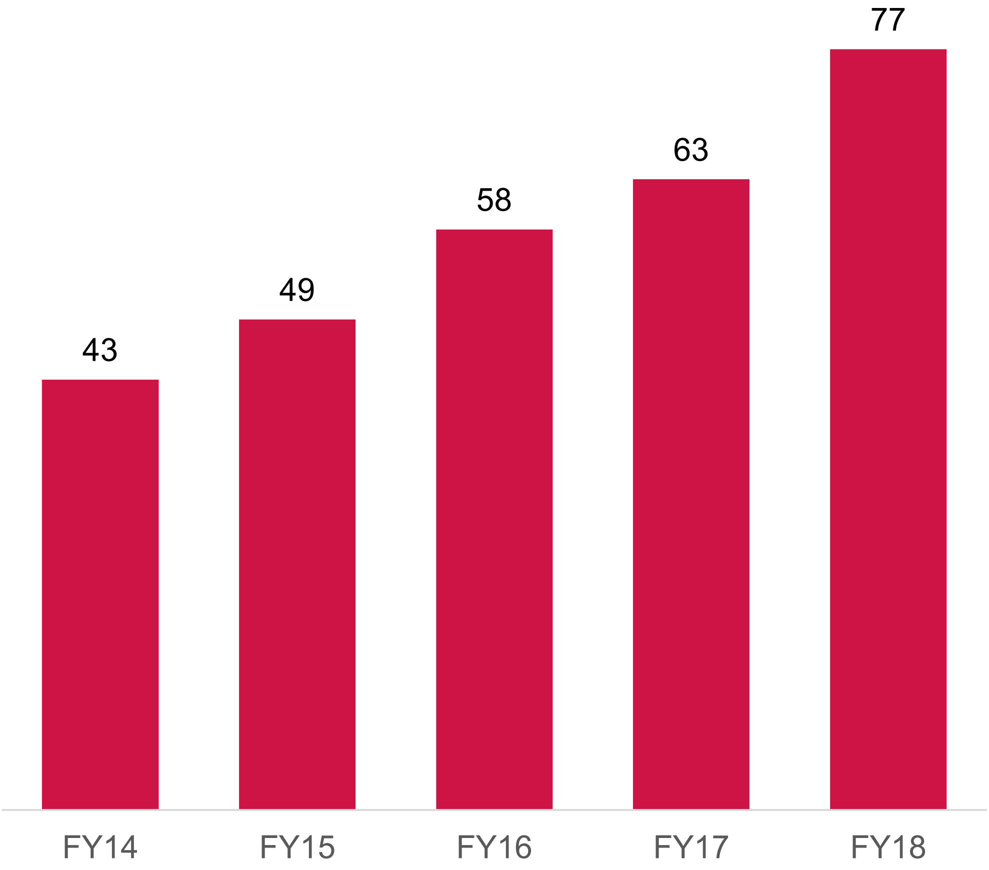
- Disclosures are the first step in commercialization pipeline
- Recording medical guidelines added to growth in FY17 and FY18
- Engaged with 625 new inventors in FY18 (vs. 357 in FY14)

Licensing Revenue: ▲264% Since FY14



- Novartis purchase of AveXis netted $2.7 million for the university
- Ended the year with 278 active licensing agreements (vs. 200 in FY14)

Active Startups: ▲79% Since FY14



- A record 19 new startups spun out of university technology in FY18
- Of the 65 startups created in the previous five fiscal years, 91% are still active
- 74 entrepreneurs engaged in Buckeye Executive Network as potential CEOs, mentors in FY18

What's Next?

Strategic Partnerships

Technology Commercialization

New Ventures

Smart Cities

Economic Development

THE OHIO STATE UNIVERSITY

Major Project Updates

Projects Over $20M

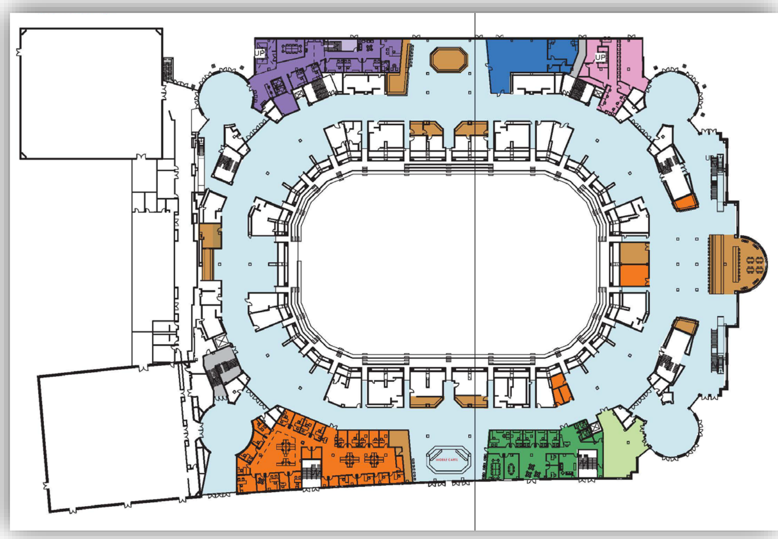
November 2018

THE OHIO STATE UNIVERSITY

PROJECT STATUS REPORT
CURRENT PROJECTS OVER $20M

PROJECT	COMPLETION DATE	APPROVALS Des	APPROVALS Con	BUDGET	ON TIME	ON BUDGET
Schottenstein Expansion	**10/2018**	✓	✓	$31.5M		
Schumaker Student-Athlete Development Complex	**10/2018**	✓	✓	$43.0M		
Covelli Multi-Sport/Jennings Wrestling	**5/2019**	✓	✓	$49.7M		
700 Ackerman – Consolidated Call Center	**5/2019**	✓	✓	$21.8M		
Ohio Stadium Upgrades	**8/2019**	✓	✓	$39.1M		
Cannon Drive Relocation – Phase 1	**12/2019**	✓	✓	$51.9M		
OSU East – West Wing Expansion/Renovation	**3/2020**	✓	✓	$26.0M		
Health Sciences Faculty Office and Optometry Clinic	**3/2020**	✓	✓	$28.3M		
Wooster - New Laboratory Building	**4/2020**	✓		$33.5M		
Postle Partial Replacement	**6/2020**	✓	✓	$95.0M		
Advanced Materials Corridor – Phase 1	**6/2020**	✓		$59.1M		
Controlled Env Food Production Res Complex	**7/2020**	✓		$24.0M		
WMC Regional Ambulatory Facilities (Hamilton Rd)	**8/2020**	✓		TBD		
Ty Tucker Tennis Center	**12/2020**	✓		$21.9M		
Arts District	**8/2021**	✓		$160.0M		
Celeste Lab Renovation	**8/2022**	✓		$29.0M		

Key: On track Watching closely – actions are being taken to keep on track Not on track



SCHOTTENSTEIN CENTER – NORTH EXPANSION AND CONCOURSE RENOVATION

Upgrade the concourse, create new sports program offices and provide improved visibility and functionality for the ticket office and team store operations

The building addition will include offices, create a new north entry, and align the new practice gym with the rest of the building

PROJECT FUNDING

development funds; university debt

CURRENT PROJECT BUDGET

construction w/cont	$27.0M
total project	$31.5M

PROJECT SCHEDULE

BoT approval	8/15
construction	5/17-10/18

CONSULTANTS

architect of record	NBBJ
construction manager at risk	Barton Malow

PROJECT UPDATE

Exterior hardscape, landscape and paving are complete. Occupancy for the addition space has been received. The Team Store, ticket offices and sport program offices are occupied. Seven concession stands have been created or renovated. The concourse upgrades are nearly complete. Final technology coordination work is ongoing.

On Time

On Budget

700 ACKERMAN – CONSOLIDATED CALL CENTER

Full building renovation to house OSU Physicians, Central Scheduling and Customer Service, Health Plan, Corporate Operations and Hospital Compliance

Project will also include some minor interior renovations for 660 Ackerman and 600 Ackerman

Work includes glass replacement, partial demolition of IT/electrical systems in 700 Ackerman; tenant improvements, elevator modernization, IT/electrical/mechanical improvements in 700, restroom and partial carpet upgrades in 660, and office reconfiguration in 600 Ackerman

PROJECT FUNDING

auxiliary funds

CURRENT PROJECT BUDGET

construction w/cont	$19.3M
total project	$21.8M

PROJECT SCHEDULE

BoT approval	1/17
construction	10/17-5/19

CONSULTANTS

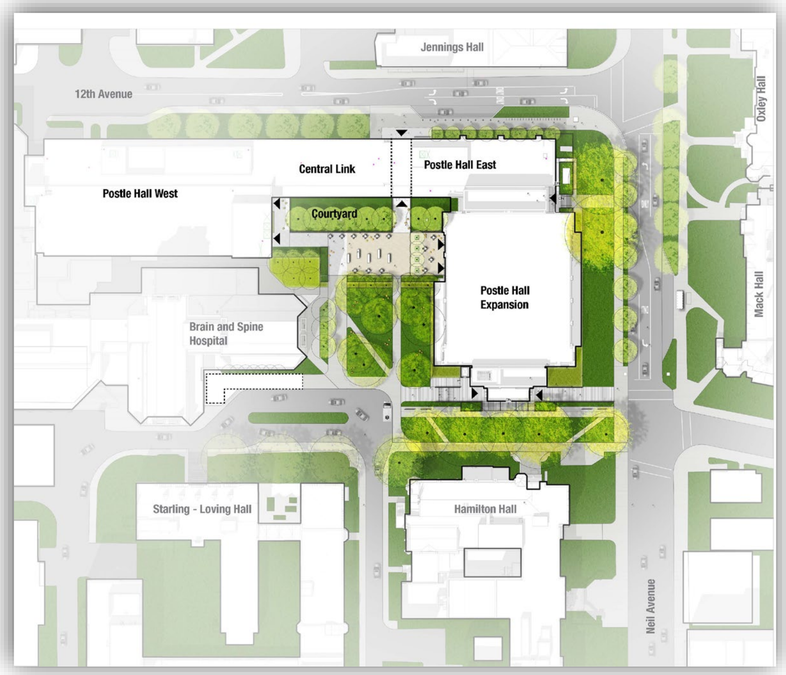
architect of record	Baxter Hodell Donnelly & Preston
construction manager at risk	Corna/Kokosing

PROJECT UPDATE

Renovation work continues on schedule. The budget is being watched closely due to unforeseen conditions early in construction.

On Time   On Budget

THE OHIO STATE UNIVERSITY



POSTLE PARTIAL REPLACEMENT

Replace the southern portion of the east wing and renovate/upgrade portions of the west wing

PROJECT FUNDING

development; state appropriations; department funds; university debt

CURRENT PROJECT BUDGET

construction w/cont	$85.4M
total project	$95.0M

PROJECT SCHEDULE

BoT approval	9/16
construction	6/18-6/20

CONSULTANTS

architect of record	Design Group
design architect	Robert A. M. Stern Architects
construction manager at risk	Gilbane

PROJECT UPDATE

Construction on the new building has begun; partial building demolition is complete and mass excavation has begun.

On Time   On Budget

ADVANCED MATERIALS CORRIDOR
BMEC BIO-MEDICAL ENGINEERING COMPLEX

Renovation of the former Koffolt Lab and Fontana Lab to create research labs, offices, and classrooms

PROJECT FUNDING

state appropriations; development; department funds; university debt

CURRENT PROJECT BUDGET

construction w/cont	$53.2M
total project	$59.1M

PROJECT SCHEDULE

BoT approval	9/16
construction	5/18-6/20

CONSULTANTS

architect of record	Moody Nolan/Perkins and Will
construction manager at risk	Ruscilli

PROJECT UPDATE

Design work and enabling construction are complete. Building occupants have been relocated to swing space and building construction work has begun. The schedule was impacted by swing space moves which took longer than anticipated. The initial construction bid is higher than estimated for labor and materials, impacting the budget.

On Time

On Budget

CONTROLLED ENVIRONMENT FOOD PRODUCTION RESEARCH COMPLEX

Construct a new facility to house research and support learning in several approaches to food (plant and fish) production; research on greenhouse engineering, pest and pathogen management, and plant breeding

PROJECT FUNDING

development funds

CURRENT PROJECT BUDGET

construction w/cont	$21.2M
total project	$24.0M

PROJECT SCHEDULE

BoT approval	6/17
construction	4/19-7/20

CONSULTANTS

architect of record	Erdy McHenry
construction manager at risk	Corna/Kokosing

PROJECT UPDATE

Design development is underway but early design exceeds conceptual estimates. Review of scope and budget is underway with a recommendation expected in February.

On Time

On Budget

APPROVAL OF 2018 PROGRESS REPORT ON OHIO TASK FORCE ON AFFORDABILITY AND EFFICIENCY RECOMMENDATIONS

Synopsis: Approval of The Ohio State University's 2018 progress report on the Ohio Task Force on Affordability and Efficiency recommendations, which will be submitted to the Chancellor of Higher Education, is proposed.

WHEREAS Governor John R. Kasich established the Ohio Task Force on Affordability and Efficiency in Higher Education in 2015 to recommend solutions for state colleges and universities to enhance affordability and efficiency; and

WHEREAS The Ohio State University supported the goals and work of this task force; and

WHEREAS the task force delivered its recommendations in the report "Action Steps to Reduce College Costs" on October 1, 2015; and

WHEREAS House Bill 49 (Section 381.550) requires the Board of Trustees of each state college and university to approve an efficiency report based on the task force recommendations each fiscal year and submit it to the Chancellor of Higher Education; and

WHEREAS consultations have taken place within the university to review and apply the recommendations to Ohio State's circumstances; and

WHEREAS Ohio State's strategic plan, which includes a pillar focused on operational excellence and resource stewardship, is in strong alignment with the task force recommendations:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the university's 2018 progress report in response to the task force recommendations, as detailed in the attached document; and

BE IT FURTHER RESOLVED, That the attached document be delivered to the Chancellor of the Ohio Department of Higher Education.

THE OHIO STATE UNIVERSITY

Board of Trustees

210 Bricker Hall
190 North Oval Mall
Columbus, OH 43210-1358

614-292-6359 Phone
614-292-5903 Fax

osu.edu

November 16, 2018

Chancellor John Carey
Ohio Department of Higher Education
25 South Front Street
Columbus, OH 43215

Chancellor Carey,

Ohio State is proud of our record as a leader in operational excellence and resource stewardship, a strategic focus aligned with the goals of the Ohio Task Force on Affordability and Efficiency in Higher Education. As stated in Ohio State's strategic plan, "The university must be a responsible steward of its resources in order to re-direct investment into initiatives that will help us to achieve our bold aspirations."

Our 2018 report demonstrates Ohio State's significant progress in these areas. For example, the university has devoted more than $100 million in new need-based aid for low- and moderate-income Ohioans since 2015, with funding provided through efficiencies and new resources. More than 32,000 Buckeyes will benefit from these affordability programs through 2020. Initiatives include:

- **Buckeye Opportunity Program**: Starting in the 2018-19 academic year, all in-state students who qualify for Pell Grants receive an aid package that covers the full cost of tuition and mandatory fees. In all, an estimated 4,200 students will benefit across all Ohio State campuses from the program, unprecedented in our history and funded with an endowment created from Comprehensive Energy Management proceeds. (go.osu.edu/bop)
- **Digital Flagship**: Ohio State provided more than 11,000 incoming first-year students with an IPad Pro learning-technology suite as part of the university's comprehensive digital learning initiative. Digital Flagship is a collaboration with Apple to support educational innovation for students and economic development opportunities for the community. The university is funding the program using efficiency savings. (digitalflagship.osu.edu)
- **Additional financial aid**: Administrative efficiencies have funded $85 million in President's Affordability Grants over four years, and other institutional funds have supported the expansion of the Land-Grant Opportunity Scholarship program to offer twice as many grants and to increase the value to cover the full cost of attendance. (go.osu.edu/testimony)
- **Tuition affordability**: The Ohio State Tuition Guarantee, now in its second year, offers incoming in-state students certainty about the cost of a college education by freezing rates for tuition, mandatory fees, room and board for four years. For students who began prior to the guarantee, in-state tuition has not increased since fiscal 2013. (go.osu.edu/tuitionguarantee)
- **Fee simplification and savings:** Starting in spring 2019, Ohio State will eliminate 278 course fees, pilot a digital textbook program that will reduce student costs by 75 percent to 80 percent, waive additional tuition costs for eligible students who take heavy loads and broaden our policy that offers in-state tuition to military families. Together, these four initiatives will save students up to $1.9 million a year. (go.osu.edu/fee-reduction)
- **Summer tuition discount:** Undergraduate students saved $9.2 million a year in summer 2018 compared with fall/spring rates. This discount program provides another tool for students to reduce their time to degree. (go.osu.edu/summerdiscount)

Collectively, these and other initiatives represent Ohio State's continued momentum in advancing an affordable and excellent education for our students and their families.

The Ohio State University

Section I: Efficiency Practices

Procurement

Recommendation 3A | Campus contracts: Each college/university must require that its employees use existing contracts for purchasing goods and services, starting with the areas with the largest opportunities for savings**.**

Note: *Once fully implemented, this exercise is not necessary to conduct annually.*

Please identify your institution's implementation status. **Progress made on implementing recommendation in FY18**
Please briefly explain your implementation status. Ohio State continued to build on our strategic procurement program in FY18, including through a new travel initiative (piloted during FY18 and officially launched Aug. 1) to require all business travel to be booked through the university's travel agencies. Increased utilization will improve service, savings opportunities based on current negotiated discounts and safety. In addition, the university will seek to negotiate enhanced discounts for airfare as utilization increases.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. Since fiscal 2012, Ohio State's strategic procurement program has produced cumulative savings of $324 million by utilizing the university's buying power to drive both savings and quality enhancements. In fiscal 2018 alone, the university saved $61.9 million through strategic procurement compared with contracted rates in fiscal 2012. These savings directly benefit colleges and other university units by reducing operating costs, which in turn has allowed the university to hold down student costs. (Ohio State ranked #1 in the nation among flagship universities for the lowest tuition increases from 2007-08 to 2017-18, according to the Chronicle of Higher Education.)
If you have not implemented this recommendation to date, please explain.

Recommendation 3B | Collaborative contracts: Ohio's colleges and universities must pursue new and/or strengthened joint purchasing agreements in the following categories:

- Copier/printer services
- Computer hardware
- Travel services
- Outbound shipping
- Scientific supplies and equipment
- Office supplies and equipment

Contract Type	Did the college/university participate in joint contracts in FY18? [yes, no, worked toward]	Monetary Impact
Copier/printer services	No	The university has a best-in-class contract for copiers, printers and multifunction devices. Ohio State sought to work with other schools to extend similar rates. None committed to the same kind of volume guarantees that we have adopted.
Computer hardware	Yes	Ohio State utilizes the State of Ohio state term schedule.
Travel services	Worked toward	The university works with a travel management company and has launched an initiative to increase employees' utilization of this contract. These are the steps required in the IUC Purchasing Group's three-phase action plan to develop an opportunity for joint purchasing.
Outbound shipping	Yes	Ohio State utilizes the State of Ohio state term schedule for outbound shipping.
Scientific supplies & equipment	Yes	Ohio State led a collaborative contract opportunity through the Inter-University Council Purchasing Group for scientific supplies and lab equipment. This process has resulted in contracts that are expected to save IUC members at least 7 percent on what is currently a $115 million annual spend among the public universities in Ohio.
Office supplies & equipment	No	Ohio State has generated significant savings on office supplies by ensuring near-universal contract utilization and by employing the process endorsed by the IUC Purchasing Group: focusing our spend on a core list of products. This resulted in a best-in-class contract for this category.

Assets and Operations

Recommendation 4 | Assets and operations
4A Asset review: Each college/university must conduct an assessment of its noncore assets to determine their market value if sold, leased, or otherwise repurposed. Where opportunities exist, colleges and universities must consider coordinating these efforts with other colleges and universities to reap larger benefits of scale. Please complete the section that aligns with the implementation status of your college/university.

Note: *Once all assets are fully reviewed, this exercise is not necessary to conduct annually.*

Please identify your institution's implementation status. **No change from prior year's report**
Please briefly explain your implementation status.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings.

The university agreed to the $1.165 billion Comprehensive Energy Management partnership in FY17 and completed the financial close in July 2018 (FY18). The university received $1.07 billion of the total value upfront, in FY18. In the first year of the partnership, achievements include:

- Establishing endowments with nearly $800 million of the energy proceeds. Annual distributions from these endowments will support priorities that have direct benefits for students, such as increased financial aid, teaching excellence programs, support for faculty positions and sustainability projects. Notably, these distributions support the Buckeye Opportunity Program, an unprecedented affordability commitment that ensures that all Ohio students who qualify for Pell grants receive financial aid that covers the cost of tuition and mandatory fees. The program launched on the Columbus campus in fall 2018 and will expand to regional campuses in spring 2019, serving an estimated 4,200 students in the first year.
- Energy conservation projects and other campus capital improvements. About 80 percent of the FY19 utilities system capital plan is devoted to energy conservation projects such as lighting and HVAC improvements. The university's energy partner is obligated to meet Ohio State's goal to improve energy efficiency by at least 25 percent in 10 years.
- Philanthropic contributions of $810,000 for a wide range of areas, including the Women in Engineering Program and student sustainability projects.

In August 2018, the university agreed to sell a 58-acre property on West Case Road to the City of Columbus. The land is to be converted for recreational uses. Ohio State has used the property for a sheep farm, but it no longer was needed for that purpose because the College of Food, Agricultural and Environmental Sciences has been implementing a strategic plan that includes consolidated facilities for herd management. The $5.2 million sale is to close by Dec. 31.

The university also continues to benefit from previous projects, including the 2012 lease of the parking assets and operations. Endowments created from the lease have generated more than $128 million in distributions supporting student scholarships, faculty recruitment and hiring, the university's Arts District and to continue support for the Campus Area Bus System, including sustainability improvements. In 2017-18, more than 250 students received financial aid related to the parking lease, including 95 Eminence Fellows who received full undergraduate scholarships. As of June 30, 2018, the original $483 million payment from the parking lease — now held in endowments in the university's Long-Term Investment Pool — had grown to have a market value of more than $571 million.

After determining that the Ohio State University Airport was integral to the university's academic mission, the university enhanced the facility to support students and economic development activities. In fall 2018, the university opened the Austin E. Knowlton Executive Terminal and Aviation Learning Center, a $20 million project of which half was funded through a donation by the Knowlton Foundation. The airport is the primary teaching and research laboratory serving the university's Center for Aviation Studies. Students prepare for a variety of careers in aviation, including pilots, airport managers, air traffic controllers, safety inspectors and more. The airport is also home to cutting-edge aviation research.

If the college/university has not implemented this exercise to date, please explain.

4B Operations review: Each college/university must conduct an assessment of non-academic operations that might be run more efficiently by a regional cooperative, private operator, or other entity. These opportunities must then be evaluated to determine whether collaboration across colleges and universities would increase efficiencies, improve service, or otherwise add value. Please complete the section that aligns with the implementation status of your college/university.

Note: *Once all operations are fully reviewed, this exercise is not necessary to conduct annually.*

Please identify your institution's implementation status.
Progress made on implementing recommendation in FY18

Please briefly explain your implementation status. See response to 4A for details about our energy, parking and airport assets and operations.

If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings.

In 2015, the university announced a goal to produce $200 million in administrative efficiency savings by fiscal 2020. Those efficiencies are being used to support Ohio State's core mission, including a significant investment in student scholarships. Ohio State has pursued a broad operational excellence program to meet these goals, including both university-wide efficiencies and goals for each colleges and administrative unit to meet the $200 million goal.

Through FY18, the university has generated more than $112 million in savings, including $54.5 million in efficiency savings in fiscal 2018. Since 2015, Ohio State has committed more than $100 million in additional student financial aid, using efficiency savings and new resources from the 2020 Vision. In total, almost 32,000 Buckeyes have benefitted from these programs. Ohio State is on track to exceed the $200 million efficiency goal by fiscal 2020. (The university's operational excellence scorecard has been attached in Appendix A.)

Financial aid commitments target low- and moderate-income Ohioans. They include: • the Buckeye Opportunity Program, which serves 4,200 Ohio students who qualify for Pell Grants (see description in 4A). • the President's Affordability Grants program, which support more than 15,000 students per year • the Land Grant Opportunity Scholarship program, which has doubled in size to 176 per year and increased in value so that they cover the full cost of attendance. Efficiency savings also support the Digital Flagship, the largest learning-technology deployment in university story. Entering the 2018-19 academic year, the university distributed iPad Pro learning technology suites to more than 11,000 students at all Ohio State campuses. Beyond direct savings that have been captured and re-deployed, the university has also achieved efficiency savings that are allow the university to re-invest in excellence. These include savings in strategic procurement, in capital projects and at the Wexner Medical Center.
If the college/university has not implemented this exercise to date, please explain.

4C Affinity partnerships and sponsorships: Colleges and universities must, on determining assets and operations that are to be retained, evaluate opportunities for affinity relationships and sponsorships that can support students, faculty, and staff. Colleges and universities can use these types of partnerships to generate new resources by identifying "win-win" opportunities with private entities that are interested in connecting with students, faculty, staff, alumni, or other members of their communities. Please complete the section that aligns with the implementation status of your college/university.

Did the college/university initiate any new partnerships or sponsorships in FY18? If yes, please complete the below table for those new relationships.

Partnerships/Sponsorships	Description	Revenue Generated
Coca-Cola	15-year pouring rights contract	$84.7 million over life of contract (projected)

If the college/university saw efficiencies gained in FY18 in already existing relationships, please identify, specifically including revenue generated. *Include in the table above or add a similar table.*

The new Coca-Cola pouring rights agreement, effective in FY19, includes $6 million to improve student facilities and strategic priorities, $2.25 million for student scholarships, $1.88 million for student discovery projects and 90 internships over the life of the contract.

Through a variety of ongoing agreements, the university received $4.6 million in FY18 and arranged for more than 160 internships per year. In addition, the university used funding from our NIKE relationship to support the University Institute for Teaching and Learning, which worked with 200 newly hired faculty last year to enhance teaching excellence. Since spring 2016, faculty and

graduate students have engaged in more than 2,000 instances of professional development courses and other offerings sponsored by UITL and its partners.
If the college/university has not implemented this exercise to date, please explain.

Administrative Practices

Recommendation 5 | Administrative cost reforms

5A Cost diagnostic: Each college/university must produce a diagnostic to identify its cost drivers, along with priority areas that offer the best opportunities for efficiencies. This diagnostic must identify, over at least a 10-year period:

- Key drivers of costs and revenue by administrative function and academic program;
- Distribution of employee costs — both among types of compensation and among units;
- Revenue sources connected to cost increases — whether students are paying for these through tuition and fees, or whether they are externally funded;
- Span of control for managers across the college/university — how many employees managers typically oversee, by the manager's function; and
- Priority steps that would reduce overhead while maintaining quality — which recommendations would have the most benefit?

***Note**: Once a full cost diagnostic has been performed, this exercise is not necessary to conduct annually.*

Did the college/university perform this exercise in FY18? If yes, please provide an overview of the process used and the key outcomes. The cost diagnostic was conducted in previous years. See our FY17 report.
Please provide details on the result(s) of the assessment. What are the cost drivers, based on the categories above? Please discuss the college/university's priority areas that offer the best opportunities for the recommendation.
If the college/university has not performed this exercise to date, please explain why.

5B Productivity measure: While the measure should be consistent, each college/university should have latitude to develop its own standards for the proper level of productivity in its units. This will allow, for instance, for appropriate differences between productivity in high-volume environments vs. high-touch environments.

What steps has the institution taken to improve productivity in FY18? Please discuss any updates to the utilization of process/continuous improvement methodologies such as Lean Six Sigma. Our operational excellence program, OE@OSU, has mentored and trained more than 900 efficiency experts throughout Ohio State's colleges and administrative units in Lean Six Sigma methodology to advance operational excellence and continuous improvement. Through fiscal 2017, OE@OSU projects saved or avoided $41.2 million in costs and eliminated nearly 225,000 hours of non-value added work.

In addition, Ohio State volunteered to be the first higher education institution to undergo a state performance audit. The Auditor of State team issued its report in September 2018, identifying $6.4 million in projected annual savings, primarily through sunsetting legacy systems when the university implements its new enterprise system, standardizing transaction processing and moving additional data centers to the State of Ohio Computer Center. The university is already addressing those recommendations and incorporating others into planning for future efficiency measures.

The report also highlights achievements of OE@OSU program, including addressing fleet management, which was not part of the performance audit because of the university's progress in this area. The Office of Administration and Planning has reduced its fleet by 56 vehicles (17.7%), avoiding $3.5 million in acquisition cost and providing annual operating savings of $740,000 annually. Other areas with large fleet are also taking action.

5C Organizational structure: Each college/university should, as part or because of its cost diagnostic, review its organizational structure in line with best practices to identify opportunities to streamline and reduce costs. The college/university reviews should consider shared business services — among units or between college/university, when appropriate — for fiscal services, human resources, and information technology.

Note*: Once fully implemented, this exercise is not necessary to conduct annually.*

Did the college/university evaluate its organizational structure in FY18? If yes, please provide an overview of the process used and the key outcomes. If no change from FY17, please indicate.

The evaluation was completed in previous years but the university continues to implement the Enterprise Project, which will update Ohio State's finance, human resources, student information and payroll systems. The first of these new systems will launch in 2020. The university is using this multi-year project to advance our operational effectiveness in a variety of ways, such as reducing transactional processing to allow employees to focus more on strategic work. This initiative also will support some streamlining of our organizational structure.

The university also continues to expand and implement additional shared services, particularly in finance, human resources, information technology and procurement. In each area, and in alignment with the Enterprise Project, Ohio State is standardizing processes and working to optimize service levels.

If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings.

5D Healthcare costs: A statewide working group should identify opportunities to collaborate on health-care costs.

What initiatives or plan changes did the college/university implement in FY18 to manage or reduce healthcare costs? See below.

Has the college/university achieved any expected annual cost savings through healthcare efficiencies in FY18? Please explain how cost savings were estimated.

The university achieved $12.6 million in healthcare savings in calendar 2017, which along with other efficiency measures have allowed the university to control the cost of tuition and fees. The university regularly monitors plan design trends and incorporates changes to ensure we are market driven. Other strategies include:

- Improving utilization management resulting in a 12% decrease in inpatient hospital days and a 2.8% decrease in emergency room visits.
  - Cost savings estimated by taking the decrease in utilization times the prior year per unit cost
- Pharmacy benefit management savings through re-contracting, increasing generic dispensing, and increasing network management.
  - Cost savings estimated by improved rebates under the new contract, and repricing claims utilizing greater discounts off average wholesale price obtained from OSU Specialty Pharmacy
- Conducting dependent eligibility verification to ensure that any covered dependent on any health care plan meets the plan's eligibility requirements.
  - Cost savings estimated by taking the number of covered dependents deemed ineligible and removed from coverage and multiplying by the plan's average per member per year annual cost for a dependent
- Conducting claims audits and processing improvements
- Wellness program engagement continues to increase with launch of new vendor

5E Data centers: The college/university must develop a plan to move its primary or disaster recovery data centers to the State of Ohio Computer Center (SOCC).

Please identify your institution's implementation status:
Progress made on implementing recommendation in FY18

If you implemented this recommendation in FY18, please briefly explain your implementation status. See below.

If the college/university previously moved its data center to the SOCC, please identify efficiencies gained, including monetary savings or enhanced security.

In 2014, Ohio State agreed on a partnership to move the university's central data systems to the State of Ohio Computing Center. This has allowed the university to avoid $40 million in capital costs and to save $1 million a year in operating costs. The move, which was completed in 2015, involves hundreds of virtual and physical machines that support enterprise resource planning, learning management, email and other critical systems.

Since 2015, the university has migrated the servers of more than half of Ohio State's colleges and support units to the SOCC, generating an additional $400,000 per year in operating savings. The university continues its ongoing project to migrate remaining areas.

If the college/university has not implemented this recommendation to date, how is it addressing systems security and redundancy issues?

5F Space utilization: Each college/university must study the utilization of its campus and employ a system that encourages optimization of physical spaces. Please complete the section that aligns with the implementation status of your college/university.

***Note**: This exercise is not necessary to conduct annually*.

Please identify your institution's implementation status. **No change from prior year's report**
Please briefly explain your implementation status. The university uses the BuckIQ analytics tool to compare student enrollments per section, enrollment capacity for each class and the capacity of the physical space. These details help staff to make informed decisions about whether to increase the enrollment capacity for some sections, open a new section, or stop enrollment in certain sections to balance student-to-instructor ratio across sections.
If the college/university implemented this recommendation in FY18, please provide an overview of the process used and the key outcomes, including efficiencies gained.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings.
If the college/university has not performed this exercise to date, please explain why.

Energy

Energy Efficiencies seek to refine sustainable methods utilized by the college/university to procure and use energy (resulting in more efficient use of energy), including but not limited to lighting systems, heating & cooling systems, electricity, natural gas, and utility monitoring.

FY18 Projects/Initiatives	Efficiencies Gained, including Monetary Impact
Dreese Lab upgrades	Approved in February 2018; project is ongoing. Projected 37% energy efficiency upgrade
Lighting upgrades – Phase I	Approved in February 2018; project is ongoing. Will upgrade more than 50,000 lights in about 51 buildings to LED technology

Have you gained efficiencies in FY18 from previously implemented projects/strategies? If yes, please discuss cumulative efficiencies gained.

Regional Compacts

Ohio Revised Code Section 3345.59 requires regional compacts of Ohio's public colleges and universities, with an executed agreement in place by June 30, 2018 for colleges and universities to collaborate more fully on shared operations and programs. Per O.R.C. §3345.59 {E} colleges and universities shall report within their annual efficiency reports the efficiencies gained as a result of the compact.

ODHE recognizes the regional compacts were due to be in place by June 30, 2018; therefore, please discuss your projected efficiencies gained as a result of each of the categories within the compact.

Other than the first row, which speaks globally to the university's relationships with other institutions, the following chart reflects Ohio State's arrangement with Central State University.

Category	Description	Monetary Impact
Reducing duplication of academic programming	There continues to be no program duplication evident for the university within the Central Ohio region, or at the regional campus locations. The university, internally, monitors program size and duplication through its regular academic program development, implementation and review processes.	
Implementing strategies to address workforce education needs of the region	The universities, through their program planning strategies, identify needs in counties where they are jointly locating staff. Programming is focused on 4-H Youth Development, Family and Consumer Sciences, Community Development, and/or 4-H Youth Development	
Sharing resources to align educational pathways and to increase access within the region	Access, in this case, is further enhanced by increasing capacity of paid staff in specific counties. Additional capacity should facilitate additional access to educational programs for local citizens.	
Reducing operational and administrative costs to provide more learning opportunities and collaboration in the region	In identified counties where there are staff from CSU and OSU co-located, agreements are or will be in place to facilitate the use of facilities and administrative support.	Once fully implemented, it is estimated that Ohio State would realize $30,000 annually in efficiencies.
Enhancing career counseling and experiential learning opportunities for students	N/A	
Expanding alternative education delivery models such as competency-based and project-based learning	N/A	

Implementing strategies to increase collaboration and pathways with information technology centers, adult basic and literacy education programs and school districts in your region	N/A	
Enhancing the sharing of resources between institutions to improve and expand the capacity and capability for research and development	N/A	
Identifying and implementing the best use of university regional campuses	The universities, through their program planning strategies, identify needs in counties where they are jointly locating staff. Programming is focused on 4-H Youth Development, Family and Consumer Sciences, Community Development, and/or 4-H Youth Development	

Section II: Academic Practices

Recommendation 6 | Textbook Affordability

6A Negotiate cost: Professional negotiators must be assigned to help faculty obtain the best deals for students on textbooks and instructional materials, starting with high-volume, high-cost courses. Faculty must consider both cost and quality in the selection of course materials.

Please identify your institution's implementation status: **Progress made on implementing recommendation in FY18**
Please briefly explain your implementation status. Ohio State abides by the Higher Education Opportunity Act of 2015 and is working to ensure book orders are submitted as early as possible to enable optimal pricing for students.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. During FY18, Ohio State developed a series of inclusive access pilots for 2018-19 academic year. In fall 2018, a test of the Engage eReader provided digital textbooks in three courses at no cost to students. In the spring 2019 pilot, deeply discounted digital textbooks will be made available to about 1,450 students in nine Social Work courses through the inclusive access model, which offers digital materials that are typically 75 percent-80 percent less expensive than traditional texts. The university anticipates the spring pilot will save students $196,468 on textbook costs. Through the university's involvement in the Unizin consortium, the Engage eReader is provided at no cost to students, and course materials are provided at discounted rates that have been negotiated with the publishers. Ohio State plans to expand the rollout of the inclusive access model in the 2019-20 academic year.

If you have not implemented this recommendation to date, please explain.

6B Standardize materials: Colleges and universities must encourage departments to choose common materials, including digital elements, for courses that serve a large enrollment of students. Please complete the section that aligns with the implementation status of your college/university.

Please identify your institution's implementation status: **Progress made on implementing recommendation in FY18**
Please briefly explain your implementation status. See below.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. A proposal to revise the University's General Education (GE) program was completed in March 2018 and is now under review in the 12 undergraduate colleges and four regional campuses. The model proposes, for the first time, one GE model for all colleges that is smaller in credit hours than the current offerings. This will open credit hours for students giving them the opportunity to complete minors or take double majors in ways that may not happen today. It also addresses societal themes such as citizenship, sustainability, and health and wellness that will better prepare them to function in the world after graduation. A final decision on the proposal will be made before the end of the 2018-19 academic year. In addition, Ohio State continued to expand the Affordable Learning Exchange grant program, which provides assistance to faculty members to help them convert materials into free or low-cost digital options. In fiscal 2018, Affordable Learning Exchange projects saved students $1.6 million through new projects and ongoing ones. To date, Affordable Learning Exchange projects have directly saved 12,000 students $3 million. By 2021, student savings from the grant program is expected to total $10 million. Ohio State is working with North Central State College, the Ohio Association of Community Colleges, Ohio Dominican University, and OhioLINK on a $1.3 million Ohio Department of Higher Education innovation grant to create, curate, and adopt open content in 22 high-enrollment courses. With support from the Big Ten Academic Alliance, Ohio State and Penn State are working in partnership to author large-scale open test banks through events called Content Camps. Faculty from across the Big Ten have already authored and reviewed over 5,000 individual test questions, available to instructors at any institution.
If you have not implemented this recommendation to date, please explain.

6C Develop digital capabilities: Colleges and universities must be part of a consortium to develop digital tools and materials, including open educational resources, that provide students with high-quality, low-cost materials. Please complete the section that aligns with the implementation status of your college/university.

Please identify your institution's implementation status: **Progress made on implementing recommendation in FY18**
Please briefly explain your implementation status. Ohio State is a member of the Unizin consortium.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. In FY18, Ohio State launched the Digital Flagship, a digital learning initiative that supports educational innovation for students and economic development opportunities for the community. The initiative is a collaboration with Apple. Ohio State provided more than 11,000 incoming first-year students across all campuses with iPad Pro learning technology kits in advance of the 2018-19 academic year. Students receive the iPads and associated technology for free; Ohio State is paying in excess of $11.1 million to provide these packages to the first cohort of students. In addition, Ohio State established and enhanced many aspects of Digital Flagship in advance of the largest distribution of learning technology in the university's history. Workshops provided the university community with opportunities to learn how to code and how to better integrate technology in their classrooms. As of September 2018, we have trained 170 faculty and advisors through the Digital Flagship Educators cohort, providing intensive pedagogical and course redesign support around technology integration to support learning. At least 130 additional educators will be trained this academic year. A university team worked with Apple to develop Discover, an app that was rolled out at orientation to help students with their transition to college and throughout their journey at Ohio State. The Discover app is available through the Apple store and on iPads distributed as part of Digital Flagship. The university also continues to benefit from the Unizin consortium, as described in our FY17 report and above in Section 6A.
If you have not implemented this recommendation to date, please explain.

Reducing Textbook Costs for Students

Ohio Revised Code Section 3333.951(C) requires Ohio's public colleges and universities to report their efforts toward reducing textbook costs for students. Please discuss all initiatives implemented, including those related to 6A, 6B, and 6C above, that ensure students have access to affordable textbooks.

Initiative	Explanation of Initiative	Cost Savings to Students
Inclusive Access Pilot	See 6A	Implementing pilot in FY19
Affordable Learning Exchange	See 6B	$575,450 in FY18

Textbook Cost Study
Ohio Revised Code Section 3333.951(D) requires Ohio's public colleges and universities to conduct a study to determine the current cost of textbooks for students enrolled in the institution and submit the study to the Chancellor by a date prescribed by the Chancellor. Please share the results of your study below.

Category	Amount
Average cost for textbooks that are new	$98.78
Average cost for textbooks that are used	$59.04
Average cost for rental textbooks	$63.41 for new rentals; $37.16 for used rentals
Average cost for eBook	$57.43 to buy; $45.97 to rent

Note: Ohio State utilized the methodology developed by the Inter-University Council's textbook working group. Our analysis focused on the top undergraduate major based on the total number of unduplicated students majoring in each area in the following eight areas:

- Arts (Art)
- Business (Finance)
- Education (Early Childhood Education)
- Engineering (Computer Science and Engineering)
- Health Professions (Nursing)
- Humanity (English)
- Natural Sciences (Biology)
- Social Sciences (Psychology)

The above results do not reflect the effect of open-educational materials or other course materials that are offered at no charge to students.

Textbook Selection Policy Ohio Revised Code Section 3345.025 requires the board of trustees of each state institution of higher education to adopt a textbook selection policy for faculty to use when choosing and assigning textbooks and other instructional materials. Has your college's/university's board of trustees adopted a textbook selection policy? Yes

Recommendation 7 | Time to Degree

7A Education campaign: Develop an education campaign on course loads needed to graduate.

Note: *This exercise is not necessary to conduct annually*.

Please identify your institution's implementation status.
Progress made on implementing recommendation in FY18

Please briefly explain your implementation status. Ohio State's "Finish in Four" initiative, which is delivered through orientation and academic advisors, emphasizes the course loads needed to complete a bachelor's degree in four years.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. As part of the Digital Flagship (see 6C), the university introduced the Discover App. Designed in partnership with Ohio State students, faculty and staff along with a team of developers from Apple, the app includes a feature called Course Planner, which was added at the request of current OSU undergraduate students. This feature allows students to plan a preferred and secondary path towards their degree, including courses within their major, minor and general education requirements. This tool allows students to more closely track the sequence of courses needed throughout their entire undergraduate career, so they can more carefully plan their time with us.
If you have not implemented this recommendation to date, please explain.

7B Graduation incentive: Establish financial and graduation incentives to encourage full-time students to take at least 15 credits per semester.

***Note**: Once fully implemented, this exercise is not necessary to conduct annually.*

Please identify your institution's implementation status. **Progress made on implementing recommendation in FY18**
Please briefly explain your implementation status.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. Ohio State launched the Ohio State Tuition Guarantee in FY18, providing incoming Ohio resident students with predictability about the cost of a four-year education by freezing tuition, mandatory fees, housing and dining costs for four years. Although not tied to a specific number of credits per semester, this program creates another incentive for students to complete their degree in four years. Exceptions are allowed for students in programs that requires more than four years to complete or who face circumstances such as military service, medical emergencies or family emergencies. The class that entered Ohio State in fall 2018 (FY19) is the second under the Tuition Guarantee model. Completion grants were awarded to 160 students for 2017-2018. These grants go to those who are very near to graduation and in jeopardy of being dropped for non-payment. Each completion grant averaged about $1,000, a one-time amount that allows students to stay in school and work toward completing their degrees. The grants are funded through institutional and donor funds available through the University Innovation Alliance, a collaborative of 11 public research institutions committed to increasing the number and socioeconomic diversity of college graduates.

The university has also approved a new tuition waiver, to start in spring 2019, that will assist students who are taking more than 18 credit hours in a term to complete their degrees or to take advantage of internships or research opportunities. For eligible students who obtain the approval of their academic advisors, these waivers would provide savings of more than $400 per additional credit hour. The university anticipates students will save up to $500,000 per academic year through the use of these waivers.
If you have not implemented this recommendation to date, please explain.

7C Standardize credits for degree: Streamline graduation requirements so that most bachelor's degree programs can be completed within 126 credit hours or less, and associate degree programs can be completed within 65 credit hours or less. Exceptions are allowed for accreditation requirements.

Please identify the share of programs at your institution that require more than 126 credit hours to earn a baccalaureate or more than 65 credit hours to earn an associate degree. Virtually all of Ohio State's ~400 undergraduate programs require less than 126 credit hours. Less than 10 percent of programs have requirements for accreditation standards that may require 126 or slightly more. As part of the Ohio State Tuition Guarantee program and continued efforts to ensure record four- and six-year graduation rates, the university is undergoing a review of programs with more than 126 credit hours to reduce hours and time to degree when possible. A foundation of this effort is Ohio State's initiative to review the university's General Education curriculum to create a standard unified GE curriculum across disciplines and to reduce the total number of hours required for the GE.
Please explain the major reasons specific academic program may require more than 126 or 65 credit hours to earn the respective degree.

7D Data-driven advising: Enhance academic advising services so that students benefit from both high-impact, personalized consultations and data systems that proactively identify risk factors that hinder student success.

Please identify your institution's implementation status: **Progress made on implementing recommendation in FY18**
Please briefly explain your implementation status.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. Ohio State and Columbus State Community College are collaborating to share data on Columbus State's incoming students to design a pilot program focused on providing more effective bridge services to support economically disadvantaged and/or under-represented minority students planning to complete a baccalaureate degree at Ohio State after completing an associate degree at Columbus State. Those services will include academic advising by an Ohio State advisor located at Columbus State.

As part of its commitment to the University Innovation Alliance, Ohio State is participating in a study, funded by a First in the World grant, to examine the effectiveness of more proactive, high-touch advising in promoting improved time to degree. Now in their second year, the “success coaches” hired for this study work with approximately 1,000 Pell-eligible and/or first-generation students on the Columbus campus and all four regional campuses. Ohio State’s First Year Experience office trains peer leaders to connect with and provide support to first-year students identified as at-risk based on 1) non-cognitive indicators of college student success gathered through the Noel Levitz College Student Inventory and 2) other data collected by the peer leaders. A group is working to develop an “online degree audit” matching online courses to the degree requirements they will fulfill, so students who leave short of completing a degree may find it easier to finish remaining requirements.
If you have not implemented this recommendation to date, please explain.

7E Summer programs: Evaluate utilization rates for summer session and consider opportunities to increase productive activity.

Please identify your institution’s implementation status. **Progress made on implementing recommendation in FY18**
Please briefly explain your implementation status. After revamping the academic structure of Summer Term in 2016, Ohio State implemented a 25% discount on tuition and the non-resident surcharge in 2017. By reducing the cost of summer tuition, Ohio State offers students the opportunity to save money directly and by reducing their time to degree.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings. In summer 2018 (FY19), students saved $9.2 million through the 25% tuition discount compared with fall/spring rates.
If you have not implemented this recommendation to date, please explain.

7F Pathway agreements: Develop agreements that create seamless pathways for students who begin their educations at community or technical colleges and complete them at universities.

Please provide the details of the work completed related to this area in FY18 only. See below
At the end of FY18, how many articulation pathway agreements does your college/university have in place? How many are 2+2? How many are 3+1? Is the number of pathways available for students increasing? The university has 84 total agreements (80 are 2+2 and one each is 1+1, 1+3, 2.5+2 and 2+3).

Please discuss efficiencies gained by implementing this recommendation. Please discuss how students have benefited, in terms of both cost and quality of their education. These pathways provide students with an efficient path to graduation. Students who follow the plan will take course work that applies to both the associate degree, as an intermediate credential, and to the baccalaureate degree to which the plan connects.

7G Competency-based education: Consider developing or expanding programs that measure student success based on demonstrated competencies instead of through the amount of time students spend studying a subject.

Please provide the details of work completed related to this area in FY18 only. The FY17 report stands.
Please discuss efficiencies gained by implementing this recommendation. Please discuss how students have benefited, in terms of both cost and the quality of their education. In particular, how many students are estimated to be served by the college's/university's competency-based education programs? Has your college/university seen improvements in completion rates? Have students seen cost savings?
University comment: Given Ohio State's student body, our analysis is that competency-based education is not the best focus for enhancements. Instead, we are continually refining our curriculum based on the high standards of our incoming students. The university does employ competency-based approaches in online courses to allow instructors to track how many students have achieved a required learning objective.

Recommendation 8 | Course and Program Evaluation

This recommendation is not applicable this year. Per O.R.C 3345.35, the colleges and universities need to address this recommendation every five years. The next applicable date is FY22.

What steps, if any, did your college/university take in FY18 to share courses/programs with partnering colleges/universities?
If you implemented course/program sharing, please discuss efficiencies gained, including cumulative efficiencies to date.

Recommendation 9 | Co-located Campuses

Ohio Revised Code Section 3333.951 requires Ohio's co-located colleges/universities to annually review best practices and shared services in order to improve academic and other services and reduce costs for students. Co-located campuses are then required to report their findings to the Efficiency Advisory Committee.

Please identify efficiencies gained in FY18 only.

Our Lima, Mansfield, Marion and Newark campuses have collectively generated $5.4 million in savings through shared services with co- located institutions.

Ohio State campus: Lima **Co-located Campus:** Rhodes State College (Lima) **Estimated total cost savings from shared services:** $1.41 million	
Type of Shared Service or Best Practice	**Please explain in detail your findings related to this shared service or best practice.**
Physical Facilities Operations	Cost sharing for physical facilities leadership, building maintenance and environment services, campus custodial services is done on a building square feet method of calculation. Cost sharing for groundskeeping is done on an aggregate square feet method of calculation. Cost sharing for scheduling of campus facilities is done on a cost-share reconciliation method each quarter. ➢ **Estimated savings to university: $904,600**
Academic Support Services (includes libraries)	Cost sharing for library services for personnel, materials and equipment are done on a campus full time equivalent (FTE) method of calculation. Cost sharing for library collection costs are done by direct cost collections unique to each institution. ➢ **Estimated savings to university: $168,300**
Student Activities and Athletics Office	Cost sharing for the personnel and operation expenses are done on a campus full time equivalent (FTE) method of calculation. ➢ **Estimated savings to university: $177,300**
Auxiliary Services	The cafeteria and vending service is outsourced through a contract with external service providers. Cost sharing for contract is done on a full time equivalent (FTE) method of calculation. Cost sharing for shared copying and printing services on a cost-share reconciliation method each quarter. The bookstore and gift shop service is outsourced through a contract with external service providers. Cost sharing for contract is done on a FTE method of calculation. Cost sharing of telephone services is done by direct cost by extension and on a cost-share reconciliation method each quarter for expenses. ➢ **Estimated savings to university: $155,800**
Approach and process to sharing services with the co-located campus.	In accordance with state policy and by mutual accord, the university and the co-located institution share resources and connect programs to benefit the students of both institutions. This collaboration allows for multiple pathways for student education, reducing unnecessary duplication of services, and promotes the effective use of state fiscal, physical, and personnel resources. The university and co-located institution have formal collaboration agreements and partner wherever possible with the goal of heightening academic quality, operational transparency and economic efficiency.

Ohio State campus: Mansfield **Co-located Campus:** North Central State College (Mansfield) **Estimated total cost savings from shared services:** $1.44 million	
Type of Shared Service or Best Practice (IE: Administrative, Academic, etc.)	**Please explain in detail your findings related to this shared service or best practice.**
Physical Facilities	Cost sharing is managed generally by a formula based on assigned square feet for each co-located institution. ➢ **Estimated savings to university: $793,900**
Academic Support Services	Cost sharing for library services is 55% for the University and 45% for the co-located campus; cost- sharing for internship programming is 50/50 basis. ➢ **Estimated savings to university: $128,850**
Campus Security and Public Safety	Cost sharing for public safety admin, traffic management personnel, and police and emergency response services is generally on a 50/50 basis for the University and for the co-located institution. ➢ **Estimated savings to university: $159,100**
Student Life and Campus Events	Cost sharing for student engagement and recreation and intramural sports is 75% for the University and 25% for the co-located institution. Cost sharing for athletics is based on student participation from each institution and is tracked monthly. ➢ **Estimated savings to university: $58,800**
Administrative Services	Cost sharing for office of advancement is shared on mutually shared activities/events; cost for institution-specific activities/events are paid by the specific institution; each institution pays for its personnel. Cost sharing for shared marketing "agency" is split 50/50 on mutual shared activities/ events and personnel; cost for institution specific activities/events are paid by the institution. **Estimated savings to university: $92,200**
Auxiliary Services	Cost for childcare center is supported by revenue generated from user fees and grants. Cafeteria and vending services have proceeds from contracts directed to a Campus Improvement Fund to benefit shared improvements. Cost for shared copying and printing services are managed and paid by the co-located institution and provided on a cost basis to the University. **Estimated savings to university: $202,200**
Approach and process to sharing services with the co-located campus.	In accordance with state policy and by mutual accord, the University and the co-located institution share resources and connect programs to benefit the students of both institutions. This collaboration allows for multiple pathways for student education, reducing unnecessary duplication of services, and promotes the effective use of state fiscal, physical, and personnel resources. The University and co-located institution have formal collaboration agreements and partner wherever possible with the goal of heightening academic quality, operational

	transparency, and economic efficiency.

Ohio State campus: Marion **Co-located Campus:** Marion Technical College **Estimated total cost savings from shared services:** $1.25 million	
Type of Shared Service or Best Practice (IE: Administrative, Academic, etc.)	**Please explain in detail your findings related to this shared service or best practice.**
Physical Facilities Operations	Cost sharing for these services is done on an assignable square footage (ASF) and faculty/staff/student full time equivalent (FTE) method of calculation. ➢ **Estimated savings to university: $959,000**
Academic Support Services	Cost sharing for these services is done on an assignable square footage (ASF) and faculty/staff/student full time equivalent (FTE) method of calculation. ➢ **Estimated savings to university: $111,000**
Campus Security and Public Safety	Cost sharing for these services is done on an assignable square footage (ASF) and faculty/staff/student full time equivalent (FTE) method of calculation. **Estimated savings to university: $60,000**
Student Activities and Athletics Office	Cost sharing for these services is done on an assignable square footage (ASF) and faculty/staff/student full time equivalent (FTE) method of calculation. **Estimated savings to university: $8,000**
Auxiliary Services	Cost sharing for these services is done on an assignable square footage (ASF) and faculty/staff/student full time equivalent (FTE) method of calculation. **Estimated savings to university: $98,000**
Technology Services	Cost sharing for these services is done on an assignable square footage (ASF) and faculty/staff/student full time equivalent (FTE) method of calculation. **Estimated savings to university: $17,000**
Approach and process to sharing services with the co-located campus.	In accordance with state policy and by mutual accord, the University and the co-located institution share resources and connect programs to benefit the students of both institutions. This collaboration allows for multiple pathways for student education, reducing unnecessary duplication of services, and promotes the effective use of state fiscal, physical, and personnel resources. Th61e University and co-located institution have formal collaboration agreements and partner wherever possible with the goal of heightening academic quality, operational transparency, and economic efficiency.

Ohio State campus: Newark **Co-located Campus:** Central Ohio Technical College **Estimated total cost savings from shared services:** $1.28 million	
Type of Shared Service or Best Practice (IE: Administrative, Academic, etc.)	**Please explain in detail your findings related to this shared service or best practice.**
Public Service	Cost sharing for conference services is shared on a 50/50 basis. ➢ **Estimated savings to university: $1,470**
Academic Support Services	Cost sharing for both these services is done on a full time equivalent (FTE) method of calculation. ➢ **Estimated savings to university: $134,400**
Student Support Services	Cost sharing for these services is done on a headcount method of calculation. **Estimated savings to university: $72,799**
Institutional Support	Cost sharing for executive office, office of development, business and finance office, accounting, performing arts, and welcome center is done on a 50/50 method of calculation. Cost sharing for human resources, purchasing, bursar, technology services, marketing and public relations, staff development committee, services center, telecommunications, and telephone services is done on a full time equivalent (FTE) method of calculation. **Estimated savings to university: $157,318**
Physical Facilities Operations	Cost sharing for all of these services is done on a full time equivalent (FTE) method of calculation. **Estimated savings to university: $655,067**
General Overhead	Cost sharing is done on a full time equivalent (FTE) method of calculation. **Estimated savings to university: $262,500**
Approach and process to sharing services with the co-located campus.	In accordance with state policy and by mutual accord, the University and the co-located institution share resources and connect programs to benefit the students of both institutions. This collaboration allows for multiple pathways for student education, reducing unnecessary duplication of services, and promotes the effective use of state fiscal, physical, and personnel resources. The University and co-located institution have formal collaboration agreements and partner wherever possible with the goal of heightening academic quality, operational transparency, and economic efficiency.

Section III: Policy Reforms

Recommendation 10 | Policy Reforms

10A Financial Advising: Provide financial advising and training to students.

Please identify your institution's implementation status: **No change from prior year's report**
Please briefly explain your implementation status. Scarlet and Gray Financial is a peer education-based approach that provides a comprehensive suite of financial wellness services to students throughout their college careers. Scarlet and Gray Financial promotes financial literacy and holistic financial wellness through a variety of mediums, including one-on-one coaching sessions, large group presentations, financial education research, and professional development opportunities.
If the college/university previously implemented this recommendation and saw efficiencies gained in FY18, please identify and include cumulative savings.
If you have not implemented this recommendation to date, please explain.

10B Obstacles: The Ohio Department of Higher Education and/or state legislature should seek to remove any obstacles in policy, rule, or statute that inhibit the efficiencies envisioned in these recommendations.

What legislative obstacles or policy roadblocks, if any, inhibit efficiencies and affordability practices at the college/university? Ohio State continues to support the recommendation of the original task force report regarding real estate: Current state law surrounding real-estate sales and easements is cumbersome and can limit opportunities to negotiate the most advantageous deals for colleges and universities. Under current state law, Ohio's public colleges and universities cannot enter into easements or sell, convey or lease real estate without having legislation passed by the Ohio General Assembly, which can hinder effective negotiations and/or discourage potential buyers who are unwilling to wait for a bill.

Construction Reform

Please discuss efficiencies gained in FY18 from the 2012 Construction Reform legislation. Construction reform has allowed the university to build projects more efficiently, resulting in reduced construction-management costs, shortened timelines and streamlined delivery. For example, the university now has fewer project management staff, despite an increase in the volume of completed projects. Since 2012, the university has completed more than $2.5 billion in projects — both large and small — that have benefitted from construction reform.

Academic projects that are underway include the $95 million Postle Hall project for the College of Dentistry and $59.1 million in improvements to the Advanced Materials Corridor, which supports the Biomedical Engineering and Materials Sciences and Engineering programs. Efficiency improvements and cost savings on academic projects allow the university to effectively leverage capital funding sources outside of tuition, such as private gifts and state capital funding.

Additional Practices

Are there additional efficiency practices your college/university implemented in FY18 to ensure students have access to an affordable and quality education? Please identify.

The Ohio State Board of Trustees has approved four affordability measures that will be introduced in Spring 2019 and will collectively save students an estimated $1.9 million per year. The university will:

- Eliminate 278 course fees, which pay for educational costs such as laboratory sessions or specialized materials. The proposal would eliminate 70 percent of all course fees, benefiting thousands of students across a range of disciplines. Fees that remain cover third-party costs, such as first-aid training, or are in disciplines that rely heavily on laboratories as part of their educational requirements (biology, chemistry and physics).

- Pilot a new strategy to deliver digital textbooks that cost up to 80 percent less than traditional textbooks. In the "inclusive access" pilot, students in nine College of Social Work courses would pay $24 to $74 for digital textbooks that would cost $128 to $400 as traditional texts, for example. The university plans to expand the use of the inclusive access model in future years.

- Allow students who take heavy academic loads to waive the cost of additional credit hours if they are doing so to complete their degrees or to take advantage of internships or research opportunities. Students can take up to 18 credit hours at the university's full-time tuition rate, but students may take up to a maximum of 21 credit hours per term. For eligible students who obtain the approval of their academic advisors, these waivers would provide savings of more than $400 per additional credit hour.

- Expand the university's support of military families by applying in-state tuition regardless of a student's residency. Ohio State already extends in-state rates to military families in most circumstances, but the intersection of federal rules, state law and university policy has created some exceptions that affect about two dozen students each semester. The new policy will clarify that active members of the military, veterans and their immediate family members (spouses and children) are to be granted in-state status.

Section IV: Master Recommendation #1 - Students Must Benefit

For chart #1, please provide the cost savings/avoidance in FY18 ONLY for the three specified categories. For chart #2, of the FY18 cost savings/avoidance to your respective college/university, please provide how much of that cost avoidance/savings was redeployed or invested into initiatives that benefit students and/or promote operational excellence.

NOTES: Please do NOT include cumulative savings as this is for FY18 only. Cumulative savings may be discussed in your above response to each recommendation. Feel free to add additional lines as necessary.

Chart #1:

Category	Recommendation	FY18 (*Actual*)
Cost savings/avoidance to the college/university in FY18 ONLY	3A: Campus contracts	$61.9 million
	3B: Collaborative Contracts	N/A
	4B: Operations review	$54.5 million
	4C: Affinity partnerships and sponsorships	$10.6 million
	5E: Data centers	$1.4 million
	Subtotal of Institutional Efficiency Savings	**$128.4M**
New resource generation for the college/university in FY18 ONLY	4A: Asset review	$1.07 billion (energy upfront proceeds) $28 million (annual distributions from parking, energy and NIKE)
	4C: Partnerships	$4.6M
	Subtotal of New Resource Generation	**$1.1 billion**
Cost savings/avoidance to students in FY18 ONLY	4B: Operations review (President's Affordability Grants)	$25 million
	4B: Operations review (Land Grant Opportunity Scholarships)	$553,500
	6B: Textbook affordability	$1.6 million
	6C: Digital Flagship	$11.1 million
	7B: Completion grants	$160,000
	7E: Summer programs	$9.2 million
	Subtotal of Student Savings	**$47.6 million**

Chart #2:

Category	Amount Invested in FY18	Explanation
Reductions to the total cost of attendance (tuition, fees, room and board, books and materials, or related costs — such as technology)	$11.2 million	• $9.2 million in summer tuition discount savings • $1.6 million Affordable Learning Exchange projects
Student financial aid	$312.5 million	• ~$283 million invested in energy endowments to support student financial aid • $25 million in FY18 President's Affordability Grants • $553,500 expanded Land Grant Opportunity Scholarships • $3.9 million distributed in parking endowment scholarships
Student success services, particularly with regard to completion and time to degree	Total not available	Investments in Scarlet and Gray Financial counseling, data-driven academic advising, leadership training and career-development services
Investments in tools related to affordability and efficiency – and excellence in the classroom	$11.1 million	Digital Flagship iPads; provided free to incoming first-year students
Improvements to high-demand/high-value student programs	Total not available	Since 2014, more than 100 popular online general education courses have been developed, providing students with additional flexibility in scheduling. These courses can speed the time to degree.
Investments in teaching excellence	$210.5 million	• ~$210 million invested in from energy endowments to support faculty excellence, including 5 chairs • $458,000 distributed from NIKE endowment to support University Institute for Teaching and Learning
Total	$545.3 million	

MASTER RECOMMENDATION 2: FIVE-YEAR GOAL FOR INSTITUTIONAL EFFICIENCY SAVINGS AND NEW RESOURCE GENERATION

Ohio State established a five-year plan for the years FY16-FY20 to generate a total of at least $400 million to be devoted to access, affordability and excellence. The university has already surpassed the goal of devoting at least $100 million of that total to student financial aid. Savings generated through the 2020 Vision plan are incremental to other cost-savings and resource-generation
The following chart aligns specifically with the 2020 Vision.

Note: Section IV of the university's response to the task force report demonstrates the full range of operational excellence, innovative funding and resource stewardship activities at Ohio State, including ongoing efforts that pre-dated the 2020 Vision.

Category	Recommendation	Component	Description	FY16 (revised)	FY 2017 (Estimate)	FY 2017 (*Actual*)	FY 2018 (Estimate)	FY 2018 (*Actual*)	FY 2019 (Estimate)	FY 2020 (Estimate)	Subtotal	Budget Narrative/Explanation of Efficiency Savings $$ (attach additional sheets if necessary)
Efficiency Savings	3A	Campus contracts	Require employees to use existing contracts for purchasing goods and services.	$ 3,040,000	$ -	$ -	TBD	$ -	TBD	TBD	**$ 3,040,000**	
	3B	Collaborative contracts	Pursue new and/or strengthened joint purchasing agreements.									
	4B	Operations review	Conduct an assessment of non-academic operations that might be run more efficiently by a regional cooperative, private operator or other entity.	$ 22,358,000	$ 30,000,000	$ 32,895,231	$ 30,000,000	$ 54,479,129	$ 48,461,000	$ 45,981,000	**$ 204,174,360**	
	5A	Cost diagnostic	Identify key drivers of costs and revenue across the university.									
	5C	Organizational structure	Review organizational structure in line with best practices to identify opportunities to streamline and reduce costs.									
	5D	Health-care costs	Seek to control health-care costs									
			Subtotal Efficiency Savings	$ 25,398,000	$ 30,000,000	$ 32,895,231	$ 30,000,000	$ 54,479,129	$ 48,460,000	$ 45,981,000	**$ 207,214,360**	
Category	**Recommendation**	**Component**	**Description**	**FY16**	**FY 2017**	**FY 2017 (*Actual*)**	**FY 2018**	**FY 2018 (*Actual*)**	**FY 2019**	**FY 2020**	**Subtotal**	**Budget Narrative/Explanation of New Resource Generation $$ (attach additional sheets if necessary)**
New Resource Generation	4A	Asset review	Conduct an assessment of non-core assets to determine their market value if sold, leased or otherwise repurposed.	$ -	$ -	$ -	$ 1,090,000,000	$ 1,096,587,718	$ 35,523,000	$ 36,314,200	$ 1,168,424,918	Upfront payments (FY18) for energy partnership; annual endowment distributions and philanthropy payments from energy
	4C	Affinity partnerships and sponsorships	Upon determining assets and operations that are to be retained, evaluate opportunities for affinity relationships and sponsorships.	$ 31,560,000	TBD	$ 1,007,444	TBD	$ 1,031,009	$ 8,328,600	$ 2,352,600	$ 44,279,653	Upfront payments (FY16) for Nike partnership; annual endowment distributions for Nike Upfront (FY19) and annual scholarships/student project contributions from Coke
			Subtotal New Resource Generation	$ 31,560,000	$ -	$ 1,007,444	$ 1,090,000,000	$ 1,097,618,727	$ 43,851,600	$ 38,666,800	**$ 1,212,704,571**	
TOTAL OF COMBINED INSTITUTIONAL OPPORTUNITIES FOR ENHANCED STUDENT AFFORDABILITY				$ 56,958,000	$ 30,000,000	$ 33,902,675	$ 1,120,000,000	$ 1,152,097,856	$ 92,311,600	$ 84,647,800	**$ 1,419,918,931**	

SPECIFIC RE-DEPLOYMENT OF SAVINGS TO STUDENTS: Please use the area below to describe, in detail, how you plan to re-deploy the institutional resources that are saved and/or generated through the task force components outlined above to reduce costs for students.

Since FY15, Ohio State has committed more than $100 million in additional need-based aid for Ohio students, with funding provided through efficiencies and new resource generation. Programs include the Buckeye Opportunity Program, President's Affordability Grants and the Land Grant Opportunity Scholarships.

Beyond these savings, the university has introduced the Digital Flagship, a collaboration with Apple that is the largest deployment of learning technology in the university's history. Efficiencies support this program, which provides each incoming student with an iPad Pro and related technology.

The university uses other savings and new resources to invest in teaching excellence, and to control costs through initiatives such as the Ohio State Tuition Guarantee. Each dollar saved supports Ohio State's strategic plan.

SIGNIFICANT CHANGE(S) IN 5-YEAR GOALS FROM FY16 SUBMISSION TO FY17 SUBMISSION: Please use the area below to describe, in detail, significant deviation in your institution's 5-year goals from the FY16 submission to the FY17 submission, if applicable.

Efficiency savings in FY18 include contributions from colleges and support units that were deposited in efficiency accounts during that fiscal year, however the underlying efficiencies may have occurred in previous years.

The FY16 efficiency total has been revised to reflect the total to date toward the 2020 Vision goal of $200 million in savings.

The Ohio State University

2020 Vision overview

Efficiency savings and new resources are directed to support our mission

- Operational Excellence and Resource Stewardship benefits students, faculty and staff
- More than $150 million committed through fiscal 2020 for four major initiatives

Strategic initiative	Description	Funding source
President's Affordability Grants	Aid for 15,000+ low- and moderate-income Ohioans per year	Administrative efficiencies
Buckeye Opportunity Program	Aid package will cover tuition for Ohio students who qualify for Pell grants	Innovative funding
Digital Flagship	11,000 incoming students receive iPad learning technology suite	Administrative efficiencies
University Institute for Teaching and Learning	Annual support for teaching excellence	Innovative funding

Other initiatives supported

- Support for 5 faculty chairs (Energy endowments)
- Sustainability curriculum and staff development (Energy endowments)
- Student internships and scholarships (Nike and Energy endowments)
- Philanthropy supporting academic and campus initiatives (Energy project)

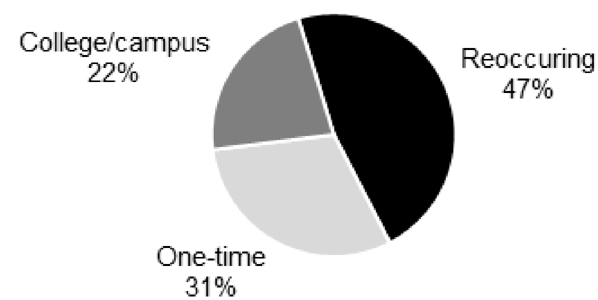
THE OHIO STATE UNIVERSITY

Operational efficiency scorecard

The 2020 Vision set a 5-year, $200 million goal for non-WMC efficiencies

Goal	$200M		
Progress to date	**Total**	**% of goal**	**Status**
Through FY18	$112.8M	56%	
Projected through FY19	$161.2M	81%	
Projected through FY20	$207.2M	104%	

Savings through FY18



OTHER EFFICIENCY HIGHLIGHTS

The 2020 Vision focused on savings that could be redeployed to student financial aid and other strategic initiatives. Other initiatives reduce the cost of capital projects and operating costs at colleges and the Wexner Medical Center.

	Efficiency metric	Status	Notes
Strategic procurement	$324M compared with FY12		Savings largely benefit colleges and units through discounted rates on goods and services
Wexner Medical Center	$407.6M over four years		Margin improvement has improved days cash on hand metric from 81 days to 135.5 days
Capital projects	$33.8M In FY18		Costs avoided by improving project accounting, capturing bid favorability, budget reductions

The Ohio State University

New resource scorecard

The 2020 Vision set a 5-year, $200 million goal for innovative funding

Goal	$200M	
Project	**Upfront total**	**Funding distributed through FY20**
NIKE	$22.5M	$4.4M
Comprehensive Energy Management	$1.07B	$96.5M
Total	**$1.1B**	**$100.9M**

OTHER NEW RESOURCE HIGHLIGHTS

The university continues to benefit from innovative funding work that pre-dated the 2020 Vision. Examples include:

Project	New resource metric	Notes
Parking	$128M distributed FY13-FY18	Supports 200+ scholarships per year, 137 Discovery Themes faculty hires, Arts District and more
Affinity relationships	160+ internships per year	Relationships with Nationwide, Huntington and other partners support the campus in various ways

AUTHORIZATION FOR APPROVAL OF ATHLETIC PRICES AND FEES

Synopsis: Approval of football ticket prices for Fiscal Year 2020 and golf course membership dues and fees for Calendar Year 2019 at the recommended levels, is proposed.

WHEREAS The Ohio State University Department of Athletics has a long history of self-sustainability in supporting 36 world-class athletics programs and providing needed revenues back to the university for scholarships and academic programs; and

WHEREAS Ohio State desires to continue its variable ticket pricing methodology to create a range of pricing options for fans attending games; and

WHEREAS each year the Athletic Council reviews projections for the coming year's budget and recommends ticket prices and golf course membership dues and fees; and

WHEREAS the Athletic Council has approved football ticket pricing and golf course membership dues and fees as shown on the attached tables; and

WHEREAS the Athletic Council's recommendations have been reviewed and are recommended by the appropriate university administration:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the recommended prices for football tickets for Fiscal Year 2020 and for golf course membership dues and fees for Calendar Year 2019.

**THE OHIO STATE UNIVERSITY BOARD OF TRUSTEES
FINANCE COMMITTEE**

November 15, 2018

TOPICS: Football Ticket Prices
Golf Course Membership Dues and Daily Green Fees

CONTEXT:

The Ohio State University Department of Athletics continues to be one of only 12 self-sustaining athletic programs across the nation. Currently, the Department of Athletics funds more than 1,100 student-athletes in successful endeavors of academic achievement and athletics competitions, with a graduation success rate of 86 percent. Yearly, the Department of Athletics contributes more than $30 million back to the institution's academic mission. Funds generated from ticket sales are used to sustain the scholarships for more than 625 student-athletes.

The Department of Athletics first introduced premier-game pricing in 2013, and beginning with the 2016 football season adopted a completely variable pricing model for all individual game tickets, while implementing percentage discounts for public season ticket purchasers and faculty & staff season ticket purchasers. These pricing strategies have been successful in regards to maintaining high demand for tickets, and also in positive feedback received from fans regarding the variable pricing for games. The Athletic Council and university administrators recommend continuation of these pricing guidelines. Additionally, a golf course membership dues and daily green fees increase is necessary to meet increased costs and remain financially stable for FY2020.

RECOMMENDATION:

For Football tickets:

- Assign the individual game and season ticket pricing for the 2019 football season as indicated in the attached table.

For Golf Course Membership Dues and Green Fees:

- For the 2019 calendar year (FY2020), increase the Alumni, Faculty/Staff and Affiliate membership dues by 2.5%, increase the OSU Student membership dues by 2.1%, reinstate a $1,000 initiation fee for new membership waiting list additions, and assign daily green fees as indicated in the attached table.

CONSIDERATIONS:

Football Tickets:

- Variable ticket pricing is widely in use by other Big Ten institutions and various athletic programs across the country, provides better access and affordability for fans, and has been successful at Ohio State since first introduced for the 2013 season.
- Athletic Council utilizes a tiered pricing methodology as an administrative tool when establishing variable ticket pricing for individual games, with regular review of the structure and pricing methodologies.
- The current season ticket discounts of approximately 15% off the aggregate individual price for public, and approximately 20% off the aggregate individual price for faculty and staff, will remain.
- The current student ticket price of $34 per game will not change, and will be maintained through at least the 2020 season.

Football Ticket Pricing – 2019 Season (FY2020)				
Opponent	Reserved	Box/Club	Faculty / Staff	Student
Florida Atlantic	$ 60	$ 85		
Cincinnati	$ 90	$ 115		
Miami (OH)	$ 65	$ 90		
Michigan State	$ 147	$ 172		
Wisconsin	$ 170	$ 195		
Maryland	$ 92	$ 117		
Penn State	$ 198	$ 223		
Season Ticket	$ 702	$ 851	$ 659	$ 238

Golf Course Membership Dues and Green Fees:

- The club seeks to reinstate the $1,000 initiation fee for new members which had been waived since 2010 after a decline in memberships. Due to policy changes implemented in 2014 involving number of golf rounds included and access to practice areas, the club has increased memberships back to full capacity, with approximately 250 individuals on the waiting list, and feels the reinstitution of the initiation fee is warranted. The initiation fee would only apply to new additions to the membership waiting list, would not apply to students, and would be payable upon membership acceptance into the club.
- The membership dues increase and initiation fee would be allocated to the capital reserve account for future projects and deferred maintenance, and the daily fees increase would be allocated as additional operating revenue.
- In a market comparison of daily green fees, membership dues and initiation fees, the current rates are comparable to local courses for the quality and amenities provided and at the high end of the competitive market for the area.

Golf Course Membership Dues/Green Fees – 2019 Calendar Year (FY2020)					
	Annual	Green Fees		Green Fees	
Category / Affiliation	Membership	Scarlet	*Twilight*	Gray	*Twilight*
Student	$ 730	$ 35	$ 30	$ 25	$ 20
Faculty / Staff	$ 2,584	$ 65	$ 35	$ 40	$ 25
With Spouse	$ 4,199				
Full Family	$ 5,006				
Alumni / Buckeye Club	$ 3,229	$ 80	$ 40	$ 50	$ 30
With Spouse	$ 4,843				
Full Family	$ 5,650				

Golf Course Membership Dues/Green Fees – 2019 Calendar Year (FY2020) - continued					
	Annual	Green Fees		Green Fees	
Category / Affiliation	Membership	Scarlet	*Twilight*	Gray	*Twilight*
Young Professional (21-26yo)	$ 2,099	$ 80	$ 40	$ 50	$ 30
With Spouse	$ 3,714				
Young Professional (27-32yo)	$ 2,422	$ 80	$ 40	$ 50	$ 30
With Spouse	$ 4,037				

ATHLETICS
Fawcett Center | 2400 Olentangy River Rd. Columbus, Ohio 43210

Department of Athletics
Board of Trustee Items
Nov. 15-16, 2018

FY20 Athletic Football Ticket Prices
and Golf Course Membership Dues & Green Fees

GENERAL TALKING POINTS:

- The Ohio State University Department of Athletics continues to be one of 24 self-sustaining athletic programs across the nation.
- Currently, the Department of Athletics funds more than 1,100 student-athletes in successful endeavors of academic achievement and athletics competitions.
- Supporting broad-based sport programming, the Department of Athletics hosts 36 varsity athletics teams and cheerleading and dance.
- The Department of Athletics Graduation Success Rate is 86 percent.
- Yearly, the Department of Athletics contributes more than $35 million back to the institution's academic mission.
- Funds generated from ticket sales are used to sustain the scholarships for over 625 student-athletes.
- Annually, the Department of Athletics funds the University Marching Band and Athletic Pep Bands at $400,000, plus covers the cost of all away contest accommodations and travel in addition to post season and championship trips.

FOOTBALL TALKING POINTS:

- The Department of Athletics first introduced premier-game pricing in 2013.
- A variable pricing model for all individual game tickets was adopted for the 2016 football season.
- Aligning pricing to market is an effective tool in generating ticket sales revenue to support Athletics Departments.
- The total revenues for football tickets have been incorporated into the Department of Athletics' Five-Year Financial Plan.

FOOTBALL APPROVAL PROCESS AND 2019 TALKING POINTS:

- Each year the Athletic Council reviews projections for the coming year's budget and recommends ticket prices.
    - The Athletic Council, as an agent of the Senate, in accordance with the University Bylaws, and subject to the general authority of the President and the Board of Trustees, shall have the power and authority to develop policies governing intercollegiate athletics. The Senate may hold these policies in review. The policies shall guide the administration of athletics by the Director of Athletics, but the Athletic Council shall not serve in an administrative or executive capacity.
    - The Council shall establish and consider policy involving, but not limited to:
        - The income and expenditures budget;
        - The schedules for seasonal and post-seasonal play in relation to the effect upon the well-being of the athletes;
        - Grants and other financial aid to athletes;
        - Student-athlete eligibility;
        - Student grievance procedures and sportsmanship policies related to athletics;
        - Awards to athletes;
        - Ticket prices and ticket distribution;
        - Public and campus relations of the athletic program.
- The Athletic Council has approved pricing for football as follows:
    - For the 2019 season, our variable pricing per game falls within a range of a minimum $60 to a maximum $198 per ticket for regular reserved seating.
    - Two games (Florida Atlantic and Miami-OH) fall within the lowest-priced tiers and two games (Wisconsin and Penn State) fall within the highest-priced tiers.
    - The season ticket price for the current (2018) season was significantly reduced from the previous season.
    - The proposed season ticket price for the 2019 season brings pricing back into alignment with 2017 levels.
    - The Athletic Council and University administrators recommend continuation of these pricing guidelines.
- Public season ticket holders would maintain a 15% discount.
- Faculty & staff receive a 20% discount.
- These groups would realize a $63 and $58 increase in total season ticket price respectively.
- Student season tickets will remain unchanged at $238.
- These pricing strategies have been successful in regards to maintaining high demand for tickets, and also in positive feedback received from fans regarding the variable pricing for games.
- The department maintains its commitment to provide an allotment of tickets for a designated annual University faculty and staff appreciation game.

FOOTBALL CONSIDERATIONS:

- Variable ticket pricing is widely in use by other Big Ten institutions and various athletic programs across the country, provides better access and affordability for fans, and has been successful at Ohio State since first introduced for the 2013 season.
- Athletic Council utilizes a tiered pricing methodology as an administrative tool when establishing variable ticket pricing for individual games, with regular review of the structure and pricing methodologies.
- The current student ticket price of $34 per game will not change, and will be maintained through at least the 2020 season.

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Season Ticket	$ 702	$ 851	$ 659	$ 238

GOLF COURSE GENERAL TALKING POINTS:

- The Ohio State Golf Club currently has 858 members, which includes 178 students (membership capacity).
- Approximately 250 people are on the wait list.

GOLF COURSE MEMBERSHIP DUES & GREEN FEES TALKING POINTS:

- For the 2019 calendar year, proposed:
  - 2.1% increase in membership dues for OSU students
  - 2.5% increase in membership dues for Alumni, Affiliates and Faculty/Staff
- Also proposed is a reinstatement of the $1,000 initiation fee for new members which had been waived since 2010 after a decline in memberships.
- Due to policy changes implemented in 2014 involving number of golf rounds included and access to practice areas, the club has increased memberships back to full capacity, and the reinstitution of the initiation fee is warranted. The initiation fee would only apply to new additions to the membership waiting list, would not apply to students, and would be payable upon membership acceptance into the club.
- The $1,000 initiation fee would not be realized for approximately four to five years due to the current size of the wait list. Adding the initiation fee will not affect current wait listed individuals.
- The membership dues increase and initiation fee would be allocated to the capital reserve account for future projects and deferred maintenance; daily green fees are allocated as operating revenue.

- In a market comparison of daily fees and membership dues, the current rates are comparable to local courses for the quality and amenities provided and at the high end of the competitive market for the area.

Golf Course Membership Dues/Green Fees – 2019 Calendar Year (FY2020)					
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Young Professional (age: 27-32)	$ 2,422	$ 80	$ 40	$ 50	$ 30
With Spouse	$ 4,037				

GOLF COURSE HISTORIC TALKING POINTS:

- Club had a $1000 initiation fee 2007-2009.
- Club membership dropped from 900 members in 2008 to approximately 630 members in 2009.
- Club carried approximately 650 members each year until spring 2014.
- Club changed policies in 2014 to only allow non-member alumni/faculty/staff six rounds of golf per season (May-Oct.) and privatized the practice facility…only allowing current members on the putting greens and hitting areas.
- Reduction in outings has increased availability for members.
- Policy changes increased membership to full capacity, 850, fall of 2015/spring 2016.

The Ohio State University
Board of Trustees

November 16, 2018

RESPONSE TO USG FOSSIL FUEL DIVESTMENT PROPOSAL

Synopsis: Response to The Ohio State University Undergraduate Student Government's (USG) proposal to divest the university's Long-Term Investment Pool from "fossil fuel" companies, is proposed.

WHEREAS the Undergraduate Student Government adopted Resolution 50-R-24, which "asks The Ohio State University administration and the Office of Investments to divest from Duke Energy, Energy Transfer Partners, and the top 200 fossil fuel companies as reported by the Fossil Free Index;" and

WHEREAS the Long-Term Investment Pool was established to provide financial support for the long-term use and benefit of the university in support of its mission; and

WHEREAS in accordance with the university's Investment Policy, the Office of Business and Finance conducted a study of the USG proposal and its potential financial impact on the university's investment portfolio; and

WHEREAS the impact review report demonstrates that the Office of Investments continually assesses and makes adjustments to the Long-Term Investment Portfolio based on economic trends, including ones in the energy sector, under Ohio State's current investment strategy; and

WHEREAS the impact review report identified risks associated with the USG divestment proposal that could impair the performance of the investment portfolio and thereby reduce the annual funding available for student scholarships, faculty positions and other academic priorities; and

WHEREAS the university has a fiduciary responsibility to protect and grow the resources that support Ohio State's mission; and

WHEREAS Ohio State has made significant investments and commitments that will improve the sustainability of the university and believes that the USG resolution would not advance those efforts:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby affirms the university's current investment strategy and declines to approve the recommended revisions as described in Undergraduate Student Government Resolution 50-R-24.

THE OHIO STATE UNIVERSITY

Summary: Divestment Impact Report

Michael Papadakis, SVP and CFO | John Lane, CIO

Finance Committee | November 2018

Background: USG divestment proposal

- Nov. 2017: Undergraduate Student Government adopts Resolution 50-R-24
- Key point: "Divest from Duke Energy, Energy Transfer Partners, and the top 200 fossil fuel companies as reported by the Fossil Free Index."
  - "Carbon Underground 200" is an annual ranking of 200 public companies
  - Rank determined by potential carbon emissions content of reserves
  - List includes 100 coal companies and 100 oil and gas companies
- USG approval triggers process described in university Investments Policy:
  - Senior VP for Business and Finance must produce an impact report
  - The Board of Trustees must vote on divestment proposal

Financial impact review

The university evaluated the following in developing an impact report:

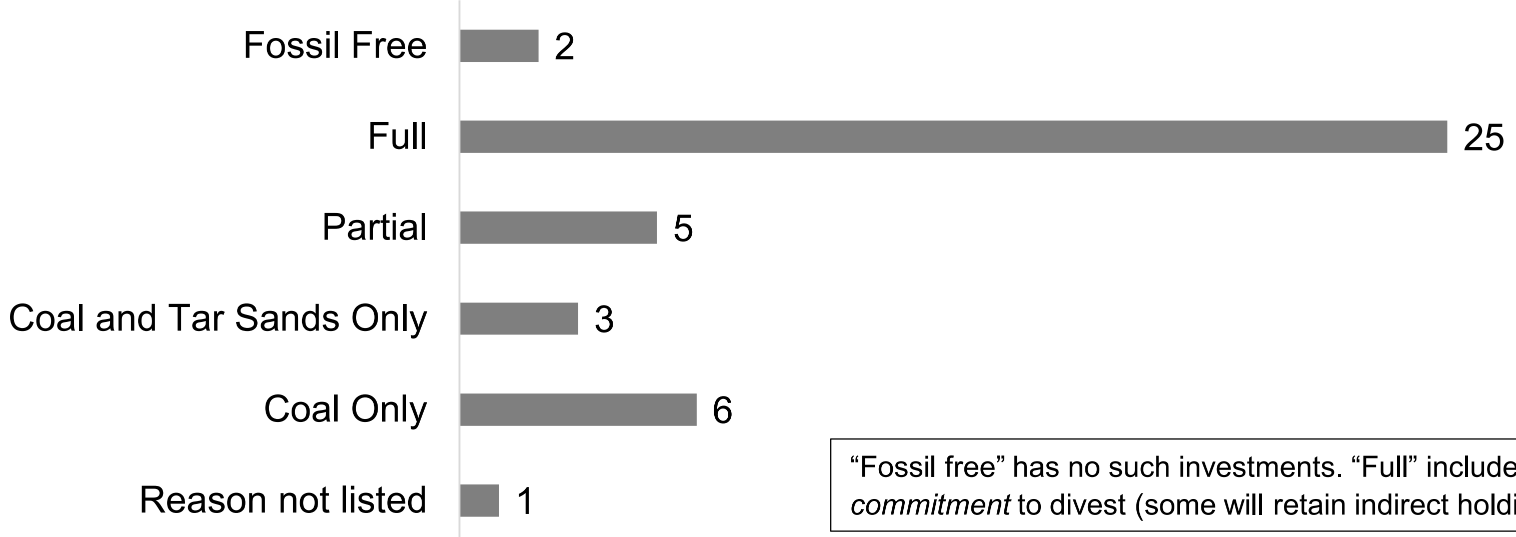
- Fossil fuel divestment trends
- Case studies in higher education
- Review of Ohio State investment portfolio
- Discussions with industry experts
- Engagement with student leaders (5 meetings in 2017-18 and fall 2018)

The Ohio State University

Overview: Fossil fuel divestment

- The United States has ~7,000 higher education institutions
- 42 have approved some kind of divestment, according to Fossil Free group
  - Many distinguish between direct vs. indirect investments
  - Actions vary in how they define the type of investments
- Advocates' list captures only divestment decisions; does not include denials

Fossil fuel divestment in U.S. education



"Fossil free" has no such investments. "Full" includes *commitment* to divest (some will retain indirect holdings)

Source: Fossil Free, July 2018

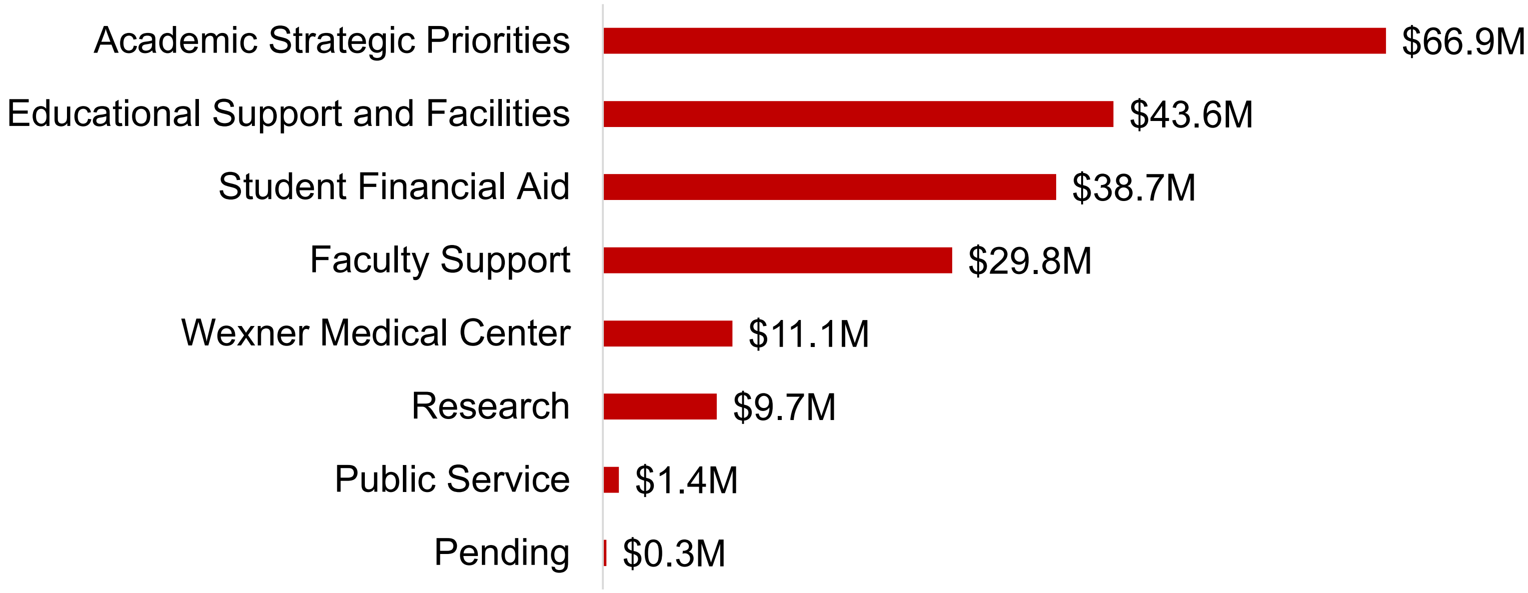
The Ohio State University

Overview: Long-Term Investment Pool

- Every dollar we invest in the LTIP supports our key mission without expanding our reliance on tuition or tax dollars

- The LTIP contains more than 5,900 endowments funded by private gifts, strategic investments by the university, and long-term savings to protect the financial health of the university and Wexner Medical Center.

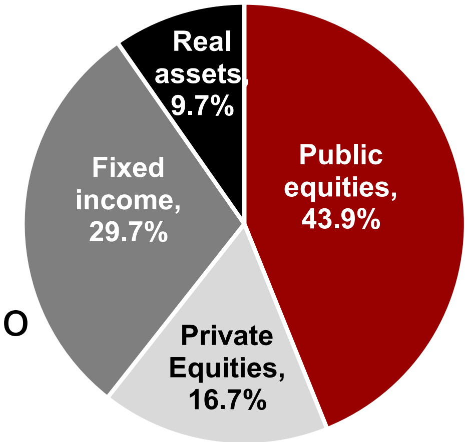
LTIP distributions for FY18: $201.5 million



THE OHIO STATE UNIVERSITY

How LTIP is invested

Asset allocation



- $2.3 billion invested in public equities (43.9% of LTIP)
  - Ohio State does not pick stocks; outside managers do
- We could not dictate choice of stocks in ~80% of equities
  - $1.06 billion is in co-mingled accounts with multiple investors
  - $792 million is in passive indexes or ETFs
- The other 20 percent ($438 million) is managed externally but directly owned by the university in separate accounts

ENERGY INVESTMENTS

- Economic trends, including in energy, are reflected in investment strategy
- Invested $60M in infrastructure fund that includes wind farms, solar projects
- Winding down illiquid investments in oil and gas exploration/production
  - No new investments in more than three years
  - Natural resources is a declining percentage of the portfolio

Key findings of impact review

- USG proposal would require a broad change in strategy beyond fossil fuels
  - Proposal would affect ~80% of public equities in co-mingled/index funds
- Other approaches (fossil free indexes, restrictions on managers) pose risks
  - University would be excluded from some high-performing funds
  - Investment pool would be less diverse/more susceptible to market factors
  - Managers would likely charge higher fees to meet our preferences
- Underperformance would mean less funding available for academic priorities
  - Over 10 years, underperforming budget by 1% would have big impact
    - Market value would be $690M less
    - Annual funding for university priorities would be $30.5M less
- Divestment would not advance the sustainability of the Ohio State campuses

Recommendation

- Maintain current investment strategy
  - Make adjustments based on economic considerations
  - Pursue financially viable opportunities for sustainable investments
- Continue to focus on other avenues to enhance sustainability
  - Energy efficiency projects (example: lighting and building retrofits)
  - Renewable energy sources (example: 15-year wind purchase agreement)
  - Research (example: Energy Advancement and Innovation Center)
  - Smart mobility (example: electric vehicles)
  - Recycling (example: Zero Waste)
  - Other opportunities for innovation

THE OHIO STATE UNIVERSITY

IMPACT REVIEW REPORT

POTENTIAL FINANCIAL IMPACT
OF USG RESOLUTION ON FOSSIL FUEL DIVESTMENT

OFFICE OF BUSINESS AND FINANCE

NOVEMBER 2018

EXECUTIVE SUMMARY

On Nov. 29, 2017, the Undergraduate Student Government adopted Resolution 50-R-24, which calls on the university's Office of Investments to "divest from Duke Energy, Energy Transfer Partners, and the top 200 fossil fuel companies as reported by the Fossil Free Index."

University policy establishes a process for considering divestment proposals for non-economic reasons. The Office of Business and Finance is required to prepare a financial impact report to inform the Board of Trustees, which in turn will decide on a response to the proposal.

The advocacy group Fossil Free says 894 institutions worldwide, including 42 U.S. educational institutions, had taken some kind of divestment action as of July 2018. These reflect a variety of policies — from commitments to action — that target various companies, ranging from coal companies to ones with broader holdings. There does not appear to be an authoritative accounting of institutions that have declined divestment requests.

Ohio State and our third-party investment managers already adjust the university's portfolio based on economic reasons, including the factors affecting particular industries. For example, the university ceased making new investments in oil and gas exploration and production three years ago and ramped up a $60 million investment in sustainable energy projects.

A shift toward making investment decisions for non-economic reasons would be a broad departure from our current investment strategy.

The university's financial analysis shows that the USG proposal would have implications far beyond the "fossil fuel" companies identified in Resolution 50-R-24. About 80 percent of the university's holdings in public equities are invested through co-managed funds or broad market indices. The university does not determine the particular stocks within these funds or indices.

To exclude particular companies or sectors from the portfolio would therefore require the university to choose an alternative investment strategy in which Ohio State either micromanages individual holdings or selects broader funds that exclude certain companies or sectors. These options pose the following risks to the performance of the Long-Term Investment Pool.

- Ohio State would be excluded from some high-performing funds that have supported the university's investment strategy.
- Our investment pool would be less diverse, and therefore more susceptible to market fluctuations.
- The university would likely incur higher management fees to obtain more control over individual investments within our portfolio.

The Long-Term Investment Pool exists to support the university's academic mission, so any weakening of performance would reduce the resources available for priorities such as student scholarships and faculty positions.

The university typically budgets an 8 percent annual return, net of management fees, based on the performance of the portfolio since the establishment of the Office of Investments. If the LTIP's performance declined to 7 percent annually, the university would lose out on more than $690 million in growth over a decade. That equates to $30.5 million less per year in distributions that would be available to support university priorities.

It is impossible to forecast how divestment would affect Ohio State's portfolio given that the university already responds to economic factors that affect the performance of different industries, "fossil fuel divestment" has a relatively short history and there is wide variation in how other institutions have addressed these issues.

One of the broadest studies of non-economic divestment — across a variety of issues — involves the California Public Employees' Retirement System, the largest public pension fund in the United States. CalPERS determined that six divestment actions since 1998 (none of which targeted fossil fuels) cost that portfolio about $8 billion through Dec. 31, 2014. In light of the study, CalPERS is rethinking its approach to divestment.

Research suggests that divestment in fossil fuels might have a symbolic impact but is unlikely to produce environmental benefits.

"Divestment campaigns, considered on their own, have not been especially effective as a means of significantly reducing CO_2 emissions, and they are not likely to become more effective over time," wrote Tyler Hansen and Robert Pollin of the Political Economy Research Institute at the University of Massachusetts Amherst.

Taken together, these findings lead to the following conclusions about the potential fiscal impact of the USG divestment proposal on Ohio State's investments:

- Divestment for non-economic reasons would require a broad shift in our investment strategy that could depress our performance and/or increase management costs.
- Over a decade, missing our 8 percent performance target by 1 percentage point would cost the university $30 million in annual support for student scholarships, faculty positions and other academic priorities.
- Divestment actions are unlikely to provide environmental benefits.

Recommendation: Ohio State should continue our current investment strategy, which allows the university to respond to economic trends in the energy sector and sustainability. For example, the university has already ceased new investments in oil and gas exploration and ramped up investments in sustainable energy projects. The USG proposal should be declined.

Note: This analysis focuses on how the USG proposal would affect the Long-Term Investment Pool.

With more than 500 Ohio State researchers and nearly 100 student organizations focused on sustainability and/or energy use, a divestment decision could have implications for many other areas of the university. Likewise, our approach to this issue could affect support from donors and research sponsors.

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IMPACT REVIEW REPORT – FOSSIL FUEL DIVESTMENT

THE USG RESOLUTION

On Nov. 29, 2017, the Undergraduate Student Government adopted a Resolution 50-R-24, which concluded:

- Therefore, Let it Be Resolved that The Ohio State University Undergraduate Student Government asks The Ohio State University administration and the Office of Investments to divest from Duke Energy, Energy Transfer Partners, and the top 200 fossil fuel companies as reported by the Fossil Free Index, and
- Let it Further Be Resolved that the Undergraduate Student Government encourages The Ohio State University to invest in corporations not immediately complicit in the destruction of our environment via involvement in fossil fuel extraction, production, and transfer.

The university's investment policy (5.90) establishes the university's fiduciary responsibility as well as a process for considering divestment requests for non-economic reasons:

- **Section II J2:** "To meet its fiduciary responsibility to its academic programs and its donors, the university seeks to maximize its investment returns within appropriate levels of risk under guidelines established by the Board of Trustees as granted by the Ohio Revised Code. As a public institution, the university also recognizes a duty to support larger societal objectives as well."
- **Section II J3:** "Divestment for non-economic reasons should be recommended through the governance process, i.e. student government, University Senate, or an appropriate committee or decision-making body. That recommendation must be brought forward for a vote by the Board of Trustees, accompanied by an impact review report from the senior vice president for business and finance regarding the potential impact of the proposed divestment on the LTIP.

The Office of Business and Finance has produced this impact report to inform the Board of Trustees' discussion of this topic.

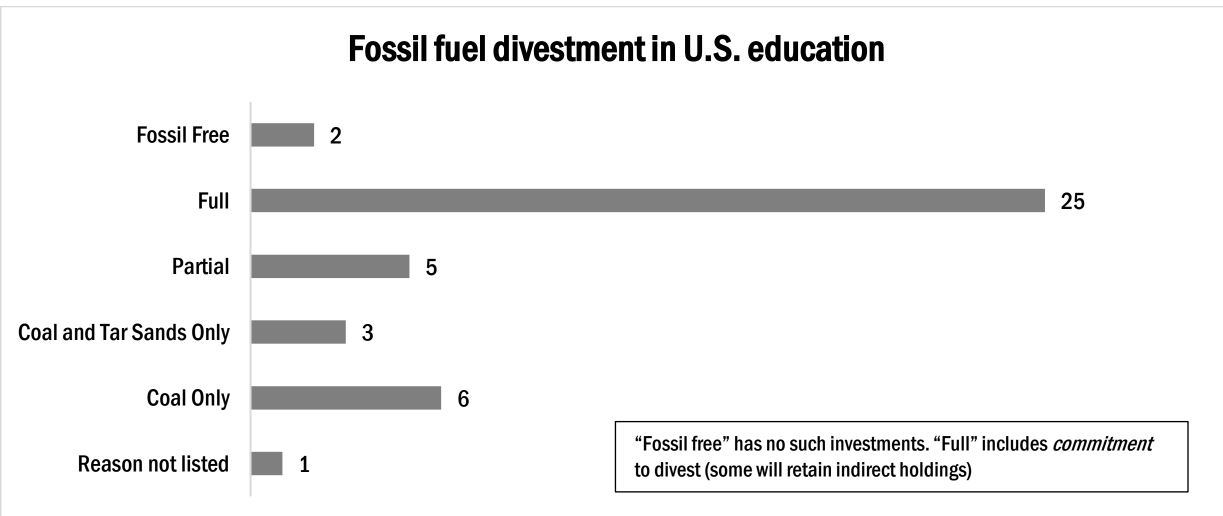
FOSSIL FREE DIVESTMENT

The USG resolution calls on the university to divest "the top 200 fossil fuel companies" (as reported the advocacy group Fossil Free[1], plus two companies — Duke Energy and Energy Transfer Partners.

Fossil Free supports divestment campaigns in communities worldwide. The group compiles its Carbon Underground 200 list based on the following definition: "the top 100 public coal companies globally and the top 100 public oil and gas companies globally, ranked by the potential carbon emissions content of their reported reserves."[2]

There are about 7,000 colleges and universities in the United States. Fossil Free says 42 U.S. educational institutions are among 894 institutions (in all industry sectors) worldwide that had taken some kind of divestment action as of July 5, 2018. Most of the schools listed are small, private and/or have made targeted divestment decisions.

In many cases, educational institutions have developed policies that distinguish between *direct* investments (in which they hold ownership in a stock) vs. *indirect* investments through funds or indexes. These divestment actions also vary in how they define the type of investments that are acceptable.



The University of Maryland is the only Big Ten school listed. In 2017, Maryland announced that it would not directly invest in Carbon Underground 200 companies and would encourage third-party managers to make sustainable investments. At the time, Maryland did not directly hold any stocks from the Carbon Underground 200 list.

The University of Dayton, a private Catholic school, is the only Ohio university on the Fossil Free list.

THE LONG-TERM INVESTMENT POOL

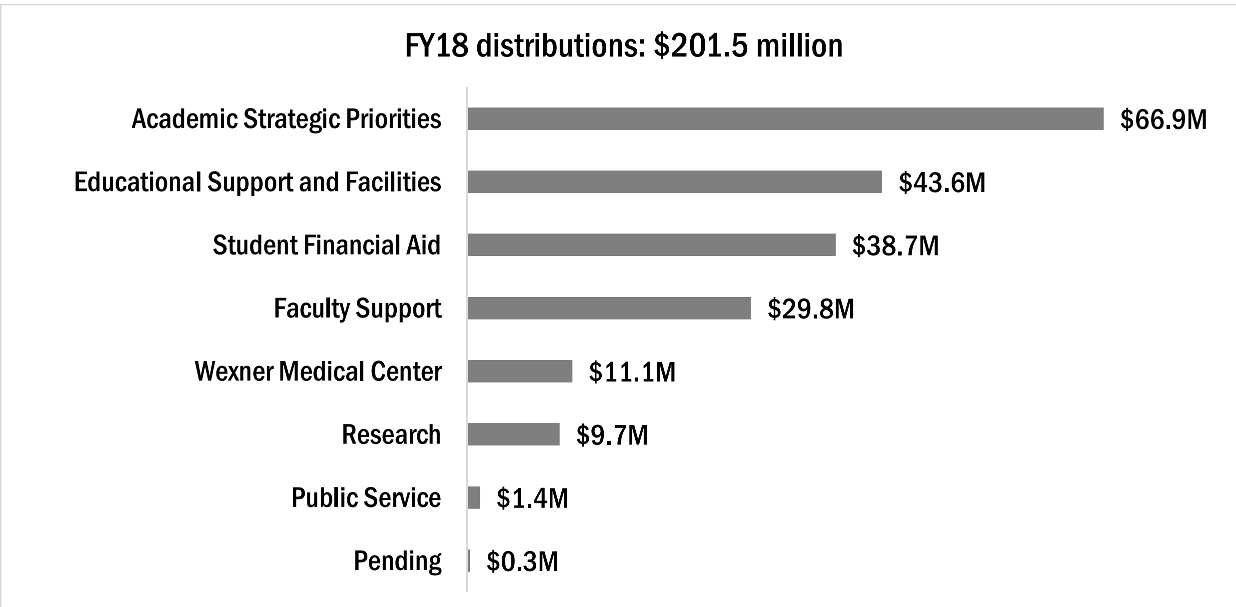
[1] https://gofossilfree.org/divestment/commitments/
[2] https://gofossilfree.org/top-200/

Ohio State utilizes our Long-Term Investment Pool (LTIP) to provide ongoing, stable support for our mission as a national flagship public research university.

The LTIP contains thousands of endowments funded by private gifts, strategic investments by the university, and strategic savings that protect the financial health of the university and Wexner Medical Center.

The LTIP had a market value of $5.2 billion as of June 30, 2018.

The university makes distributions each year to support student financial aid, faculty positions, research and the other priorities reflected in our endowments. These distributions totaled $201.5 million in fiscal 2018. The university distributes funds based on 4.5 percent of the 7-year rolling average of the market value per share.



The university has few examples of divestment for non-economic reasons. Ohio State has previously divested from investments in South Africa (1985) and the Sudan (2008) based on human rights concerns. Other than those exceptions, the university has followed an investment strategy that prioritizes generating returns to benefit the academic mission.

The USG resolution related to fossil fuels is the first divestment initiative to be approved through the campus governance system in recent years.

FINANCIAL IMPLICATIONS OF THE USG PROPOSAL

Although the USG resolution is focused on “fossil fuel” investments, it would prompt a much broader change to the way Ohio State manages the Long-Term Investment Pool.

The Office of Investments establishes the university’s overall investment strategy — including the asset allocation mix and tactics to mitigate downside risk — and selects fund managers with proven records of success. The university does not pick individual stocks in which to invest. Instead, these outside fund managers make decisions about individual investments based on their financial assessments and strategies.

This practice, which is common among large endowments, allows the university’s Office of Investments to focus on broad growth and risk-mitigation strategies for the LTIP while relying on outside experts to implement those strategies on a daily basis.

As of June 30, 2018, $2.3 billion of the LTIP was invested in public equities, representing 43.9 percent of the LTIP’s total market value.

The USG resolution, if adopted, would require the university not only to divest from the named companies — it would require the university to exit the vast majority of our current public equity investments. That is because about 80 percent of these investments are either in “co-mingled” funds — where there are multiple investors participating — or in broad public indexes such as the S&P 500. In both cases, Ohio State could not dictate the selection of stocks.

The S&P 500, Russell 2000 and ACWI all include companies that are part of the Carbon Underground 200 list, representing 0.75% to 5.74% of those indices. Ohio State does not reveal specifics of our holdings to protect our competitive position, but the university’s public equities fall within a similar range for Carbon Underground stocks.

There are “fossil free” indexes available that exclude companies based on various definitions. These funds, by definition, are narrower than the broad indexes and would therefore limit the university’s ability to diversify our investments to fully maximize returns and reduce volatility.

There is conflicting research about the economic benefits and risks of eliminating “fossil fuel” stocks from an investment portfolio.

A March 2017 study by NEPC[3] reported that comparisons between the ACWI index and an ACWI index that excludes fossil fuel stocks is “largely dependent on changes in oil prices.” The study notes that a sharp decline in oil prices since June 2014 has resulted in stronger performance for the fossil free index in recent years.

The NEPC report cautions that “future performance may be different than the last five years and the time period analyzed is relatively short.” Over a longer span, the energy sector has outperformed the broader market for some periods and underperformed in other periods.

[3] http://www.nepc.com/insights/fossil-fuel-divestment-considerations-for-institutional-portfolios

Notably, a discussion of the financial pros and cons of investing in this sector of the economy does not inform the university's consideration of the USG proposal because it would base a divestment decision on non-economic reasons.

Under the university's current investment policy and strategy, Ohio State adjusts our investment strategies based on economic trends and the relative strengths of different sectors over time. Therefore, the financial performance of this sector is already part of the university's investment approach.

For example, the university ceased making new investments in oil and gas exploration and production three years ago and ramped up a $60 million investment in sustainable energy projects. Ohio State continues to pursue other investments in renewable energy or other sustainable projects.

The university's long-standing investment strategy is designed to maximize the performance of the LTIP to support Ohio State's core academic mission. Strong, steady growth generates support for teaching, learning and research. If the university were to narrow the scope of acceptable investments based on non-economic factors, the university could harm the performance of the LTIP and thereby reduce the funds available for these academic priorities.

The university typically budgets an 8 percent annual return, net of management fees, based on the performance of the portfolio since the establishment of the Office of Investments. If the LTIP's performance declined to 7 percent annually, the university would lose out on more than $690 million in growth over a decade. That equates to $30.5 million less per year in distributions that would be available to support university priorities.

It is impossible to forecast how divestment would affect Ohio State's portfolio given that the university already responds to economic factors that affect the performance of different industries, "fossil fuel divestment" has a relatively short history and there is wide variation in how other institutions have addressed these issues.

One of the broadest studies of non-economic divestment — across a variety of issues — involves the California Public Employees' Retirement System, the largest public pension fund in the United States. CalPERS determined that six divestment actions since 1998 (none of which targeted fossil fuels) cost that portfolio about $8 billion through Dec. 31, 2014. In light of the study, CalPERS is rethinking its approach to divestment.

OTHER CONSIDERATIONS

Ohio State's investment pool is, of course, not the primary expression of the university's purpose and mission.

As a leading national public research institution, the university has academic programs that involve students, faculty and researchers in a broad array of fields, including ones related to energy use and sustainability.

More than 500 Ohio State researchers explore subjects such as cleaner energy sources, innovations to feed a growing population, and solving other sustainability challenges, locally and globally. In addition, nearly 100 student organizations focus on and conduct sustainability activities.

A divestment decision could potentially affect students and faculty in those fields by sparking reactions from companies that provide career opportunities, fund student support programs and contribute to the university. For example, a corporate supporter told the University of Cincinnati in 2016[4] that a divestment proposal there would send the message that "We are not welcome on campus." Of course, a divestment decision could also attract increased support from people or organizations that would view the policy positively.

Likewise, it is impossible to know whether a divestment decision would have any impact — positive or negative — on donors' willingness to contribute to Ohio State. About $2 billion of the LTIP's market value are in gifted endowments — those originally funded by donors — and there is no clear indication of how these stakeholders would weigh the idea of limiting the investment strategy based on non-economic factors.

In terms of environmental impact, a study[5] by researchers at the Political Economy Research Institute at the University of Massachusetts Amherst found that divestment actions are unlikely to affect the targeted companies or produce environmental benefits.

"Divestment campaigns, considered on their own, have not been especially effective as a means of significantly reducing CO_2 emissions, and they are not likely to become more effective over time," wrote researchers Tyler Hansen and Robert Pollin.

Through a regression analysis, Hansen and Pollin attempted to determine the effects of divestment actions on the targeted companies. They found that divestment simply shifts ownership of company shares but is "strongly insignificant" in terms of the targeted companies' share prices.

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[4] https://www.citybeat.com/news/article/13000155/divesting-debate
[5] https://www.peri.umass.edu/publication/item/download/776_f2ebdf4d75d893485f5840ba8a28d53c

50-R-24

A Resolution to Remove Investments from Top 200 Fossil Fuel Corporations, Energy Transfer Partners, and Duke Energy

Savannah Sockwell (for herself, Vikas Munjal, Kinza Sami, Farhan Quadri, Nate Smith, Safiyo Mohamud, Em Meersman, Shukri Ahmed, Halima Mohamed, and Alexis McKenzie) introduced the following legislation to the Steering Committee, where it passed.

* * *

Whereas the Undergraduate Student Government represents all undergraduate students at The Ohio State University, and

Whereas The Ohio State University prides itself, according to the Ohio State Sustainability Goals, for being "a recognized leader in developing durable solutions to the pressing challenges of sustainability, and in evolving a culture of sustainability through collaborative teaching, pioneering research, comprehensive outreach, and innovative operations, practices, and policies"[1] and

Whereas The Ohio State University seeks to achieve carbon neutrality by 2050 per the American College and University Presidents Climate Commitment, and reduce carbon footprint of university fleet by 25% by 2025,[2] and

Whereas it is counterproductive for the University to invest in businesses that are destroying the environment that students and faculty are committed to conserving, and

Whereas The Ohio State University is currently invested in companies that do not align with the values and goals indicated in the Sustainability Goals, companies that are accelerating climate change by virtue of the extraction, production, and transfer of fossil fuels, such as many of the top-200 carbon-emitting companies as listed by the Fossil Free Index,[3] Energy Transfer Partners (ETP), and Duke Energy, and

Whereas we must align our investments with our values, and

Whereas Energy Transfer Partners is responsible for the construction of the Rover Pipeline through Ohio which has already spilled millions of gallons of drilling fluids into Ohio wetlands and is being sued by the State of Ohio as of early November,[4] and is also

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[1] https://www.osu.edu/SustGoals%20FINAL%20updated%20030817.pdf
[2] http://reporting.secondnature.org/institution/detail!3097/##3097
[3] http://fossilfreeindexes.com/2017/10/26/ffi-the-carbon-underground-200-2017/
[4] https://www.pbs.org/newshour/nation/two-weeks-rover-pipeline-leaked-drilling-fluid-ohio-wetlands

responsible for the construction of the Dakota Access Pipeline which has been the subject of mass protest due to its threat to Standing Rock Sioux Tribe sacred land and water, and

Whereas Duke Energy has a 40 percent ownership stake in the Atlantic Coast Pipeline,[5] and since 2010 has spilled 12.8 billion cubic feet of natural gas in almost 700 incidents of leakage, leading to natural habitat destruction[6] while exacerbating the dangers of climate change, and

Whereas the effects of climate change manifest unevenly, and working class communities, communities of color, and communities in the Global South are disproportionately affected by fossil fuel extraction and the resulting changes of the natural environment, and

Whereas among these effects are severe health issues, drought and/or lack of access to clean water, disruptions in natural agricultural and ecological cycles, and devastating natural disasters, and

Whereas these effects present these communities with hardships affecting social and cultural relations, health, financial stability, and survival, and

Whereas furthermore, these disenfranchised communities have historically been excluded from global processes to address environmental destruction,[7] and

Whereas investment in the fossil fuel industry is equated to complicity in the destruction of the environment, and its catastrophic social, cultural, political, and existential effects, and

Whereas other public land-grant universities such as the University of Massachusetts at Amherst[8] and universities in Ohio such as the University of Dayton[9] have divested from fossil fuels, and 40 Catholic Institutions have vowed to lead the largest faith-based divestment from the fossil fuel industry,[10] contributing to the global divestment movement already worth over $5.5 trillion,[11] and

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5 http://www.sooga.org/uploads/2015-11-12%20Insider.pdf

6 http://www.hcn.org/articles/natural-gas-pipeline-incidents-scary-exacerbate-climate-change-methane

7 http://www.indiaresource.org/issues/energycc/2003/baliprinciples.html

8 https://www.umass.edu/newsoffice/article/umass-becomes-first-major-public

9 https://udayton.edu/news/articles/2014/06/dayton_divests_fossil_fuels.php

10 https://www.theguardian.com/environment/2017/oct/03/catholic-church-to-make-record-divestment-from-fossil-fuels

11 https://www.theguardian.com/environment/2016/dec/12/fossil-fuel-divestment-funds-double-5tn-in-a-year

Whereas The Ohio State University has the 25th largest endowment of any university in North America,[12] and is positioned to set trends for how universities invest their money, and would thus encourage other institutions across the country to divest from fossil fuels, and

Whereas divestment from fossil fuel corporations is financially sensible, as portfolios free of fossil fuel investments have been shown to outperform those with assets in coal, oil, and gas companies,[13] and

Whereas the financial activities of the Office of Investments are neither transparent nor accountable to the student body, and thus students can only speculate as to which business interests OSU currently holds;

Therefore, Let it Be Resolved that The Ohio State University Undergraduate Student Government asks The Ohio State University administration and the Office of Investments to divest from Duke Energy, Energy Transfer Partners, and the top 200 fossil fuel companies as reported by the Fossil Free Index,[14] and

Let it Further Be Resolved that the Undergraduate Student Government encourages The Ohio State University to invest in corporations not immediately complicit in the destruction of our environment via involvement in fossil fuel extraction, production, and transfer.

Floor Vote: Passed

Andrew Jackson	Sophie Chang
President	Vice President

Date Adopted: November 29, 2017

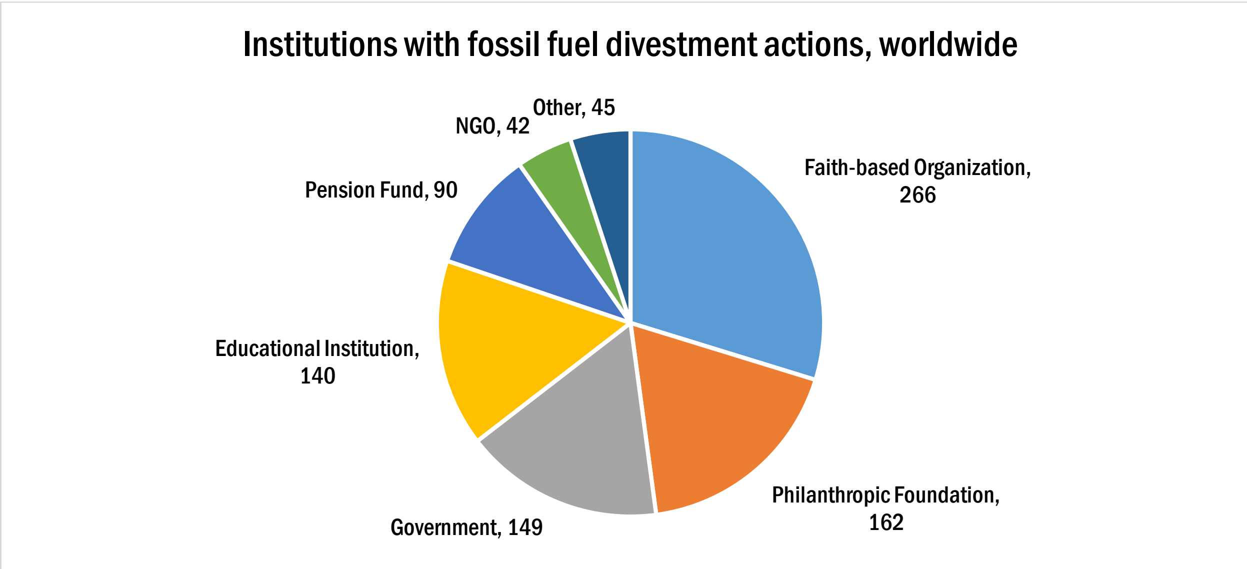
Date Terminated: _______________

[12] http://www.nacubo.org/Documents/EndowmentFiles/2016-Endowment-Market-Values.pdf

[13] https://www.theguardian.com/environment/2015/apr/10/fossil-fuel-free-funds-out-performed-conventional-ones-analysis-shows

[14] http://fossilfreeindexes.com/fossil-free-indexes-us/

The advocacy group Fossil Free promotes fossil fuel divestment and tracks institutions that have participated. As of July 5, 2018, the group listed 894 institutions that had committed or acted on some kind of fossil fuel divestment. Nearly half were faith-based or philanthropic organizations.



How Fossil Free defines different kinds of divestment actions:

- **Fossil Free**: An institution or corporation that does not have any investments (direct ownership, shares, commingled mutual funds containing shares, corporate bonds) in fossil fuel companies (coal, oil, natural gas) and especially, those in "The Carbon Underground: The World's Top 200 Companies, Ranked by the Carbon Content of their Fossil Fuel Reserves" and committed to avoid any fossil fuel investments in the future
- **Full:** An institution or corporation that made a binding commitment to divest (direct ownership, shares, commingled mutual funds containing shares, corporate bonds or any assets classes) from any fossil fuel company (coal, oil, natural gas) and especially, those in "The Carbon Underground: The World's Top 200 Companies, Ranked by the Carbon Content of their Fossil Fuel Reserves."
- **Partial:** An institution or corporation that made a binding commitment to divest across asset classes from some fossil fuel companies (coal, oil, natural gas), and especially those in "The Carbon Underground: The World's Top 200 Companies, Ranked by the Carbon Content of their Fossil Fuel Reserves", or to divest from all fossil fuel companies (coal, oil, natural gas), and especially those in "The Carbon Underground: The World's Top 200 Companies, Ranked by the Carbon Content of their Fossil Fuel Reserves", but only in specific asset classes (e.g. direct investments, domestic equity)
- **Coal and Tar Sands:** An institution or corporation that made a binding commitment to divest (direct ownership, shares, commingled mutual funds containing shares, corporate bonds or any assets classes) from any coal and tar sands companies.
- **Coal only:** An institution or corporation that made a binding commitment to divest (direct ownership, shares, commingled mutual funds containing shares, corporate bonds or any assets classes) from any coal companies.

CASE STUDIES (Market value as of June 30, 2017[6])

Beyond the Fossil Free database, there does not appear to be a publicly available dataset about divestment decisions. The following case studies provide examples of some other institutions of note.

- **University of California** ($9.8B) – Has sold off coal and oil sands investments and increased investments in renewable energy; the university has declined any blanket divestment. In June 2017[7], the university stated, "It is our intention to shift our holdings to cleaner energy investments over time based on market trends and opportunities rather than to give ourselves an arbitrary deadline that might put our financial stakeholders at risk. By doing so, we hope to strike a harmonious balance between our commitment to clean energy and our fiduciary responsibility to our endowment and our retirees."

- **University of Maryland** ($1.1B) – Listed as fully divested. In August 2017[8], Maryland announced that it had made no direct investments in Carbon Underground 200 companies and had stated a preference to investment managers for "investments in renewable energy over fossil fuel, all else being equal."

- **University of Massachusetts** ($819M) — Listed as fully divested. In May 2016[9], Massachusetts announced that it was the first major public university to divest from direct holdings in fossil fuels.

- **University of Michigan** ($10.9B) — Decided against fossil fuel divestment policy. In December 2015[10], Michigan's president stated, "At this moment, there is no viable alternative to fossil fuels at the necessary scale. In addition, most of the same companies that extract or use fossil fuels are also investing heavily in a transition to natural gas or renewables, in response to market forces and regulatory activity. I do not believe that a persuasive argument has been made that divestment by the U-M will speed up the necessary transition from coal to renewable or less polluting sources of energy."

- **New York City Retirement Systems** ($182.3B) **—** Study underway after commitment to divest. In January 2018[11], The New York mayor and other leaders declared that all five city employee pension plans would divest from fossil fuel reserve owners within five years. In April[12], the city began work to develop a Request for Proposals to conduct a study of divestment for three of the funds (representing civilian employees, teachers and the board

[6] https://www.nacubo.org/Research/2009/Public-NCSE-Tables
[7] https://www.ucop.edu/investment-office/sustainable-investment/statement-on-fossil-fuels-climate-change-and-ucs-investment-strategy.html
[8] http://www.usmf.org/files/resources/statement-from-the-ad-hoc-committee-for-socially-r.pdf
[9] https://www.umass.edu/newsoffice/article/umass-becomes-first-major-public
[10] https://president.umich.edu/news-communications/on-the-agenda/addressing-climate-change-as-a-powerful-community/
[11] https://comptroller.nyc.gov/newsroom/climate-action-mayor-comptroller-trustees-announce-first-in-the-nation-goal-to-divest-from-fossil-fuels/
[12] https://comptroller.nyc.gov/newsroom/mayor-de-blasio-comptroller-stringer-pension-fund-trustees-launch-next-step-in-comprehensive-effort-to-divest-from-fossil-fuels/

of education). Two others (representing police and fire) oppose divestment and are not taking part.

- **Stanford University** ($24.8B) — Listed as divested from coal; declined further divestment. In April 2016[13], Stanford's board of trustees issued a statement saying, "We believe the long-term solution is for all of us to reduce our consumption of fossil fuel resources and develop effective alternatives. Because achieving these goals will take time, and given how integral oil and gas are to the global economy, the trustees do not believe that a credible case can be made for divesting from the fossil fuel industry until there are competitive and readily available alternatives. Stanford will remain a leader in developing such alternatives."

[13] https://news.stanford.edu/2016/04/25/stanford-climate-change-statement-board-trustees/

THE OHIO STATE UNIVERSITY

Investment, 5.90

University Policy

Applies to: All fiduciaries, including the Board of Trustees, Finance Committee members, staff, investment managers, investment consultants and custodians for oversight of the university's investment.

Responsible Office — Office of Business and Finance

POLICY

Issued: 08/30/2013
Revised: 07/01/2016

Standards and disciplines adopted so that the Board of Trustees and its Finance Committee can effectively evaluate the performance and operations of the investment portfolios.

Purpose of the Policy

To establish the overall goals, management responsibilities, investment strategies and discipline for the investment portfolios of The Ohio State University (university). This Investment Policy is intended to permit sufficient flexibility to capture investment opportunities, yet provide parameters that ensure prudence and care in the execution of the investment program.

Policy Details

I. Background
The Long-Term Investment Pool (LTIP) was established to provide financial support for the long-term use and benefit of the university in support of its mission. The goal is to manage LTIP assets with prudence and discipline to achieve that purpose. The LTIP will be invested using a total return objective to meet its goals. Funds in the LTIP will be invested in a manner that over the long term will preserve and maintain the real purchasing power of the principal while allowing for an annual distribution as described below.

II. Policy

A. Components of the long-term investment pool
1. The LTIP consists of endowments, quasi-endowments, term endowments and those funds held for the benefit of others.
2. Endowment funds are funds received from donors or other sources with a restriction that the original principal is not expendable, and distributed income is to be used as prescribed.
3. Quasi-endowment funds are funds in which the principal can be spent at the discretion of the university's Board of Trustees. Quasi-endowment funds may include funds derived from sources described in Ohio Revised Code Section 3345.05, including tuition. Quasi- endowment funds also may include operating funds of the university available for long- term investment, as described below in Sections E(3) (Asset Allocation and Rebalancing) and G (Operating Fund Limitations) under Operating and Agency Funds Portfolio.
4. Term endowment funds are funds for which there is a stipulation that the principal may be expended after a stated period of time or upon the occurrence of a certain event.

B. Fiduciary standards
1. The Board of Trustees, Finance Committee members, staff, investment managers, consultants and custodians are fiduciaries. Accordingly, these individuals are required to:
   a. Act solely in the interest of the university, for the purposes of providing income and maintaining the real purchasing power of the principal.
   b. Act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

c. Diversify the investments of the LTIP to minimize overall risk, and to provide investment returns to achieve the LTIP's stated goals.

C. Duties and responsibilities

1. Board of Trustees. The university Board of Trustees has overall responsibility for this LTIP Investment Policy and approval of Finance Committee members. The Board of Trustees votes on items brought forth by the Finance Committee.
2. Finance Committee of the Board of Trustees. The Finance Committee has strategic oversight responsibility for the investment program and operations of the LTIP. The committee must work with the senior vice president for business and finance and the chief investment officer to ensure the LTIP is well managed, in accordance with this LTIP Investment Policy. The Finance Committee must meet at least quarterly.
3. Senior vice president for business and finance. The senior vice president for business and finance has oversight responsibility for the LTIP's investment operations and reporting. The senior vice president for business and finance must review operations and reporting within the Office of Investments to ensure compliance with established policies and procedures.
4. Chief investment officer. The chief investment officer is responsible for managing the LTIP's investment operations and reporting. The chief investment officer must review and recommend policies and procedures that are consistent with the investment objectives of the LTIP. The chief investment officer must report to the senior vice president for business and finance and the Finance Committee, at least quarterly.
5. Investment Managers. The university uses external investment managers approved by the chief investment officer and senior vice president for business and finance to provide portfolio management services. The investment managers may be given discretion, consistent with specified objectives and guidelines, to manage LTIP assets. Investment managers operate under a formal contract with the university that delineates responsibilities, risk parameters, administration requirements and compensation. The investment management contracts may be terminated by the chief investment officer and/or the senior vice president for business and finance.
6. Consultants. The university may use the services of one or more investment consultants to assist the chief investment officer in the areas of: policy development, asset allocation, investment structure analysis, investment manager selection, performance review and other specialized investment topics. Consultants operate under a formal contract with the university that delineates responsibilities, risk parameters and performance expectations, administration requirements and compensation. Consulting contracts may be entered into and terminated by the chief investment officer and/or the senior vice president for business and finance.
7. Custodians. The university retains one or more custodian banks or trust institutions to custody and report on the assets of the LTIP. Custodial contracts may be entered into and terminated by the chief investment officer and/or the senior vice president for business and finance.

D. Distribution policy

1. Each component fund of the LTIP has a separate distribution account. Distributions will be credited to a fund's distribution account at the beginning of each fiscal year according to a formula approved by the Board of Trustees as follows:
   a. The aggregate distribution amount is calculated on a seven-year moving average of the market value per unit of the LTIP, except as set forth in Section H below.
   b. The distribution rate is 4.5%.
2. Distributions may be reinvested into principal; however, any reinvested distribution cannot be redistributed or withdrawn at another time except as stated above.

E. Asset allocation and guidelines

THE OHIO STATE UNIVERSITY

Investment, 5.90

University Policy

Applies to: All fiduciaries, including the Board of Trustees, Finance Committee members, staff, investment managers, investment consultants and custodians for oversight of the university's investment.

1. Time Horizon. The LTIP's investment horizon is perpetual; therefore interim performance fluctuations should be viewed with this perspective. Similarly, the underlying capital market assumptions of the university's asset allocation plan for the LTIP are based on this long-term perspective.
2. Risk Tolerance. The Board of Trustees, the Finance Committee, and staff recognize the challenge of achieving the LTIP's investment objectives in light of the uncertainties and complexities of investment markets. They also recognize that prudent levels of investment risk are necessary to achieve the stated investment goals.
3. Asset Allocation and Rebalancing. Asset allocation is thought to be the largest contributor to overall LTIP return performance and risk characteristics. The Finance Committee and the Board of Trustees will periodically evaluate the LTIP's asset class strategies and opportunities, and establish a long-term asset allocation plan. After a thorough study of the available asset class opportunities, return objectives and risk tolerance, the Board of Trustees and Finance Committee approved the following asset classes and allocations for the LTIP:

Asset Class	Range
Global Equities	40-80%
Global Credit	10-50%
Real Assets	5-20%

4. Futures, options, forward contracts, and swap agreements may be used in a manner that is consistent with the policies and objectives contained within this LTIP Investment Policy. Such instruments should be used to hedge risk in the LTIP portfolio or to implement investment strategies more efficiently and at a lower cost than would be possible in the cash market. Such instruments should not be used for purely speculative purposes.
   a. Investment manager guidelines. The investment guidelines incorporated into each manager's contract documents the risk parameters of the manager's investment approach. The guidelines also specify the typical characteristics of the portfolio. These characteristics are used to monitor a manager's investment style adherence to insure that the manager is continuously fulfilling its investment role in the LTIP.
   b. Benchmarks. The Board of Trustees is responsible for approving performance benchmarks to evaluate the performance of the LTIP portfolio. The chief investment officer will review the benchmarks annually and recommend changes, if any, to the senior vice president for business and finance. Based on such recommendations by the chief investment officer, the senior vice president for business and finance may recommend to the Finance Committee changes to the benchmarks. If the Finance Committee approves such recommendations, then the Finance Committee will bring the recommendations forward for a vote by the Board of Trustees.

F. Investment monitoring process
1. The LTIP's investment managers and consultants will be monitored for consistency of investment philosophy, return relative to objectives, and investment risk. The Office of Investments will monitor the overall LTIP results and investment portfolios, but results will be evaluated on a long-term basis. The following manager issues will be considered potential causes for termination by the chief investment officer:
   a. Failure to comply with the applicable investment style, guidelines, performance objectives, and fees;
   b. A material change in ownership or personnel; or
   c. A violation or potential violation of the terms of the investment manager agreement or other applicable laws and regulations.

G. Account valuation
1. LTIP funds invested in the LTIP are allocated a number of units. At the end of each month LTIP investments are valued and a unit value calculated based on the aggregate number of units assigned to each LTIP fund. The unit value calculation also takes into account earnings, investment expenses and fees. New LTIP funds and additions/withdrawals from established funds are processed at the end of each month. Additions will be allocated units only with the addition of cash. Non-marketable gifts will be liquidated first,

and units allocated based on cash proceeds. Withdrawals may be made only from invadable funds upon the written request of the applicable dean or vice president.

2. Notwithstanding the foregoing, the president, provost and senior vice president for business and finance, in consultation with the chair of the Finance Committee of the Board of Trustees, may direct that certain LTIP funds that are transferred to the LTIP from operating funds as further described in Section ll(E)(3)(b), up to a maximum amount of $100 million, be invested at their discretion in compliance with this policy, other than the Asset Allocation and Rebalancing and Benchmarks provisions and as expressly set forth in this paragraph. Such LTIP funds will not be allocated units in the LTIP and any investments made using such funds will not be included in the unit value calculation referred to above. Such LTIP funds will constitute a separate component fund of the LTIP and will receive distributions in the amount of and only to the extent of distributions on the underlying investments made using such funds. Investment expenses and fees will be assessed on such funds to the extent applicable.

H. Exercise of shareholder rights

1. The university recognizes that publicly traded securities and other assets of the LTIP may include certain ancillary rights, such as the right to vote on shareholder resolutions at companies' shareholders' meetings, and the right to assert claims in securities class action lawsuits or other litigation. The university requires of itself and its external managers the prudent management of these LTIP assets for the exclusive purpose of enhancing the value of the LTIP. The chief investment officer has the authority to delegate proxy voting to external managers to maximize fund value, reserving the right to direct the voting on specific issues as needed. The chief investment officer will make best efforts to implement this policy in a socially and environmentally responsible manner.

I. Review and modification of investment policy statement

1. This LTIP Investment Policy is in effect until modified by the Board of Trustees.While material changes are expected infrequently, the chief investment officer will review the LTIP Investment Policy at least annually for continued appropriateness and recommend any changes to the senior vice president for business and finance. Based on such recommendations by the chief investment officer, the senior vice president for business and finance may recommend such changes to the Finance Committee. If the Finance Committee approves such recommendations, then the Finance Committee will bring the recommendations forward for a vote by the Board of Trustees.

J. Exceptions

1. Modifications and exceptions to this LTIP Investment Policy must be authorized by resolution of the Board of Trustees or as provided herein. The terms and conditions of this LTIP Investment Policy as to endowment funds may be waived to accept and administer donated funds or property with donor restrictions and approved by the Board of Trustees.
2. To meet its fiduciary responsibility to its academic programs and its donors, the university seeks to maximize its investment returns within appropriate levels of risk under guidelines established by the Board of Trustees as granted by the Ohio Revised Code. As a public institution, the university also recognizes a duty to support larger societal objectives as well.
3. Divestment for non-economic reasons should be recommended through the governance process, i.e. student government, University Senate, or an appropriate committee or decision-making body. That recommendation must be brought forward for a vote by the Board of Trustees, accompanied by an impact review report from the senior vice president for business and finance regarding the potential impact of the proposed divestment on the LTIP.

K. Conflicts of interest

1. It is critical that there be no conflicts of interest or perceptions of conflicts of interest when making investment decisions related to the management of the LTIP. Therefore, if a member of the Board of Trustees, Finance Committee or the OSU Foundation Board is connected to an investment firm, the university will not invest in any funds managed by that firm. In addition, no employee of the Office of Investments will invest her/his personal monies in funds in which the LTIP is invested.

THE OHIO STATE UNIVERSITY

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Applies to: All fiduciaries, including the Board of Trustees, Finance Committee members, staff, investment managers, investment consultants and custodians for oversight of the university's investment.

III. Operating and agency funds portfolio

A. Goals

The operating and agency funds (operating funds) will be invested in diversified portfolios with the intention of obtaining a reasonable yield, balanced with a component invested for appreciation, while adhering to a prudent level of risk, and retaining sufficient liquidity to meet cash flow requirements of the university. Certain of the agency portfolios may have additional goals and policies specific to their use. These goals and policies will be in writing and approved by the senior vice president for business and finance.

B. Components of the operating and agency funds

The funds consist of the short-term operating fund, gift annuity and trust funds, student loan funds, and other non-LTIP funds which are under the control and supervision of the vice president and treasurer. The short-term operating fund consists of two pools: the short-term pool and the intermediate-term pool, as described below.

C. Fiduciary standards

1. The Board of Trustees, Finance Committee members, staff, investment managers, consultants and custodians are fiduciaries. Accordingly, these individuals are required to:
   a. Act solely in the interest of the university, for the purposes of providing income and preserving principal.
   b. Act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
   c. Diversify the investments of the operating funds to minimize overall risk, and to provide investment returns to achieve the operating funds' stated goals.

D. Duties and responsibilities

1. Board of Trustees. The university Board of Trustees has overall responsibility for this Operating and Agency Funds Investment Policy and approval of Finance Committee members. The Board of Trustees votes on items brought forth by the Finance Committee.
2. Finance Committee of the Board of Trustees. The Finance Committee has strategic oversight responsibility for the investment program and operations of the funds. The Committee must work with the senior vice president for business and finance and the vice president and treasurer to ensure the operating funds are managed, in accordance with this Operating and Agency Funds Investment Policy. The Finance Committee must meet at least quarterly.
3. Senior vice president for business and finance. The senior vice president for business and finance has oversight responsibility for the operating funds' investment operations and reporting. The senior vice president for business and finance must review operations and reporting within the Office of the Treasurer to ensure compliance with established policies and procedures.
4. Vice president and treasurer. The vice president and treasurer is responsible for managing the operating funds' investment operations and reporting. The vice president and treasurer must review and recommend policies and procedures that are consistent with the investment objectives of the funds. The vice president and treasurer must report to the senior vice president for business and finance and the Finance Committee at least quarterly.
5. Investment Managers. The university uses external investment managers approved by the vice president and treasurer and the senior vice president for business and finance to provide portfolio management services. The investment managers may be given discretion, consistent with specified objectives and guidelines, to manage assets of the operating funds. Investment managers operate under a formal contract with the university that delineates responsibilities, risk parameters administrative requirements and compensation. The Investment Management contracts may be terminated by the vice president and treasurer and/or the senior vice president for business and finance.
6. Consultants. The university may use the services of one or more investment consultants to assist the vice president and treasurer in the areas of: policy development, asset allocation, investment structure analysis, investment manager selection, risk parameters, performance review and other specialized investment

topics. Consultants operate under a formal contract with the university that delineates responsibilities, and performance expectations, administration requirements and compensation. Consulting contracts may be entered into and terminated by the vice president and treasurer and/or the senior vice president for business and finance.

7. Custodians. The university retains one or more custodian banks or trust institutions to custody and report on the assets of the funds. Custodial contracts may be entered into and terminated by the vice president and treasurer and/or the senior vice president for business and finance.

E. Asset allocation and guidelines

1. Time Horizon. The university's Short-Term Operating Fund is divided into two pools: Short-Term Pool, which represents at least thirty days of total university expenditures, and has an investment horizon of less than one year; and the Intermediate- Term Pool, which represents the remainder of the Short-Term Operating Fund and has an investment horizon of one to five years.
2. Risk Tolerance. The Board of Trustees, the Finance Committee, and staff recognize the challenge of achieving the operating funds' investment objectives in light of the uncertainties and complexities of investment markets. They also recognize that prudent levels of investment risk are necessary to achieve the stated investment goals.
3. Asset Allocation and Rebalancing. Asset allocation is thought to be the largest contributor to overall return performance and risk characteristics of the operating funds. The Short-Term Operating Fund serves as the working cash balance to provide necessary liquidity for the university's operations. The Board of Trustees and Finance Committee will periodically evaluate the allocation between the LTIP and the Short-Term Operating Fund for appropriateness.
4. Market fluctuations, cash flows and liquidity issues will cause the actual asset allocations to fluctuate. The vice president and treasurer will rebalance the portfolio to policy as follows:
   a. Short- and Intermediate-Term Pools. The Short-Term Pool must cover at least thirty (30) days of university cash flow. At least 25% of the Short-Term Operating Fund should be in the Short-Term Pool, as a reserve, in accordance with Section G below. The amount of the Short-Term Operating Fund must be enough to cover at least sixty days cash flow and must be greater than or equal to 110% of all variable rate debt including commercial paper.
   b. LTIP. After the amount of each of the Short- and Intermediate-Term Pools is determined, monies may be transferred to the LTIP. Operating funds available for transfer to the LTIP should be net of bond construction funds. No more than 60% of operating funds may be transferred to the LTIP.
   c. General. The allocation amounts will be reviewed periodically by the vice president and treasurer but at least semi-annually. The number used to calculate days of university cash flow will be based on the Board of Trustees approved university budget.
   d. Other Funds. Operating funds other than the Short-Term Operating Fund will be managed according to this Operating and Agency Funds Investment Policy with asset allocations approved by the vice president and treasurer.
5. Investment Manager Guidelines. The investment guidelines incorporated into each manager's contract documents the risk parameters of the manager's investment approach. The guidelines also specify the typical characteristics of the portfolio. These characteristics are used to monitor a manager's investment style adherence to insure that the manager is continuously fulfilling its investment role in the operating funds.
6. Benchmarks. The Board of Trustees is responsible for approving performance benchmarks to evaluate the performance of the operating funds portfolio. The vice president and treasurer will review the benchmarks annually and recommend changes, if any, to the senior vice president for business and finance. Based on such recommendations by the vice president and treasurer, the senior vice president for business and finance may recommend to the Finance Committee changes to the benchmarks. If the Finance Committee approves such recommendations, then the Finance Committee will bring the recommendations forward for a vote by the Board of Trustees.

F. Investment monitoring process
   1. The operating funds' investment managers will be monitored for consistency of investment philosophy, return relative to objectives, and investment risk. The vice president and treasurer and the senior vice president for business and finance will monitor the overall results and investment portfolios of the operating funds, but results will be evaluated on a long-term basis. The following manager issues will be considered potential causes for termination:
      a. failure to comply with the applicable investment style, guidelines, performance objectives, and fees;
      b. a material change in ownership or personnel; or
      c. a violation or potential violation of the terms of the investment manager agreement or other applicable laws and regulations.

G. Operating fund limitations
   Ohio Revised Code Section 3345.05(c)(i) requires that investment of at least twenty-five percent of the average amount of the operating funds portfolio over the course of the previous fiscal year be invested in securities of the United States government or of its agencies or instrumentalities, the treasurer of state's pooled investment program, obligations of this state or any political subdivision of this state, certificates of deposit of any national bank located in this state, written repurchase agreements with any eligible Ohio financial institution that is a member of the federal reserve system or federal home loan bank, money market funds, or bankers acceptances maturing in two hundred seventy days or less which are eligible for purchase by the federal reserve system, as a reserve. Eligible funds above the funds that meet the foregoing condition may be pooled with other university funds, including LTIP, and invested in accordance with Ohio Revised Code Section 1715.52.

H. Exercise of shareholders rights
   The university recognizes that publicly traded securities and other assets of the Fund may include certain ancillary rights, such as the right to vote on shareholder resolutions at companies' shareholders' meetings, and the right to assert claims in securities class action lawsuits or other litigation. The university requires of itself and its external managers the prudent management of these assets for the exclusive purpose of enhancing the value of the operating funds. The vice president and treasurer has the authority to delegate proxy voting to external managers to maximize fund value, reserving the right to direct the voting on specific issues as needed. The vice president and treasurer will make best efforts to implement this policy in a socially and environmentally responsible manner.

I. Review and modification of investment policy statement
   This Operating and Agency Funds Investment Policy is in effect until modified by the Board of Trustees. While material changes are expected infrequently, the vice president and treasurer will review this Operating and Agency Funds Investment Policy at least annually for continued appropriateness and recommend any changes to the senior vice president for business and finance. Based on such recommendations by the vice president and treasurer, the senior vice president for business and finance may recommend such changes to the Finance Committee. If the Finance Committee approves such recommendations, then the Finance Committee will bring the recommendations forward for a vote by the Board of Trustees.

J. Exceptions
   Modifications and exceptions to this Operating and Agency Funds Investment Policy must be authorized by resolution of the Board of Trustees or as provided herein. The terms and conditions of this Operating and Agency Funds Investment Policy may be waived to accept and administer donated funds or property with donor restrictions and approved by the Board of Trustees.

K. Conflicts of interest
   It is critical that there be no conflicts of interest or perceptions of conflicts of interest when making investment decisions related to the management of the operating funds. Therefore, if a member of the Board of Trustees, Finance Committee, or the OSU Foundation Board is connected to an investment firm, the university will not invest in any funds managed by that firm. In addition, no employee of the Office of the Treasurer involved

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Applies to: All fiduciaries, including the Board of Trustees, Finance Committee members, staff, investment managers, investment consultants and custodians for oversight of the university's investment.

with investments will invest her/his personal monies in funds in which the operating funds are invested.

Responsibilities

Position or Office	Responsibilities
Board of Trustees (BOT)	1. Assume overall responsibility for the Investment policy. 2. Evaluate the LTIP's asset class strategies and opportunities, and establish a long-term asset allocation plan periodically. 3. Approve performance benchmarks to evaluate the LTIP portfolio. 4. Authorize modifications and exceptions to the LTIP policy. 5. Approve changes to the divestment policy. 6. Evaluate the allocation between the LTIP and short-term operating fund for appropriateness periodically.
Fiduciaries (BOT, Finance Committee members, staff, investment managers, consultants and custodians)	1. Act solely in the interest of the university, for the purposes of providing income and maintaining the real purchasing power of the principal. 2. Act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. 3. Diversify the investments of the LTIP and operating funds to minimize overall risk, and to provide investment returns to achieve the LTIP's and operating funds' stated goals.
Finance Committee	1. Provide strategic oversight for the investment program, the funds, and LTIP operations. 2. Work with the SVP-B&F to ensure the LTIP is well managed. 3. Work with the SVP-B&F and VP/treasurer to ensure the operating funds are managed consistent with this policy. 4. Meet at least quarterly. 5. Evaluate the LTIP's asset class strategies and opportunities, and establish a long-term asset allocation plan periodically. 6. Approve changes to LTIP performance benchmarks to bring to the BOT for a vote. 7. Review and approve changes to the LTIP policy; bring to the BOT for a vote. 8. Evaluate the allocation between the LTIP and short-term operating fund for appropriateness periodically.
Senior VP for Business and Finance (SVP-B&F)	1. Provide oversight for the LTIP and operating funds investment operations and reporting. 2. Review operations and reporting in the Office of Investments to ensure compliance with established policies and procedures. 3. Review operations and reporting in the Office of the Treasurer to ensure compliance with established policies and procedures. 4. Terminate investment management contracts as appropriate. 5. Enter into and terminate consulting and custodial contracts as appropriate. 6. Recommend changes to LTIP performance benchmarks to the Finance Committee as needed. 7. Recommend changes to the LTIP investment policy to the Finance Committee based upon recommendations by the chief investment officer. 8. Approve agency portfolio goals and policies as described in "Operating and agency funds portfolio-A-Goals."
Chief investment officer	1. Manage the LTIP investment operations and reporting. 2. Review and recommend policies and procedures consistent with the investment objectives. 3. Report to the SVP-B&F and the Finance Committee at least quarterly. 4. Terminate investment management contracts as appropriate. 5. Enter into and terminate consulting and custodial contracts as appropriate. 6. Review LTIP performance benchmarks and recommend changes, if any, annually to the SVP-B&F. 7. Consider termination of LTIP investment managers and consultants based on criteria outlined in this policy. 8. Delegate proxy voting as appropriate. 9. Make best efforts to implement the investment policy in a socially and environmentally responsible manner 10. Review the LTIP investment policy at least annual and recommend changes to the SVP-B&F. 11. Refrain from investing in any funds managed by an investment firm to which a member of the Board of Trustees, Finance Committee, or OSU Foundation Board is connected. 12. Invest in diversified portfolios as described in this policy.

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Applies to:

Position or Office	Responsibilities
Office of Investments	Monitor the overall LTIP results and investment portfolios.
Vice president and treasurer (VP/treasurer)	1. Manage the operating funds investment operations and reporting. 2. Review and recommend policies and procedures consistent with the investment objectives. 3. Report to the SVP-B&F and the Finance Committee at least quarterly.
Office of Investments employees	Refrain from investing personal monies in funds in which the LTIP is invested.
Dean/VP	Make written requests for withdrawals from invadable funds as appropriate.
President, provost, SVP-V&F, Finance Committee char	Consult to invest LTIP funds as directed in "Account valuation #2."

Resources

Contacts

Subject	Office	Telephone	E-mail/URL
Policy questions	Office of Business and Finance	614-292-7970 TTY: 614-292-7327	busfin@osu.edu busfin.osu.edu/
Investment questions	Office of Business and Finance, Office of Investment	614-292-7887	prospects@osu.edu busfin.osu.edu/investments

History

Investments

Issued:	09/04/1981	Approved by BOT, 09/04/1981, Resolution #82-24
Revised:	06/07/1985	Approved by BOT, 06/07/1985, Resolution #85-147
Revised:	04/07/1989	Approved by BOT, 04/07/1989, Resolution #89-91
Revised:	06/01/1990	Approved by BOT, 06/01/1990, Resolution #90-125 (Revision of Comprehensive, Endowment and Non-endowment policy)
Revised:	11/04/1994	Approved by BOT, 11/04/1994, Resolution #95-56
Revised:	03/03/1995	Approved by BOT, 03/03/1995, Resolution #95-93 (Revision of Endowment Fund Income Distribution" section)
Revised:	09/02/1998	Approved by BOT, 09/02/1998, Resolution #99-34 (Revision of Endowment Funds Investment, Total Return Operating Fund Investments, and Operating Funds Investments policies)

Endowment Fund Investments

Revised:	03/01/2002	Approved by BOT, 03/01/2002, Resolution #2002-93
Revised:	07/11/2003	Approved by BOT, 07/11/2003, Resolution #2004-16
Revised:	11/03/2006	Approved by BOT, 11/03/2006, Resolution #2007-55
Revised:	12/07/2007	Approved by BOT, 12/07/2007, Resolution #2008-71
Revised:	06/06/2008	Approved by BOT, 06/06/2008, Resolution #2008-122, Renamed to Long-Term Investment Pool

Long-Term Investment Pool

Edited:	11/01/2008	
Revised:	04/03/2009	Approved by BOT, 04/03/2009, Resolution #2009-77, Revision of Distribution Policy section
	04/03/2009	Approved by BOT, 04/03/2009, Resolution #2009-78, Revision of Asset Allocation and Guidelines section)
Revised:	06/05/2009	Approved by BOT, 06/05/2009, Resolution #2009-94
Revised:	08/30/2013	Approved by BOT, 08/30/2013, Resolution #2014-10, Combined with Operating and Agency Funds

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Applies to:

		Investment, Policy 5.30 into Investment, Policy 5.90
Non-Endowment Investments		
Revised:	05/02/1997	Approved by BOT, 05/02/1997, Resolution #97-119
Revised:	12/05/1997	Approved by BOT, 12/05/1997, Resolution #98-79
Revised:	05/03/2002	Approved by BOT, 05/03/2002, Resolution #2002-124, Operating Fund Investment and Total Return Operating Fund Investment policies combined into Non-Endowment Investments policy
Revised:	07/11/2003	Approved by BOT, 07/11/2003, Resolution #2004-16, Revision of Authorized Investments section
Revised:	06/06/2008	Approved by BOT, 06/06/2008, Resolution #2008-123, Renamed to Operating and Agency Funds Investment
Operating and Agency Funds Investment		
Revised:	06/05/2009	Approved by BOT, 06/05/2009, Resolution #2009-98
Revised:	08/30/2013	Approved by BOT, 08/30/2013, Resolution #2014-10, Combined with Long-Term Investment Pool, policy 6.10 into Investment, policy 5.90
Investment, policy 5.90		
Issued:	08/30/2013	Approved by BOT, 08/30/2013, Resolution #2014-10, Combined Long-Term Investment Pool, policy 6.10 and Operating and Agency Funds Investment, policy 5.30 into Investment, policy 5.90
Revised:	07/01/2014	Approved by BOT, 08/29/2014, Resolution #2015-12
Revised:	07/01/2016	Approved by BOT, 04/08/2016, Resolution #2016-108
Revised:	06/03/2016	Approved by BOT, 06/03/2016, Resolution #2016-130

MODIFICATION OF BENCHMARK FOR THE
GLOBAL EQUITIES ASSET CLASS OF THE LONG-TERM INVESTMENT POOL

Synopsis: Adopting a modified benchmark for the Global Equities asset class of the university's Long-Term Investment Pool, the allocation for which is found in the university's Investment Policy #5.90, is proposed.

WHEREAS The Ohio State University Board of Trustees previously adopted the Modification of Asset Classes and Allocations and Benchmarks for the Long-Term Investment Pool (Resolution No. 2015-12) in August 2014; and

WHEREAS there is a desire to modify such prior resolution to adopt a modified benchmark for the Global Equities asset class of the university's Long-Term Investment Pool (LTIP); and

WHEREAS the Investment Policy currently provides for an allocation of 40-80% of the LTIP to the Global Equities asset class; and

WHEREAS the Investment Policy provides that the Board of Trustees is responsible for approving performance benchmarks to evaluate the performance of the LTIP portfolio; and

WHEREAS, the Board of Trustees adopted the prior resolution that provided for the MSCI All Country World Index (ACWI) as the benchmark for the Global Equities asset class with an LTIP benchmark weighting of 60%; and

WHEREAS the Chief Investment Officer has recommended to the Interim Senior Vice President for Business and Finance a modification to the MSCI ACWI benchmark for the Global Equities asset class to provide for a benchmark of MSCI ACWI net dividends; and

WHEREAS the Interim Senior Vice President for Business and Finance has reviewed such modification to the existing benchmark for the Global Equities asset class and determined that it should be amended to provide that the MSCI ACWI should be calculated net of dividends, and that the modified benchmark is appropriate and in the best interest of the university, and has recommended such modified benchmark to the Finance Committee; and

WHEREAS the Finance Committee has approved and recommends such modification to the existing benchmark for the Global Equities asset class to The Ohio State University Board of Trustees:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the modified benchmark for the Global Equities asset class of the Long-Term Investment Pool for the purposes of evaluating the investment performance of the Global Equities asset class of the Long-Term Investment Pool be MSCI All Country World Index (ACWI-ND); and

BE IT FURTHER RESOLVED, that this modification shall go into effect on January 1, 2019, and shall remain in effect until further modified as provided for in the university's Investment Policy.

BACKGROUND

TOPIC: Modification to the benchmark utilized to gauge investment performance of the Global Equities asset class within the LTIP.

CONTEXT: The MSCI All Country World Index (MSCI ACWI) has three different versions: price, gross dividends (GD), and net dividends (ND). The price index does not include the benefits of reinvested dividends. Both GD and ND indices include the benefits of reinvested dividends, but they differ in their tax treatment of these dividends.

Effective July 1, 2014, the Board approved the Total Policy Blended Benchmark (Policy Benchmark) through resolution *No. 2015-12*. The Policy Benchmark allocates 60% to Global Equities, 30% to Global Fixed Income, and 10% to Real Assets. Prior to July 1, 2014, the Global Equities benchmark was the MSCI ACWI-GD (beta adjusted) plus an alpha component. The MSCI ACWI was approved by the Board as the benchmark for the Global Equities asset class allocation with a benchmark weighting of 60%. The Board did not select a specific MSCI ACWI version. Since July 1, 2014, the LTIP has used the MSCI ACWI-GD index as the benchmark for the Global Equities asset class.

SUMMARY: Parametric, the LTIP's primary beta manager, stated foreign futures and ETFs more closely track MSCI ACWI-ND indices versus MSCI ACWI-GD indices because U.S. investors cannot avoid foreign withholding taxes. Parametric also confirmed that almost all of their clients use the ND indices, which is market convention for dealing with foreign withholding taxes. Cambridge Associates affirmed that the vast majority of their performance-reporting clients that use MSCI ACWI benchmarks, use the MSCI ACWI-ND version. This further supports that the industry standard is to use the MSCI ACWI-ND.

As of June 30, 2018, approximately $0.9 billion of Public Equities, which is part of the Global Equities net exposure is subject to foreign dividend withholding tax. Current Public Equities international and global managers verified they do not receive the full foreign dividend due to withholding tax. These managers also use ND indices as their official benchmarks. Therefore, using the ND indices to benchmark managers and Global Equities better represents the operational constraints for passive and active managers.

Historically, the MSCI ACWI-ND generated a lower return relative to MSCI ACWI-GD because the net index accounts for dividend withholding taxes. The lower return is expected to continue into the future. Each country has different withholding tax rates and MSCI takes a conservative approach using the highest institutional rate. From July 1, 2014 to June 30, 2018, the MSCI ACWI-GD annualized return was 6.84% and the MSCI ACWI-ND annualized return was 6.27%, reflecting a difference of 0.57% per year.

Parametric, Cambridge, and the LTIP's managers confirmed that ND indices are preferred. The ND indices more accurately represent the operational constraints given the mandatory withholding taxes, making net of dividends the industry standard. Staff recommends updating the Global Equity policy benchmark from MSCI ACWI-GD to MSCI ACWI-ND starting January 1, 2019. Individual manager benchmarks will also change from GD indices to ND indices.

REQUESTED OF THE FINANCE COMMITTEE: Approval of the resolution.

APPROVAL TO ENTER INTO/INCREASE PROFESSIONAL SERVICES AND ENTER INTO/INCREASE CONSTRUCTION CONTRACTS

APPROVAL TO ENTER INTO PROFESSIONAL SERVICES CONTRACTS
College of Food, Agriculture and Environmental Sciences Master Plan
Instructional Science Buildings Deferred Maintenance
Wexner Medical Center West Campus Ambulatory Facilities

APPROVAL TO ENTER INTO PROFESSIONAL SERVICES AND CONSTRUCTION CONTRACTS
Lincoln – 11th and 13th Floor Office Renovations
Ohio Union – Infrastructure Upgrades
Wexner Medical Center Inpatient Hospital Garage (Infrastructure and Road Work)

APPROVAL TO INCREASE PROFESSIONAL SERVICES AND CONSTRUCTION CONTRACTS
Health Sciences Faculty Office and Optometry Clinic Building

APPROVAL TO ENTER INTO CONSTRUCTION CONTRACTS
Interdisciplinary Health Sciences Center (Anatomy Lab)

Synopsis: Authorization to enter into/increase professional services and construction contracts, as detailed in the attached materials, is proposed.

WHEREAS in accordance with the attached materials, the university desires to enter into professional services contracts for the following projects; and

	Prof. Serv. Approval Requested	Total Project Cost	
CFAES Master Plan	$0.7M		University Funds
Instructional Science Buildings Deferred Maintenance	$2.0M	$25.0M	University Debt
Wexner Medical Center West Campus Ambulatory Facilities	$23.0M	TBD	Auxiliary Funds

WHEREAS in accordance with the attached materials, the university desires to enter into professional services and construction contracts for the following projects; and

	Prof. Serv. Approval Requested	Construction Approval Requested	Total Project Cost	
Lincoln – 11th and 13th Floor Office Renovations	$0.6M	$4.4M	$5.0M	Auxiliary Funds
Ohio Union – Infrastructure Upgrades	$0.8M	$4.5M	$5.3M	Auxiliary Funds
Wexner Medical Center Inpatient Hospital Garage (Infrastructure and Road Work)	$0.5M	$21.5M	TBD	University Debt Auxiliary Funds

APPROVAL TO ENTER INTO/INCREASE PROFESSIONAL SERVICES AND ENTER INTO/INCREASE CONSTRUCTION CONTRACTS (CONT)

WHEREAS in accordance with the attached materials, the university desires to increase professional services and construction contracts for the following projects; and

	Prof. Serv. Approval Requested	Construction Approval Requested	Total Project Cost	
Health Sciences Faculty Office and Optometry Clinic Building	$1.3M	$6.3M	$35.9M	University Funds Auxiliary Funds

WHEREAS in accordance with the attached materials, the university desires to enter into construction contracts for the following projects; and

	Construction Approval Requested	Total Project Cost	
Interdisciplinary Health Sciences Center (Anatomy Lab)	$4.4M	TBD	State Funds

WHEREAS the Master Planning and Facilities Committee has reviewed the projects listed above for alignment with all applicable campus plans and guidelines; and

WHEREAS the Finance Committee has reviewed the projects listed above for alignment with the Capital Investment Plan and other applicable financial plans:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves that the Capital Investment Plan be amended to include additional professional services for the WMC West Campus Ambulatory Facilities project; additional professional services and construction for the Ohio Union Infrastructure Upgrades, and the Health Sciences Faculty Office and Optometry Clinic Building projects; and additional construction for the Interdisciplinary Health Sciences Center (Anatomy Lab) project.

BE IT FURTHER RESOLVED, That the Board of Trustees hereby approves that the President and/or Senior Vice President for Business and Finance be authorized to enter into and increase professional services and construction contracts for the projects listed above in accordance with established university and State of Ohio procedures, with all actions to be reported to the board at the appropriate time.

APPROVAL TO ENTER INTO A CONTRACT FOR PROFESSIONAL SERVICES TO REVIEW AND UPDATE THE COLLEGE OF FOOD, AGRICULTURE AND ENVIRONMENTAL SCIENCES MASTER PLAN

The College of Food, Agriculture and Environmental Sciences (CFAES) seeks to develop a master plan to guide the development of 2.4 million-square-feet of facilities and more than 10,000 acres of land across the state of Ohio. The college's previous master plan, completed in 2014, built upon the university's Framework Plan. It also challenged some of the assumptions made in that plan, including the relocation of CFAES programs and facilities from the Midwest campus to the St. John parcel, and the usage of Waterman Laboratory. Since 2014, the university has updated the campus master plan, Framework 2.0, and completed a new strategic plan. The college has embarked on strategic planning exercises and implemented several projects envisioned in the previous master plan, including the Kunz-Brundige Franklin County Extension Building, Wooster Lab Building and the design of the Controlled Environment Food Production Research Complex.

The updated CFAES master plan will provide a roadmap for the college to guide both near-term and long-term capital improvements and agricultural operations. The university is seeking approval to re-engage stakeholders in a 12- to 15-month process to update the CFAES master plan. The plan will evaluate land use, animal facilities, classroom and laboratory needs across the state to develop facility recommendations that support the teaching, research and outreach missions of the college.

Specific deliverables include:

- Columbus Campus: Update planning strategies based on ideas developed in Framework 2.0, Waterman Laboratory Task Force planning and CFAES pre-strategic planning

- Waterman Laboratory: Recommend strategies for facilities that provide expanded opportunities for experiential learning, display cutting-edge research while maintaining bio-secure protocols, and enhance public engagement

- Wooster Campus: Develop a plan for upgraded facilities that continue the integration and collaboration between OARDC and ATI

- Identify capital projects and funding strategies for each focus area

- Update graphics, tools and collateral materials

Project Data Sheet for Board of Trustees Approval

Instructional Science Buildings Deferred Maintenance

OSU-190264 (CNI# 18000170)

Project Location: Mendenhall Laboratory
Bolz Hall
Howlett Hall
Parks Hall




- **approval requested and amount**
  professional services $2.0M

- **project budget**

construction w/contingency	$23.0M
professional services	$2.0M
total project budget	$25.0M

- **project funding**
  ☒ university debt
  ☐ development funds
  ☐ university funds
  ☐ auxiliary funds
  ☐ state funds

- **project schedule**

BoT professional services approval	11/18
design/bidding	02/19 – 01/20
construction	01/20 – 01/22

- **project delivery method**
  ☐ general contracting
  ☐ design/build
  ☒ construction manager at risk

- **planning framework**
  - the project is a result of an internal review/study of deferred maintenance resulting in a recommendation to invest in Instructional Science Buildings
  - this project is included in the FY 2019 Capital Investment Plan

- **project scope**
  - the project will renew mechanical, electrical and plumbing services in the selected buildings
  - detailed scope for each of the buildings will be determined during design

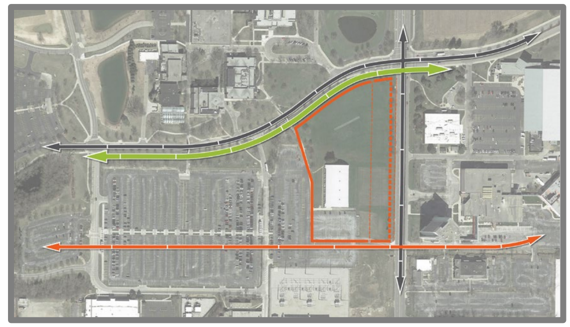
- **approval requested**
  - approval is requested to enter into professional services contracts

- **project team**
  University project manager: Bill Holtz
  AE/design architect:
  CM at Risk:

Project Data Sheet for Board of Trustees Approval

WMC West Campus Ambulatory Facilities

OSU-180390 (CNI# 18000156)
Project Location: Kenny Road and Carmack Road



- **approval requested and amount**

professional services	$23.0M

- **project budget**

professional services	TBD
construction w/contingency	TBD
total project budget	TBD

- **project funding**
  - ☐ university debt
  - ☐ development funds
  - ☐ university funds
  - ☒ auxiliary funds (health system)
  - ☐ state funds

- **project schedule**

BoT professional services approval	11/18
design	12/18 – 08/20
construction	09/20 – 12/22

- **project delivery method**
  - ☐ general contracting
  - ☐ design/build
  - ☒ construction manager at risk

- **planning framework**
  - consistent with the strategic plans of the university and Wexner Medical Center to provide medical services within ambulatory facilities
  - a portion of design for the project is included in the FY 2019 Capital Investment Plan; the Capital Investment Plan will be amended to include design through design development
  - total project cost will be validated during design

- **project scope**
  - construct a new ambulatory facility on west campus
  - the ambulatory center will be approximately 395,000 square feet and will include outpatient operating rooms, an endoscopy unit, an urgent care, a pre-anesthesia center, an outpatient diagnostic imaging center, and patient and building support spaces

- **approval requested**
  - approval is requested to amend the FY 2019 Capital Investment Plan
  - approval is requested to enter into professional services contracts through the design development phase

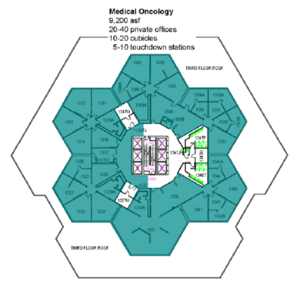
- **project team**

University project manager:	Mitch Dollery
Study/Planning AE:	Perkins & Will
AE/design architect:	(selected)
CM at Risk:	

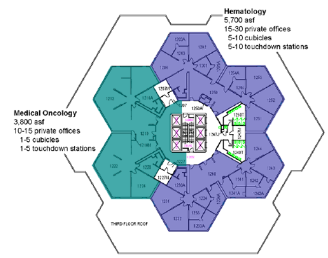
Lincoln – 11th and 13th Floor Office Renovations

OSU-190192 (CNI# 180000154)

Project Location: Lincoln Tower



13th Floor



11th Floor

- **approval requested and amount**

prof serv and constr w/contingency	$5.0M

- **project budget**

professional services	$0.6M
construction w/contingency	$4.4M
total project budget	$5.0M

- **project funding**
  - ☐ university debt
  - ☐ development funds
  - ☐ university funds
  - ☒ auxiliary funds
  - ☐ state funds

- **project schedule**

BoT prof svc/cons approval	11/18
design/bidding	12/18 – 03/19
construction	04/19 – 07/19

- **project delivery method**
  - ☒ general contracting
  - ☐ design/build
  - ☐ construction manager at risk

- **planning framework**
  - this project is included in the FY 2019 Capital Investment Plan

- **project scope**
  - the project will renovate the 11th and 13th floors for Wexner Medical Center faculty and staff offices

- **approval requested**
  - approval is requested to enter into professional services and construction contracts

- **project team**

University project manager: Lance Timmons
AE/design architect:
General contract:

Project Data Sheet for Board of Trustees Approval

Ohio Union – Infrastructure Upgrades

OSU-130504 (CNI# 12000717, 17000029)

Project Location: Ohio Union

- **approval requested and amount**
  prof serv and constr w/contingency $5.3M

- **project budget**

professional services	$0.8M
construction w/contingency	$4.5M
total project budget	$5.3M

- **project funding**
  - ☐ university debt
  - ☐ development funds
  - ☐ university funds
  - ☒ auxiliary funds
  - ☐ state funds

- **project schedule**

BoT construction approval	11/18
design/bidding	01/19 – 04/19
construction	04/19 – 10/19

- **project delivery method**
  - ☒ general contracting
  - ☐ design/build
  - ☐ construction manager at risk

- **planning framework**
  - with over 3.3 million visitors and 22,000 events per year, the Ohio Union provides a facility welcoming all students and visitors to experience the essence of Ohio State University
  - a portion of this project is included in the FY 2017 Capital Investment Plan; the FY 2019 Capital Investment Plan will be amended to include the total project cost

- **project scope**
  - to support the high utilization rates and promote the longevity of the building, upgrades will be made to the building infrastructure
  - the project schedule is being developed to minimize the disruption to planned events and routine activities in the building

- **approval requested**
  - approval is requested to amend the FY 2019 Capital Investment Plan
  - approval is requested to enter into professional services and construction contracts

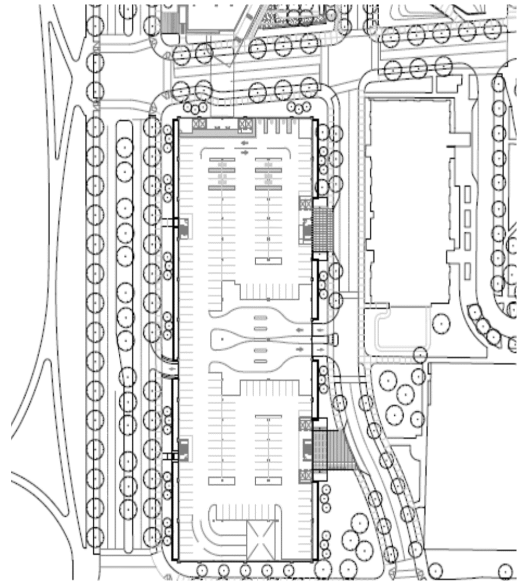
- **project team**
  University project manager: Pat Purtee
  AE/design architect: Ford & Associates Architect
  General Contractor:

Project Data Sheet for Board of Trustees Approval

Wexner Medical Center Inpatient Hospital Garage (Infrastructure & Road Work)

OSU-180391-1 (CNI# 18000171)

Project Location: Wexner Medical Center



- **approval requested and amount**

professional services	$0.5M
construction w/contingency	$21.5M

- **project funding**
  - ☒ university debt
  - ☐ development funds
  - ☐ university funds
  - ☒ auxiliary funds (health system)
  - ☐ state funds

- **project schedule**

BoT professional services approval	02/18
design	06/18 – 12/18
BoT construction approval (partial)	11/18
construction	01/19 – 11/20

- **project delivery method**
  - ☐ general contracting
  - ☐ design/build
  - ☒ construction manager at risk

- **planning framework**
  - consistent with the strategic plans of the university and Wexner Medical Center to provide parking adjacent to medical facilities
  - the garage infrastructure and road work is included in the FY2019 Capital Investment Plan
  - $6.1M of professional services was included in the February 2018 approval for the Wexner Medical Center Inpatient Hospital project

- **project scope**
  - construct a 1,870-space parking garage west of McCampbell Hall and provide adjacent site utilities; garage construction will be phased
  - construct a street to connect 10th Avenue with Medical Center Drive and King Avenue

- **approval requested**
  - approval is requested to increase professional services and enter into construction contracts for site, civil, street connection and foundations

- **project team**

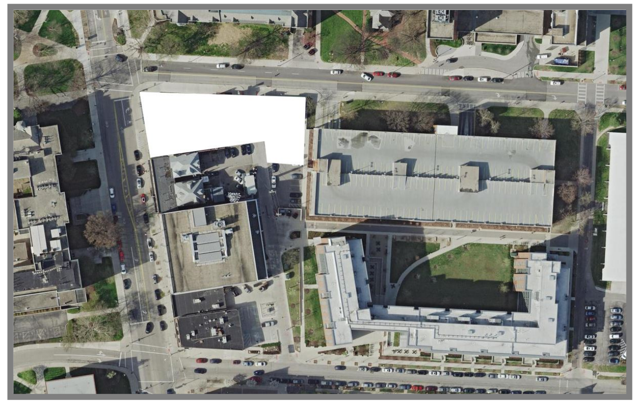
University project manager:	Kristin Poldemann
AE/design architect:	Henningson, Durham & Richardson
CM at Risk:	selected

Project Data Sheet for Board of Trustees Approval

Health Sciences Faculty Office and Optometry Clinic Building

OSU-180356 (CNI# 180000074, 18000019, 18000158)

Project Location: West 11th Ave & Neil Ave



- **approval requested and amount**

	Orig	Incr	Total
prof services	$2.9M	$1.3M	$4.2M
construction	$25.4M	$6.3M	$31.7M

- **project budget**

professional services	$4.2M
construction w/contingency	$31.7M
total project budget	$35.9M

- **project funding**
  - ☐ university debt
  - ☐ development funds
  - ☒ university funds
  - ☒ auxiliary funds
  - ☐ state funds

- **project schedule**

BoT prof serv appr (criteria design)	11/17
design/bidding	4/18 – 5/19
BoT construction approval	11/18
construction	12/18 – 8/20

- **project delivery method**
  - ☐ general contracting
  - ☒ design/build
  - ☐ construction manager at risk

- **planning framework**
  - the project is included in the FY 2018 and FY 2019 Capital Investment Plans
  - the FY 2019 Capital Investment Plan will be amended to include the increase in total project cost

- **project scope**
  - demolish three existing buildings at the corner of W. 11th Ave and Neil Ave
  - construct approximately 106,000 GSF for optometry clinics, retail, faculty offices and support spaces
  - key enabling project for the Interdisciplinary Health Sciences Center
  - project scope was increased for a basement and an additional floor

- **approval requested**
  - approval is requested to amend the FY 2019 Capital Investment Plan
  - approval is requested to increase professional services and construction contracts

- **project team**

University project manager:	Evan Gardiner
Criteria architect:	Acock Associates
Design-builder:	TBD

Project Data Sheet for Board of Trustees Approval

Interdisciplinary Health Sciences Center (Anatomy Lab)

OSU-180354 (CNI# 18000021)

Project Location: Hamilton Hall

- **approval requested and amount**
  construction $4.4M

- **project funding**
  ☐ university debt
  ☐ development funds
  ☐ university funds
  ☐ auxiliary funds (health system)
  ☒ state funds

- **project schedule**
  BoT professional services approval 11/17
  design 8/18 – 11/18
  construction 01/19 – 08/19

- **project delivery method**
  ☐ general contracting
  ☐ design/build
  ☒ construction manager at risk

- **planning framework**
  - consistent with the strategic plans of the university and Wexner Medical Center to provide transformational research and learning environments
  - this project is included in the FY 2018 Capital Investment Plan for design; the FY 2019 Capital Investment Plan will be amended to include $4.4M for enabling construction work

- **project scope**
  - the interdisciplinary health sciences project scope includes renovating existing facilities and constructing a new building to create a collaborative campus for interprofessional education throughout the health sciences
  - anatomy lab work includes renovating 18,000 square feet in Hamilton Hall and installing a chiller, boiler and generator

- **approval requested**
  - approval is requested to amend the FY 2019 Capital Investment Plan
  - approval is requested to enter into construction contracts

- **project team**
  University project manager: Evan Gardiner
  Study/planner: CO Architects
  AE/design architect: Acock Associates
  Construction Manager: Gilbane Building Company

APPROVAL FOR ACQUISITION OF REAL PROPERTY

1600 EAST LONG STREET
COLUMBUS, FRANKLIN COUNTY, OHIO

Synopsis: Authorization to purchase real property located at 1600 East Long Street, Columbus, Franklin County, Ohio, is proposed.

WHEREAS The Ohio State University seeks to purchase improved real property of +/- 0.74 acres located at 1600 East Long Street, Columbus, Ohio, identified as Franklin County parcels 010-003018 and 010-023596; and

WHEREAS the property is strategic to the Wexner Medical Center initiative for healthy communities and will complement the services provided at Outpatient East and University Hospital East and is currently zoned R-3 (Residential); and

WHEREAS improvements on the property include an 8,933± square-foot, one-story building, known as the former MLK Columbus Metropolitan Library:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves that the President and/or Senior Vice President for Business and Finance be authorized to take action required to effect the purchase of the above referenced property upon terms and conditions deemed to be in the best interest of the university.

APPROVAL FOR ACQUISITION OF REAL PROPERTY
1600 EAST LONG STREET
COLUMBUS, FRANKLIN COUNTY, OHIO

Background

The Ohio State University seeks to acquire from Columbus Metropolitan Library Board of Trustees, approximately 0.74 acres of land located on 1600 East Long Street, Franklin County, Columbus, Ohio. The land will be acquired as part of a Wexner Medical Center (WMC) strategic initiative for healthy communities.

Location and Description

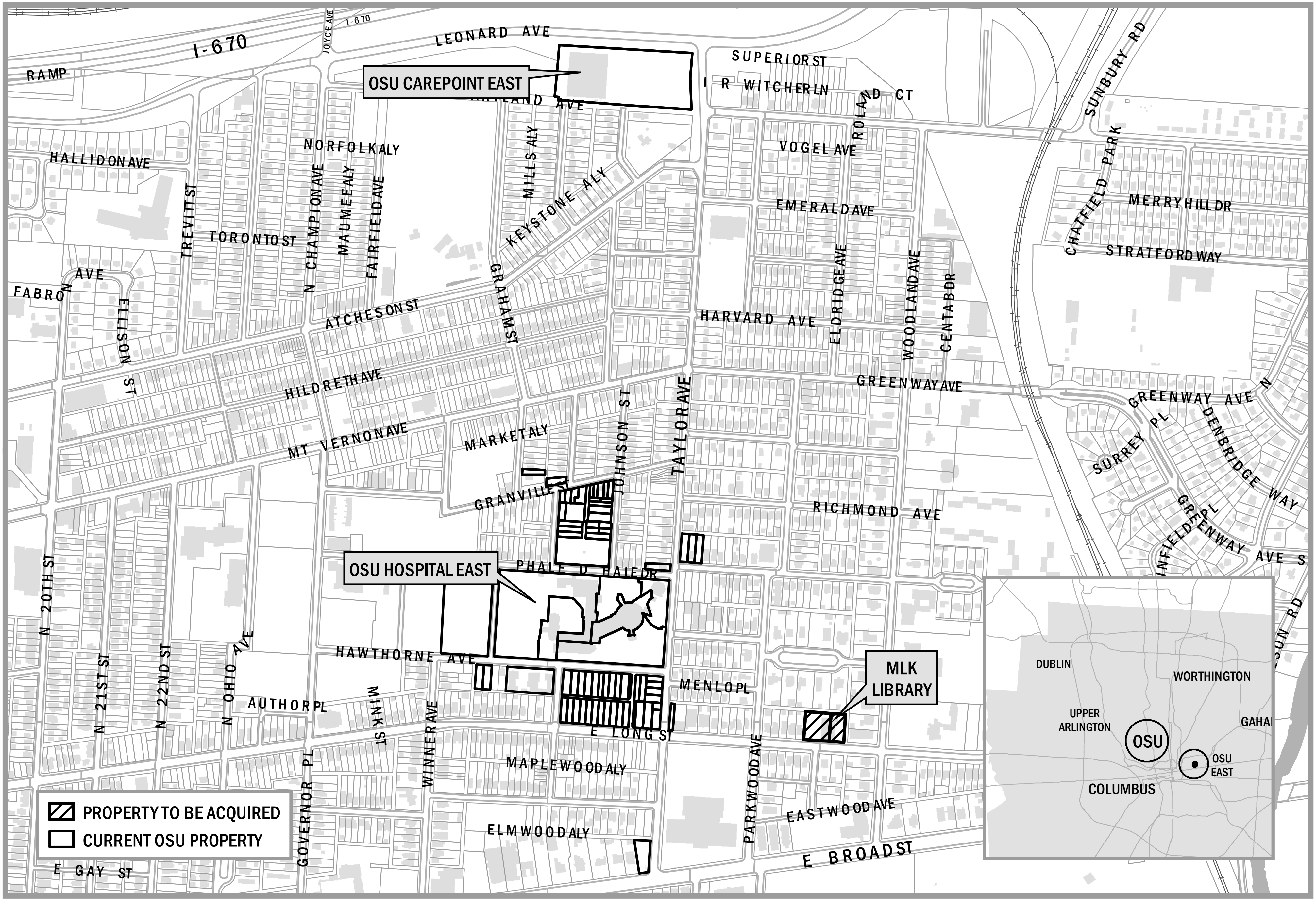
Ohio State is purchasing the property located at 1600 East Long Street, Columbus, Ohio. The site is improved with the former MLK Columbus Metropolitan Library, a single-story building of 8,933±, which was constructed in 1960 and renovated in 1992. The facility was marketed because the library is relocating to their new facility. The site is currently zoned R3 (Residential).

Purchase Rationale

The acquisition of this property is strategic to the WMC initiative for healthy communities. Specifically, the site will continue to serve as a community center with a few proposed renovations that will include a demonstration kitchen, café and meeting rooms. This non-clinical space will complement the services provided at Outpatient East and University Hospital East.

Recommendation

Planning and Real Estate, together with the Wexner Medical Center, recommends the acquisition of the +/- 0.74 acres. The property will be acquired for $245,000 subject to appropriate adjustments and prorations at closing and under terms and conditions that are deemed to be in the best interest of the university.



THE OHIO STATE UNIVERSITY

PURCHASE OF REAL PROPERTY
1600 EAST LONG STREET
COLUMBUS, FRANKLIN COUNTY, OHIO 43203
PARCELS 010-003018 & 010-023596

Prepared By: The Ohio State University
Office of Planning and Real Estate
Issue Date: October 5, 2018
The Ohio State University Board of Trustees

The Ohio State University
Board of Trustees

November 16, 2018

APPROVAL FOR GROUND LEASE
OF UNIMPROVED REAL PROPERTY

THE OHIO STATE UNIVERSITY AIRPORT
2160 WEST CASE ROAD
COLUMBUS, FRANKLIN COUNTY, OHIO

Synopsis: Authorization to ground lease approximately 2-3 acres of unimproved real property located at The Ohio State University Don Scott Airport (OSU Airport), 2160 West Case Road, Franklin County, Ohio, is proposed.

WHEREAS pursuant to Ohio Revised Code, the Ohio Department of Administrative Services may lease land belonging to or under the control or jurisdiction of a state university, not required nor to be required for use of the university, to a developer; and

WHEREAS The Ohio State University is seeking to ground lease approximately 2-3 acres of land located at the OSU Airport; and

WHEREAS the property will be utilized for the construction of approximately 32,000-square-feet of airplane hangar space and 5,500 +/- square feet of office space by Worthington Industries, Inc.; and

WHEREAS the lease is contingent upon The Ohio State University Board of Trustees approval; and

WHEREAS it has been recommended by the Office of Planning and Real Estate, in coordination with the College of Engineering, that the university enter into a lease:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves that the President and/or Senior Vice President for Business and Finance be authorized to take any action required to effect the lease of the property and to negotiate terms and conditions deemed to be in the best interest of the university and in accordance with Ohio law.

APPROVAL FOR GROUND LEASE OF UNIMPROVED REAL PROPERTY
OSU AIRPORT
2160 WEST CASE ROAD
COLUMBUS, FRANKLIN COUNTY, OHIO

Background

The College of Engineering requests to ground lease approximately 2-3 acres of unimproved real property to Worthington Industries, Inc. at The Ohio State University Don Scott Airport (OSU Airport). Worthington Industries will construct an approximately 32,000-square-foot airplane hangar and 5,500± square feet of office space to house its aircraft fleet.

Worthington Industries first based an aircraft at the OSU Airport in the late 1950s. Since that time, their aircraft fleet has varied in the number and size of its aircraft. In 1979, Worthington Industries became the first and only company to date to build an exclusive-use hangar at the airport. The hangar has since reverted to the ownership of the university, but is leased back to Worthington Industries on a multi-year basis for their exclusive use of the building. Due to the recent purchase of a new aircraft, the hangar has become too small to effectively house Worthington Industries' current aircraft fleet and additional space is needed. Worthington Industries also provides internship and career development opportunities for the university's students.

Location and Description

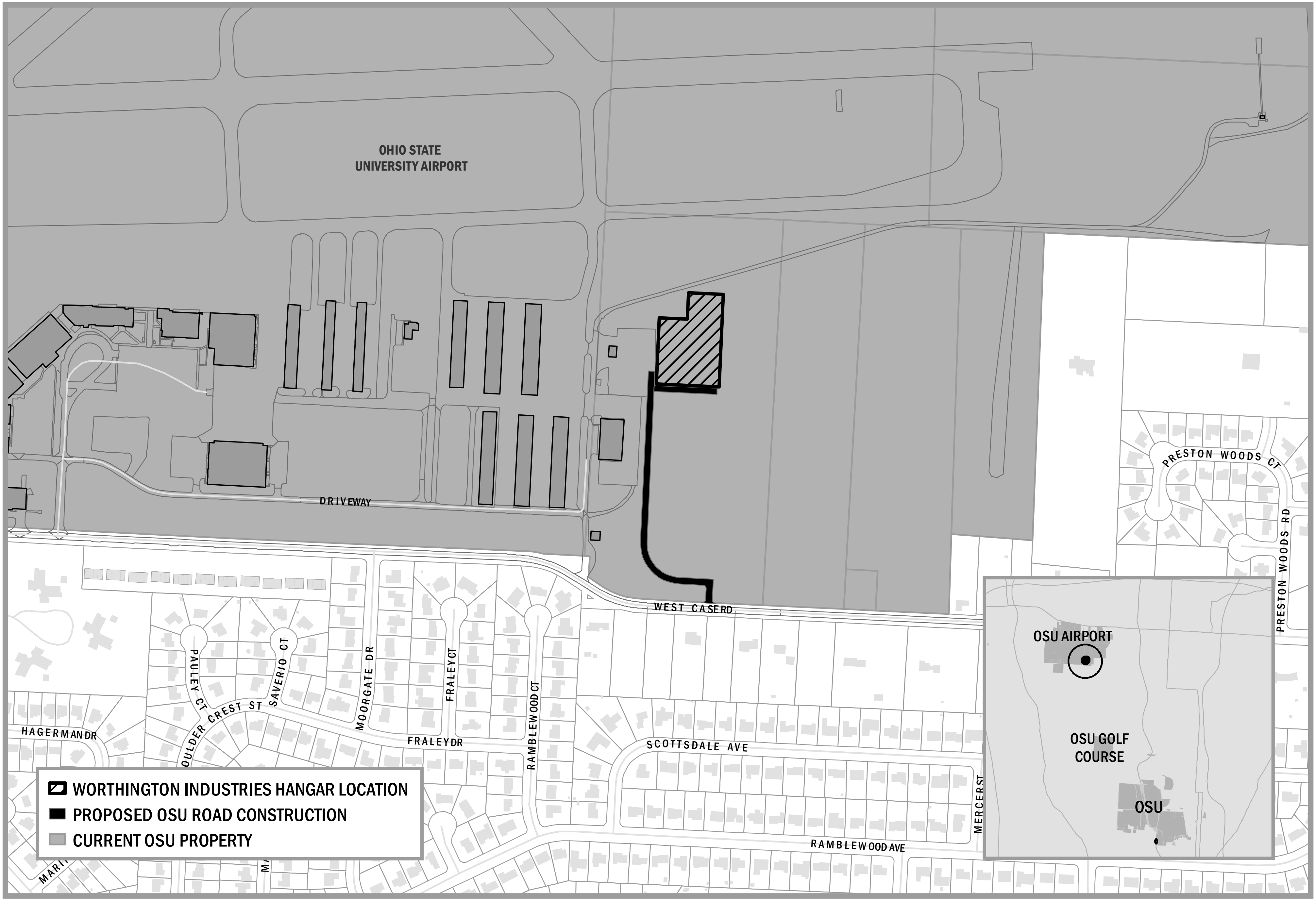
The proposed site is located at the OSU Airport at 2160 West Case Road, Columbus, Franklin County, Ohio, and is part of a tract containing approximately 50 acres of unimproved real property located in Perry Township, which was annexed to the City of Columbus and rezoned from R-4 (Residential) to M-2 (Manufacturing) to be consistent with current zoning at the OSU Airport. The property is titled to the State of Ohio for the use and benefit of The Ohio State University.

Property History

In May 1942, the university purchased property in northwest Columbus for the development of the airport in support of its aviation academic program. The OSU Airport is the nation's premier university owned and operated airport, supporting interdisciplinary teaching and research and is essential to the university's core mission. It is the primary teaching and research laboratory serving the Center for Aviation Studies in the College of Engineering, as well as other units throughout The Ohio State University. The OSU Airport has evolved in the 75+ years since its inception from a pure training facility to Ohio's premier business aviation center, and is the primary facility serving The Ohio State University and the surrounding central Ohio general aviation community. It provides students with a high quality teaching and research laboratory to prepare them for careers in aviation.

Recommendation

Pursuant to Ohio Revised Code Section 123.17, the Ohio Department of Administrative Services may lease land belonging to or under the control or jurisdiction of a state university, not required nor to be required for use of the university, to a developer. Ohio Revised Code 123.17 requires Board of Trustees approval of the lease. Planning and Real Estate, together with the College of Engineering, recommends that the Board of Trustees authorize the leasing of approximately 2-3 acres of unimproved real property to Worthington Industries, Inc. for development of an airplane hangar under terms and conditions that are in the best interest of the university.



THE OHIO STATE UNIVERSITY

WORTHINGTON INDUSTRIES AIRPORT HANGAR
THE OHIO STATE UNIVERSITY AIRPORT
WEST CASE ROAD
COLUMBUS, FRANKLIN COUNTY, OHIO 43235

Prepared By: The Ohio State University
Office of Planning and Real Estate
Issue Date: October 5, 2018
The Ohio State University Board of Trustees

THE OHIO STATE UNIVERSITY BOARD OF TRUSTEES
FINANCE COMMITTEE

TOPIC: Fiscal Year 2019 Interim Financial Report - August 31, 2018

CONTEXT: The purpose of this report is to provide an update of financial results

SUMMARY: The highlighted areas include:

- Review of comparative financial statements
- State Support
- OSU Wexner Medical Center
- Enrollment
- Research
- Auxiliary Operations

REQUESTED OF THE FINANCE COMMITTEE: No vote required; for information only

I. Summary

Consolidated revenues through the two months of fiscal year 2019, excluding investment income, were $1,072 million, representing an increase of $69 million, or 6.9% over the same period of fiscal year 2018. The revenue increase is primarily in Healthcare revenues, which were up $67 million. Additional details on revenue trends are provided below:

- Healthcare revenues for the OSU Health System and OSU Physicians (OSUP) increased $67 million, or 11.6%, to $648 million. The Health System accounted for $59 million of the increase. Total outpatient visits and surgeries were 6.5% and 4.8% above prior year, respectively.

- University revenues through the two months of fiscal year 2019 decreased by $3 million to $398 million compared to the same period in fiscal year 2018.

    - Net student tuition and fees increased $8 million, to $71 million or 12.7% over the same period of fiscal year 2018, due primarily to increases in summer semester tuition of $3 million and one additional autumn semester academic day in the current year in August of $5 million. Enrollment for Autumn semester is up in total by 1% over the prior year with non-resident enrollment increasing by 2.9%.
    - Sales and srvices of educational departments increased $5 million reflecting an increase in VMware software sales by Ohio Academic Resources Network (OARNet).
    - Grant and contract revenues decreased $10 million, or 5.9%, to $165 million, due primarily to decreases of $9 million from U.S. Department of Agriculture timing delays for extension and research programs.
    - Other revenue sources with smaller changes including current use gifts decreased $3 million, state capital appropriations decreased $2 million, and state line-item appropriations decreased $1 million.

- Auxiliary revenues for the first two months of fiscal year 2019 increased $5 million, to $26 million, primarily due to two concerts held in Ohio Stadium this fiscal year.

Consolidated expenses for the two months ended August 31, 2018 were $1,030 million, up $54 million, or 5.6%, over the same period of fiscal year 2018.

- Healthcare expenses of $554 million increased $46 million, or 9.0%, primarily due to increases in operating costs from increases in patient volumes.
- University expenses of $422 million for the first two months of fiscal year 2019 were flat compared to the same period of fiscal year 2018.
- Auxiliary expenses increased $8 million to $54 million for the first two months of fiscal year 2019, primarily due to two concerts held in Ohio Stadium and operating expenses associated with Athletics and Student Life.

Overall, total revenues of $1,072 million outpaced total expenses of $1,030 million. The year-to-date change in consolidated net position (excluding net investment income and interest expense) increased by $14 million, from $28 million in fiscal year 2018 to $42 million in fiscal year 2019. The increase is primarily due to increases in healthcare operating margins of $21 million.

Total cash and restricted cash increased $280 million for the first two months of fiscal year 2019 primarily due to collection of student tuition and housing and dining fees. The Long-term Investment Pool (LTIP) increased $32 million to $5,243 million due primarily to net investment income, offset by distributions. For two months ended August 31, 2018 (FYTD), the LTIP earned a net return of 1.26% versus a Policy Benchmark of 2.65%, resulting in underperformance of 1.39%. The LTIP return does not include all of the July and August performance results from our private equity and real asset investments. During that period, our Global Equities returned 2.32%, followed by Global Fixed Income at -0.11%, and Real Assets at -0.90%.

II. Financial Statement Review - For the Two Months Ended August 31, 2018

A. Interim Financial Statements (in thousands)

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF NET POSITION - UNAUDITED
August 31, 2018 and June 30, 2018

	As of August 2018	As of June 2018	Increase/Decrease Dollars	%
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 1,844,714	$ 1,548,826	$ 295,888	19.1%
Temporary investments	1,635,477	1,615,671	19,806	1.2%
Accounts receivable, net	810,028	672,587	137,441	20.4%
Notes receivable - current portion, net	25,317	25,317	-	0.0%
Pledges receivable - current portion, net	29,524	29,524	-	0.0%
Accrued interest receivable	19,541	23,454	(3,913)	-16.7%
Inventories and prepaid expenses	245,253	129,881	115,372	88.8%
Investments held under securities lending program	33,196	39,510	(6,314)	-16.0%
Total Current Assets	4,643,050	4,084,770	558,280	13.7%
Noncurrent Assets:				
Restricted cash	549,078	564,656	(15,578)	-2.8%
Notes receivable, net	37,201	43,666	(6,465)	-14.8%
Pledges receivable, net	70,901	70,901	-	0.0%
Long-term investment pool	5,243,093	5,211,434	31,659	0.6%
Other long-term investments	168,663	165,427	3,236	2.0%
Capital assets, net	5,170,712	5,154,803	15,909	0.3%
Total Noncurrent Assets	11,239,648	11,210,887	28,761	0.3%
Total Assets	15,882,698	15,295,657	587,041	3.8%
Deferred Outflows:				
Pension	631,651	631,651	-	0.0%
Other post-employment benefits	87,915	87,915	-	0.0%
Other deferred outflows	18,393	18,393	-	0.0%
Total Assets and Deferred Outflows	$ 16,620,657	$ 16,033,616	$ 587,041	3.7%
LIABILITIES AND NET POSITION:				
Current Liabilities:				
Accounts payable and accrued expenses	$ 531,428	$ 603,410	$ (71,982)	-11.9%
Deposits and advance payments for goods and services	862,293	276,496	585,797	211.9%
Current portion of bonds, notes and leases payable	53,529	53,551	(22)	0.0%
Long-term bonds payable, subject to remarketing	588,360	588,360	-	0.0%
Liability under securities lending program	33,196	39,510	(6,314)	-16.0%
Other current liabilities	68,320	88,850	(20,530)	-23.1%
Total Current Liabilities	2,137,126	1,650,177	486,949	29.5%
Noncurrent Liabilities:				
Bonds, notes and leases payable	2,598,081	2,603,059	(4,978)	-0.2%
Concessionaire payable	10,316	10,316	-	0.0%
Net pension liability	2,548,245	2,548,245	-	0.0%
Net other post-employment benefit liability	1,249,521	1,249,674	(153)	0.0%
Compensated absences	171,097	170,225	872	0.5%
Self-insurance accruals	73,926	74,139	(213)	-0.3%
Amounts due to third-party payors - Health System	65,191	44,909	20,282	45.2%
Irrevocable split-interest agreements	29,235	29,378	(143)	-0.5%
Refundable advances for Federal Perkins loans	32,638	32,638	-	0.0%
Advance from concessionaire	1,042,711	1,046,342	(3,631)	-0.3%
Other noncurrent liabilities	114,582	91,987	22,595	24.6%
Total Noncurrent Liabilities	7,935,543	7,900,912	34,631	0.4%
Total Liabilities	10,072,669	9,551,089	521,580	5.5%
Deferred Inflows:				
Parking service concession arrangement	424,572	426,176	(1,604)	-0.4%
Pension	411,809	411,809	-	0.0%
Other post-employment benefits	100,511	100,511	-	0.0%
Other deferred inflows	33,779	33,779	-	0.0%
Total Deferred Inflows	970,671 #	972,275	(1,604)	-0.2%
Net Position:				
Net investment in capital assets	2,548,576	2,488,574	60,002	2.4%
Restricted:				
Nonexpendable	1,577,321	1,551,278	26,043	1.7%
Expendable	1,142,234	1,328,793	(186,559)	-14.0%
Unrestricted	307,190	141,607	165,583	116.9%
Total Net Position	5,577,317	5,510,252	67,065	1.2%
Total Liabilities, Deferred Inflows, and Net Position	$ 16,620,657	$ 16,033,616	$ 587,041	3.7%

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET POSITION - UNAUDITED
Comparative Year-To-Date
August 31, 2018 and August 31, 2017

	August 2018	August 2017	Increase/Decrease Dollars	%
Operating Revenues:				
Student tuition and fees, net	$ 70,775	$ 62,792	$ 7,983	12.7%
Federal grants and contracts	66,769	76,345	(9,576)	-12.5%
State grants and contracts	12,416	17,472	(5,056)	-28.9%
Local grants and contracts	3,166	4,053	(887)	-21.9%
Private grants and contracts	53,167	49,616	3,551	7.2%
Sales and services of educational departments	31,569	26,945	4,624	17.2%
Sales and services of auxiliary enterprises	25,929	21,164	4,765	22.5%
Sales and services of the OSU Health System, net	559,860	501,330	58,530	11.7%
Sales and services of OSU Physicians, Inc., net	88,463	79,837	8,626	10.8%
Other operating revenues	3,040	3,982	(942)	-23.7%
Total Operating Revenues	915,154	843,536	71,618	8.5%
Operating Expenses:				
Educational and General:				
Instruction and departmental research	111,377	107,006	4,371	4.1%
Separately budgeted research	88,231	86,236	1,995	2.3%
Public service	28,155	29,070	(915)	-3.1%
Academic support	35,305	33,238	2,067	6.2%
Student services	14,826	14,459	367	2.5%
Institutional support	48,645	60,210	(11,565)	-19.2%
Operation and maintenance of plant	19,468	19,667	(199)	-1.0%
Scholarships and fellowships	7,499	7,197	302	4.2%
Auxiliary enterprises	54,344	46,560	7,784	16.7%
OSU Health System	470,859	430,879	39,980	9.3%
OSU Physicians, Inc.	82,725	76,764	5,961	7.8%
Depreciation	68,119	63,795	4,324	6.8%
Total Operating Expenses	1,029,553	975,081	54,472	5.6%
Operating Loss	(114,399)	(131,545)	17,146	-13.0%
Non-operating Revenues (Expenses):				
State share of instruction and line-item appropriations	78,722	79,444	(722)	-0.9%
Federal subsidies for Build America Bonds interest	1,887	1,887	-	0.0%
Federal non-exchange grants	29,039	27,414	1,625	5.9%
State non-exchange grants	474	403	71	17.6%
Gifts	29,204	32,313	(3,109)	-9.6%
Net investment income	82,360	93,749	(11,389)	-12.1%
Interest expense on plant debt	(19,465)	(19,847)	382	-1.9%
Other non-operating revenues(expenses)	109	(126)	235	-186.5%
Net Non-operating Revenue (Expense)	202,330	215,237	(12,907)	-6.0%
Income (Loss) before Other Revenues, Expenses, Gains or Losses	87,931	83,692	4,239	5.1%
Other Changes in Net Position				
State capital appropriations	8,660	10,110	(1,450)	-14.3%
Private capital gifts	2,443	990	1,453	146.8%
Additions to permanent endowments	6,592	7,010	(418)	-6.0%
Total Other Changes in Net Position	17,695	18,110	(415)	-2.3%
Increase (Decrease) in Net Position	105,626	101,802	$ 3,824	3.8%
Net Position - Beginning of Year				
Beginning of year, as restated	5,471,691	5,710,068		
Net Position - End of Period	$ 5,577,317	$ 5,811,870		

THE OHIO STATE UNIVERSITY
STATEMENTS OF CASH FLOWS - UNAUDITED
Years Ended August 31, 2018 and August 31, 2017
(in thousands)

	August 2018	August 2017	Incr/(Decr) to Cash Dollars	%
Cash Flows from Operating Activities:				
Tuition and fee receipts	$ 360,140	$ 345,953	$ 14,187	4.1%
Grant and contract receipts	114,610	97,189	17,421	17.9%
Receipts for sales and services	743,676	696,470	47,206	6.8%
Receipt from energy concessionaire	-	1,089,914	(1,089,914)	-100.0%
Payments to or on behalf of employees	(492,080)	(449,756)	(42,324)	9.4%
University employee benefit payments	(156,589)	(125,004)	(31,585)	25.3%
Payments to vendors for supplies and services	(380,418)	(410,554)	30,136	-7.3%
Payments to students and fellows	(6,089)	(6,075)	(14)	0.2%
Student loans issued	(1,618)	(4,719)	3,101	-65.7%
Student loans collected	1,890	1,313	577	43.9%
Student loan interest and fees collected	315	286	29	10.1%
Other receipts	3,787	816	2,971	364.1%
Net cash provided (used) by operating activities	187,624	1,235,833	(1,048,209)	-84.8%
Cash Flows from Noncapital Financing Activities:				
State share of instruction and line-item appropriations	78,722	64,110	14,612	22.8%
Non-exchange grant receipts	29,513	24,814	4,699	18.9%
Gift receipts for current use	29,204	32,312	(3,108)	-9.6%
Additions to permanent endowments	6,592	7,010	(418)	-6.0%
Drawdowns of federal direct loan proceeds	137,800	127,500	10,300	8.1%
Disbursements of federal direct loans to students	(146,685)	(148,761)	2,076	-1.4%
Repayment of loans from related organization	146	70	76	108.6%
Amounts received for annuity and life income funds	-	279	(279)	-100.0%
Amounts paid to annuitants and life beneficiaries	(289)	(783)	494	-63.1%
Agency funds receipts	6,676	6,110	566	9.3%
Agency funds disbursements	(5,386)	(4,894)	(492)	10.1%
Net cash provided (used) by noncapital financing activities	136,293	107,767	28,526	26.5%
Cash Flows from Capital Financing Activities:				
State capital appropriations	7,815	9,596	(1,781)	-18.6%
Gift receipts for capital projects	2,443	990	1,453	146.8%
Payments for purchase or construction of capital assets	(84,551)	(68,144)	(16,407)	24.1%
Interest payments on capital debt and leases	(1,041)	(732)	(309)	42.2%
Net cash provided (used) by capital financing activities	(75,334)	(58,290)	(17,044)	29.2%
Cash Flows from Investing Activities:				
Net (purchases) sales of temporary investments	(19,304)	12,862	(32,166)	-250.1%
Proceeds from sales and maturities of long-term investments	146,343	181,389	(35,046)	-19.3%
Investment income	27,970	28,559	(589)	-2.1%
Purchases of long-term investments	(124,024)	(521,816)	397,792	-76.2%
Net cash provided (used) by investing activities	30,985	(299,006)	329,991	-110.4%
Net Increase (Decrease) in Cash	279,568	986,304	$ (706,736)	-71.7%
Cash and Cash Equivalents - Beginning of Year	2,114,224	1,376,679		
Cash and Cash Equivalents - End of Period	$ 2,393,792	$ 2,362,983		

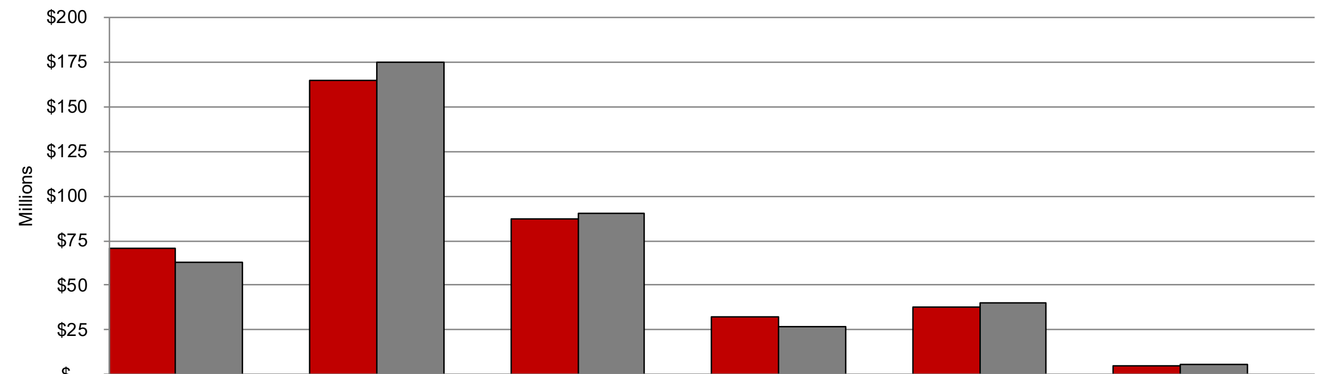
B. Revenue

Consolidated revenues through the first two months of fiscal year 2019, excluding investment income, were $1,072 million, representing an increase of $69 million, or 6.9% over the same period of fiscal year 2018. The breakdown of comparative year-to-date revenues between the University, Auxiliary, and Healthcare (the OSU Health System hospitals and OSUP) follows.

<u>University</u>

University revenues for the first two months of fiscal year 2019 were $398 million, down $3 million compared to the first two months of fiscal year 2018. Major components of university revenues were as follows:

University Revenue YTD First Two Months Fiscal Year 2019 vs. Fiscal Year 2018



	Tuition, net	Grants & Contracts (includes non-exchange)	State Appropriations	Educational departments	Gifts	Other
2019	$71	165	87	32	38	5
2018	$63	175	90	27	40	6
% Change	13%	-6%	-3%	19%	-5%	-17%

Net student tuition and fees increased $8 million, to $71 million or 12.7% over the same period of fiscal year 2018 due primarily to increases in non-resident enrollment of 2.9% and non-resident surcharge of 4.8%. Increases in gross tuition were partially offset by a $2 million increase in scholarship allowances. Total enrollment for the current academic year is up by 1.0% from the prior academic year. Non-resident enrollment is up by 2.9% for the same period.

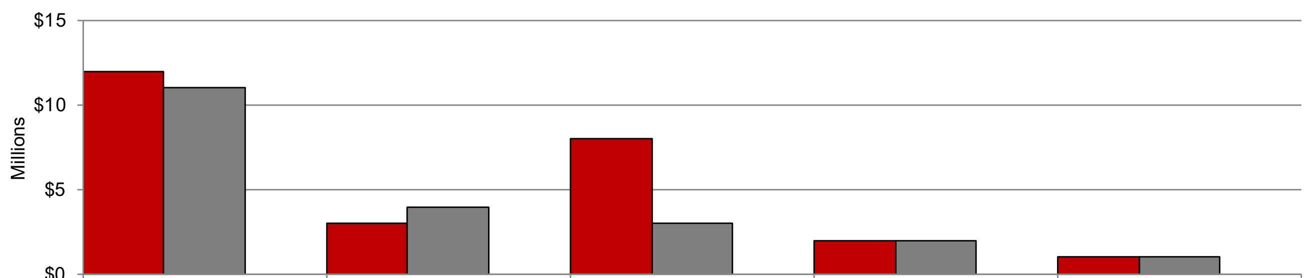
Grant and contract revenues decreased $10 million, or 5.9%, to $165 million, due primarily to decreases of $9 million from U.S. Department of Agriculture timing delays for extension and research programs.

Educational departments revenue increased $5 million from an increase in VMware software sales by Ohio Academic Resources Network (OARNet).

<u>Auxiliary</u>

Auxiliary revenues for the first two months of fiscal year 2019 increased $5 million, to $26 million, compared to the first two months of fiscal year 2018. Major components of auxiliary revenues were as follows:

Auxiliary Revenues YTD First Two Months Fiscal Year 2019 vs. Fiscal Year 2018



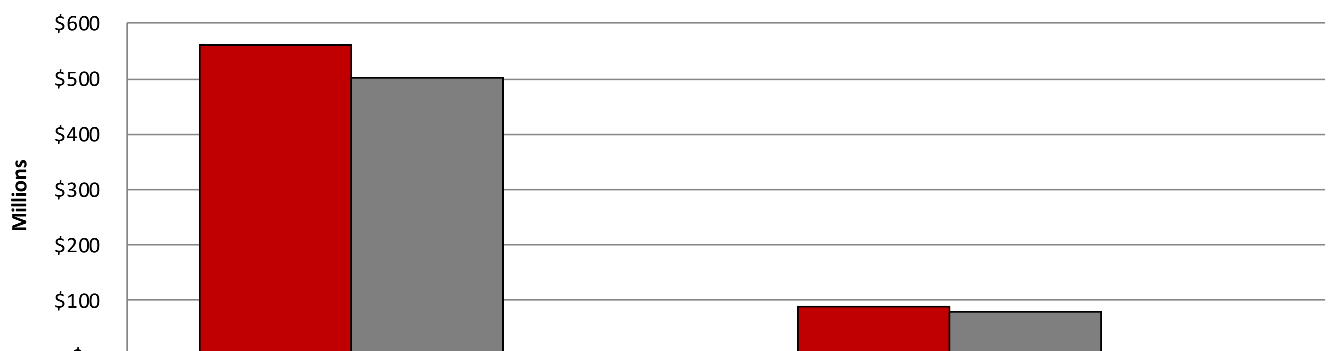
	Student Life - Room and Board, net	Athletics	Schottenstein Center	The Blackwell	Other (Airport, Fawcett Cnt, Ohio Union)
2019	$12	$3	$8	$2	$1
2018	$11	$4	$3	$2	$1
% Change	9%	-25%	167%	0%	0%

Auxiliary revenues increased $5 million due primarily to two concerts held in the Ohio Stadium in fiscal year 2019.

<u>Healthcare</u>

Total healthcare revenue for the first two months of fiscal year 2019 increased $67 million, or 11.6%, to $648 million, compared to the first two months of fiscal year 2018.

Healthcare Revenues YTD First Two Months Fiscal Year 2019 vs. Fiscal Year 2018



	Health System	OSU Physicians
2019	$560	$88
2018	$501	$80
% Change	12%	11%

Consolidated OSU Health System revenues of $560 million increased $59 million, or 11.7%, in the first two months of fiscal year 2019 over the same period in 2018. Total operating revenue per adjusted admission were 5.9% above prior year and 2.9% above budget. Total outpatient visits were 6.5% above prior year and 0.3% above budget. The total number of patients treated in inpatient beds was below prior year by 0.2%. OSU Physicians revenue increased $8 million, or 10.0%, for the first two months of fiscal year 2019.

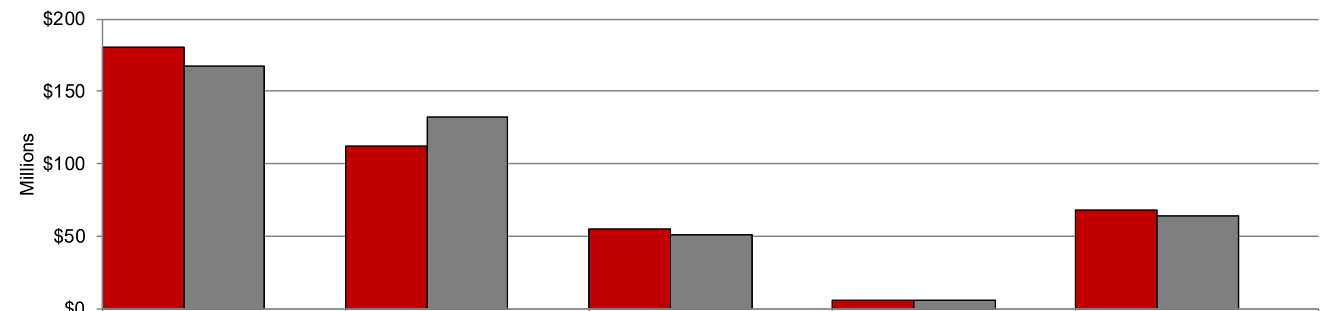
C. Expenses

Consolidated expenses of $1,030 million for the first two months of fiscal year 2019 increased $54 million, or 5.6%, compared to the first two months of fiscal year 2018 of $975 million. The mix of expenses remained constant between years, with salaries and benefits comprising 53% and supplies and other expenses making up 38% of total operating expenses. The breakdown of comparative year-to-date expenses for University, Auxiliary, and Healthcare follows.

University

University expenses for the first two months of fiscal year 2019 of $422 million were up $1 million, or 0.2% compared to the first two months of fiscal year 2018. Major categories of university expenses were as follows:

University Expenses YTD First Two Months Fiscal Year 2019 vs. Fiscal Year 2018



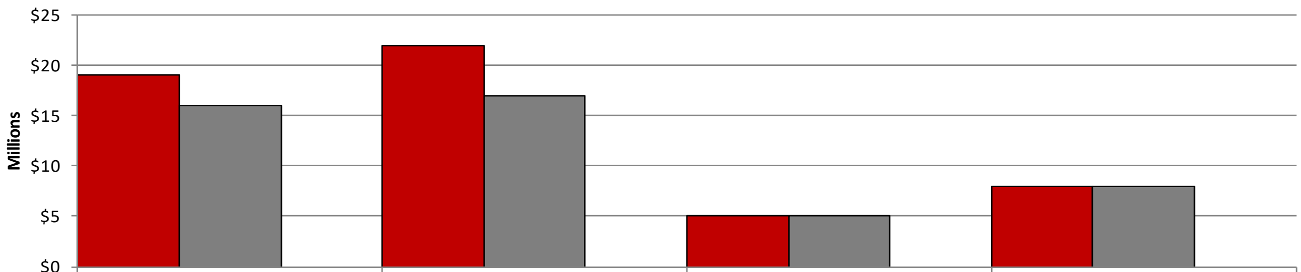
	Salaries	Supplies and other	Benefits and fee authorizations	Student aid	Depreciation
2019	$181	112	55	6	68
2018	$168	132	51	6	64
% Change	8%	-15%	8%	0%	6%

Salaries increased $13 million, or 7.8%, in the first two months of fiscal year 2019 over the comparable period in fiscal year 2018 due primarily to increases in average university merit pool of 2% and new hires for budgeted strategic initiatives. Benefits increased $4 million primarily driven by the salary guideline increase and new hires. Supplies and other expenses decreased $20 million due primarily to $12 million in closing costs on the energy transaction in fiscal year 2018 and decreases in information technology and sponsored research program related expenses. Depreciation increased due to higher building and equipment depreciations for both university and health system.

Auxiliary

Auxiliary expenses for the first two months of fiscal year 2019 of $54 million were up $7 million, or 16.7%, compared to the first two months of fiscal year 2018 due primarily to Athletics personnel costs and cost of sales, and Student Life housing and dining costs. Major categories of auxiliary expenses were as follows:

Auxiliary Expenses YTD First Two Months Fiscal Year 2019 vs. Fiscal Year 2018



	Salaries	Supplies and other	Benefits	Student aid
2019	$19	22	5	8
2018	$16	17	5	8
% Change	19%	29%	0%	0%

Healthcare

Healthcare expenses for the first two months of fiscal year 2019 of $554 million were up $46 million, or 9.0% compared to the first two months of fiscal year 2018. Major categories of healthcare expenses were as follows:

Healthcare Expenses YTD First Two Months Fiscal Year 2019 vs. Fiscal Year 2018

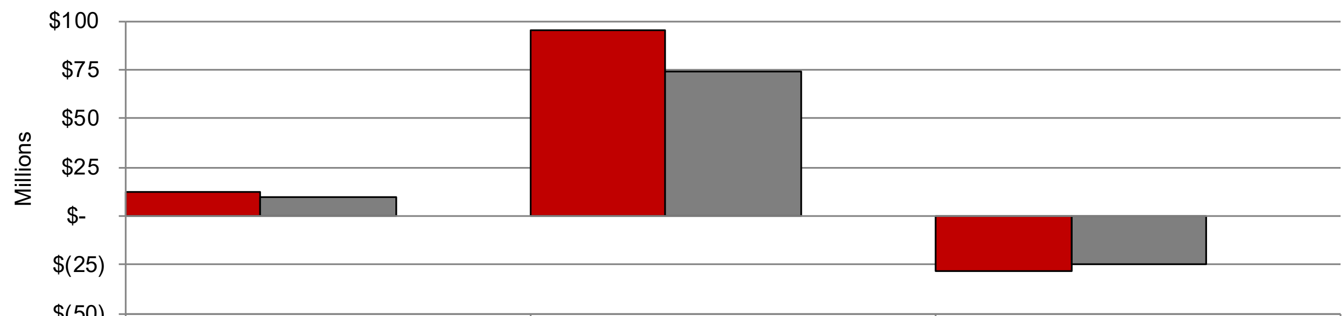
	Salaries	Supplies and Other	Benefits
2019	$223	263	68
2018	$206	241	61
% Change	8%	9%	11%

Salaries increased $17 million in the first two months of fiscal year 2019, or 8.2% over the comparable period in fiscal year 2018 due primarily to increases in staffing levels to support increased patient volumes. Supplies and other expenses increased $22 million, or 9.1%, due primarily to increases in operating costs from increases in patient volumes and cost of drugs. Benefits increased $7 million or 11.5% due to salary increases.

D. Revenues Less Expenses (Margins)

Consolidated revenues less expenses plus endowment distributions for The Ohio State University increased $20 million, from $59 million to $79 million, for the first two months of fiscal year 2019 compared to the first two months of fiscal year 2018. Healthcare margins increased $21 million, university margins increased $2 million, and auxiliary margins decreased $3 million for the first two months of fiscal year 2019 compared to last year.

Revenue Less Operating Expense and Endowment Distributions by Area YTD First Two Months Fiscal Year 2019 vs. Fiscal Year 2018



	University	Healthcare	Auxiliary
2019	$12	$95	$(28)
2018	$10	$74	$(25)
% Change	20%	28%	12%

E. Investments

For two months ended August 31, 2018, the fair value of the university's Long-Term Investment Pool increased $31.7 million to $5,243 million. Changes in total valuation are summarized below:

	2019	2018
Market Value at June 30	$ 5,211,434	$ 4,253,459
Net principal additions	5,708	360,739
Change in market value	58,449	81,231
Income earned	17,254	12,563
Distributions	(35,665)	(30,470)
Expenses	(14,088)	(12,385)
Market Value at August 31	$ 5,243,092	$ 4,665,137

Net principal additions include new endowment gifts ($6.6 million), reinvestment of unused endowment distributions ($0.5 million), and other net transfers of University monies (-$1.4 million). Change in market value includes realized gains (losses) on the sale of investment assets and unrealized gains (losses) associated with assets held in the pool at August 31, 2018. Income earned includes interest and dividends and is used primarily to help fund distributions. Expenses include investment management expenses ($10.4 million), University Development related expenses ($3.1 million) and other administrative related expenses ($0.1 million).

LTIP Investment Returns

For two months ended August 31, 2018 (FYTD), the LTIP earned a net of investment fee return of 1.26% versus a Policy Benchmark of 2.65%, resulting in underperformance of 1.39%. During that period, our Global Equities returned 2.32%, followed by Global Fixed Income at -0.11%, and Real Assets at -0.90%.

The comparable two month period ended August 31, 2017 saw a net of investment fee return of 1.94% versus a 2.45% Policy Benchmark, resulting in underperformance of 0.51%. During that period, our Global Equities returned 2.47%, followed by Global Fixed Income at 1.30%, and Real Assets at 0.78%.

Temporary Investments
For the two months ended August 31, 2018 (FYTD) the Intermediate Investments earned a return of 0.53% (+4.4 million) outperforming the BofA ML 1-3 Yr US Gov't/Credit benchmark (+0.41%) by 0.12%. Short-Term Investments earned 0.28% (+$1.6 million) underperforming the 90 Day T-Bill benchmark (+0.34%) by 0.06%.

The comparable two-month period ended August 31, 2017, saw Intermediate Investments earn a return of 0.55% (+$4.9 million). Short-Term Investments returned 0.24% (+$1.4 million) for this same period.

F. Cash Flows

Cash provided by operating activities was $188 million through the first two months of fiscal year 2019, compared with net cash provided by operating activities of $1,236 million for the same period in fiscal year 2018. The decrease in cash is due primarily to the upfront proceeds from the energy concessionaire in fiscal year 2018.

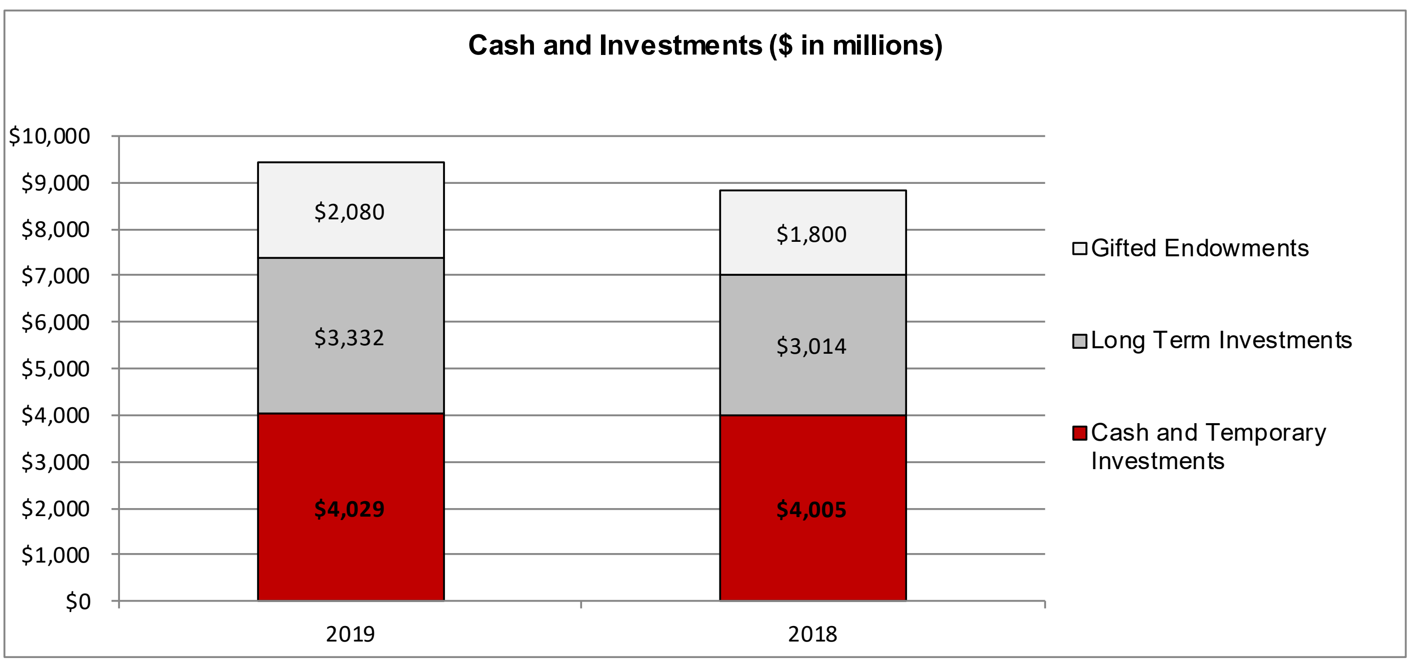
Cash provided by noncapital financing activities was $136 million through the first two months of fiscal year 2019, compared with $108 million for the same period in fiscal year 2018. The increase is primarily due to increases in year-to-date receipts of state share of instruction and line-item appropriations.

Net cash flows used by capital financing activities were $75 million for the two months ended August 31, 2018, primarily for payments on the construction of capital assets of $85 million.

Net cash provided by investing activities was $31 million for the first two months of fiscal year 2019, compared to net cash used by investing activities of $299 million for the comparable period in fiscal year 2018.

G. Cash and Investments

Total university cash and investments at August 31, 2018 increased by $622 million, to $9,441 million compared to August 31, 2017. Gifted endowment and long-term investments increased $598 million due primarily to investments of a portion of the upfront payment from OSEP.



III. Financial Highlights - For the Two Months Ending August 31, 2018

A. State Support Outlook

The Office of Budget and Management (OBM) reports August 2018 General Revenue Fund (GRF) total revenue receipts before transfers were $20.6 million or 0.7% below estimates. On a year-to-date basis, GRF revenues before transfers are $79.1 million or 1.4% below estimates. This is driven primarily by favorable year-to-date tax receipts of $27.8 million offset by a $109.8 million shortfall in federal grants.

The Ohio unemployment rate increased in July to 4.6% – the highest level since January. The rate had reached a cycle-low of 4.3% in April and May. The 0.5 point decline in the year-over-year unemployment rate from 5.1% in July 2017 to the current 4.6% resulted from an increase of 37,600 workers, a 9,900 increase in the labor force, and a 27,800 person decline in the number of unemployed.

August disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $190.2 million and were $1.4 million (0.7%) below estimate. This variance was primarily attributable to spending in the Ohio College Opportunity Grant Program, which was below estimate by $1.0 million due to lower than estimated requests for reimbursement from higher education institutions. Year-to-date disbursements were $375.0 million, which was $3.3 million (0.9%) below the estimate. On a year-over-year basis, disbursements in this category were $10.1 million (5.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $24.6 million (7.0%) higher than at the same point in fiscal year 2018.

Total fiscal year 2019 state share of instruction (SSI) projection amounts from the state remained the same from fiscal year 2018 at $1.5 billion. The Ohio State University share increased slightly by .23% or $890k based the formula funding showing an approximate $2.1M gain in Course Completion and Degree Attainment offset by Medical funding decrease of approximately $1.2M.

B. OSU Wexner Medical Center

For the first two months of the fiscal year 2019, the Wexner Health System's Excess of Revenue over Expense was 9.0% above budget and 22.7% above the prior year.

- Patient admissions were 0.1% below prior year and the total number of patients treated in inpatient beds was below prior year by 0.2%.
- Total outpatient visits were 0.3% above budget and 6.5% above prior year.
- Adjusted admissions were 2.0% below budget and 5.1% above prior year.
- Operating revenue per adjusted admission was 2.9% above budget and 5.9% above prior year.
- Operating expense per adjusted admission was 2.3% above budget and 5.0% above prior year.
- Total operating revenue was 0.8% above budget and 11.0% above prior year.
- Total operating expense was 0.3% above budget and 10.3% above prior year.
- Operating EBIDA margin was 2.8% above budget, days cash on hand totaled 150.2 days and debt service coverage was 0.3% below budget.

C. Enrollment

Columbus Campus

Enrollment is 1.5% above budget at the Columbus campus and is up 1% compared to fiscal year 2018. The following tables are based on the combined student headcounts for summer and autumn semesters.

SUMMER & AUTUMN	Fiscal Year 2019 Actual Vs. Budget Headcounts				Fiscal Years 2018 & 2019 Headcount Comparison			
Student Level	Actual	Budget	Change	% Chg	FY 2019	FY 2018	Change	% Chg
Undergraduate	57,837	57,143	694	1.2%	57,837	57,523	314	0.5%
Graduate	17,511	17,226	285	1.7%	17,511	17,218	293	1.7%
Professional	4,617	4,449	168	3.8%	4,617	4,425	192	4.3%
Grand Total	79,965	78,818	1,147	1.5%	79,965	79,166	799	1.0%

Headcounts include only those that generate fee revenue.

As shown below, resident enrollments remained stable between fiscal year 2018 and fiscal year 2019 and are up nearly 1% above budget. Non-resident enrollment is 3% above fiscal year 2018 and is up 4% to budget. For the academic year-to-date, total enrollment has increased 1% between fiscal year 2018 and fiscal year 2019 and is 1.5% above budget.

SUMMER & AUTUMN	Fiscal Year 2019 Actual Vs. Budget Headcounts				Fiscal Years 2018 & 2019 Headcount Comparison			
Residency Status	Actual	Budget	Change	% Chg	FY 2019	FY 2018	Change	% Chg
Resident	56,988	56,643	345	0.6%	56,988	56,836	152	0.3%
Non-Resident	22,977	22,175	802	3.6%	22,977	22,330	647	2.9%
Grand Total	79,965	78,818	1,147	1.5%	79,965	79,166	799	1.0%

*Headcounts include only those that generate fee revenue.

Regional Campuses

The following are the combined summer and autumn semester headcount enrollment figures. Overall, regional campus enrollment decreased nearly 1% from fiscal year 2018 and was down 4% to budget. Enrollments increased for Marion and Newark campuses and decreased for Lima, Mansfield, and ATI between fiscal year 2018 and fiscal year 2019. While Marion increased nearly 9%, Lima decreased 13% between this fiscal year and last fiscal year. While Newark campus was close to their budget target for fiscal year 2019 (within 1%), all the other regional campuses were below budget, ranging from nearly -2% (Marion) to -12% (Lima).

SUMMER & AUTUMN	Fiscal Year 2018 Actual Vs. Budget Headcounts					Fiscal Years 2017 & 2018 Headcount Comparison			
Campus	Actual	Budget	Change	% Chg		FY 2018	FY 2017	Change	% Chg
Lima	1,123	1,277	(154)	-12.1%		1,123	1,293	(170)	-13.1%
Mansfield	1,311	1,387	(76)	-5.5%		1,311	1,387	(76)	-5.5%
Marion	1,502	1,529	(27)	-1.8%		1,502	1,381	121	8.8%
Newark	3,177	3,205	(28)	-0.9%		3,177	3,046	131	4.3%
ATI	765	819	(54)	-6.6%		765	840	(75)	-8.9%
Grand Total	7,878	8,217	(339)	-4.1%		7,878	7,947	(69)	-0.9%

*Headcounts include only those that generate fee revenue.

D. Research

Through the first two months of fiscal year 2019, direct cost expenditures from Office of Sponsored Programs projects are down 2% while Facilities and Administrative (F&A) cost recoveries are up close to 5% compared to this time last year. Award dollars reported in July and August are down -8.4% overall, driven by a 10% drop in federal awards. Some of the differences are likely to be real and some due to timing issues, which can loom large this early in the fiscal year. The decrease in federal awards, particularly if persisting, is a concern because the federal government has provided approximately 75-80% of (external) research funding, either directly or as flow-through from other organizations.

Trends in federal funding for research are mixed. Fiscal year 2018 ended with an increase in the sequester caps, resulting in the largest increases in discretionary spending since the 2011 caps were put in place. However, the protracted federal budget process, not resolved until March 2018, created uncertainty, resulting in delayed awards and contracts and other negative impacts on the research enterprise.

The budget process for fiscal year 2019 is proceeding much more quickly. In late September President Trump signed into law two "minibus" combinations of bills, covering among other areas Energy & Water, Defense, Labor, and Health & Human Services. The remaining bills are under a continuing resolution through December 7th. From what's known so far, there's some good news for academic research programs.

- National Institute of Health (NIH) – a $2 billion increase, or 5%, the fourth year in a row NIH receives an increase; overall, though, funding is still 9% below the 2003 peak,
- Center for Disease Control (CDC) programs - a modest increase of 1.6%,
- Department of Defense (DOD) - science and technology (S&T) funding increased in all branches, up by 7.6% or $1.1 billion over fiscal year 2018. DOD S&T (excluding medical research) will be higher than any year since fiscal year 2006.
- Department of Energy (DOE) – DOE's basic research arm received increase of 5.2% or $325 million, including increases for advanced scientific computing research, energy security, and Advance Research Projects Agency-Energy (ARPA-E).
- Funding decisions for National Aeronautics and Space Administration (NASA), the National Science Foundation (NSF), and the departments of Commerce, State, and Homeland Security will be finalized under the continuing resolution. However in both the House and Senate committees the Trump administration's proposed 4% cut to the National Science Foundation was rejected and increases of 4-5% instead proposed.
- USDA - Legislators proposed very modest increases for research and extension, including moderate increases for AFRI and flat or modest increases for capacity grants

Growing the research enterprise will continue to require an increase in the number of competitive proposals to federal agencies, particularly to DOD agencies, as well as continued diversification of funding sources. With respect to diversification, awards from non-federal sources are up 6%.

E. Auxiliary Operations

Auxiliaries are entities that exist to furnish goods or services to students, faculty or staff, or the general public for a fee. Auxiliary operations are essentially self-supporting. Examples at OSU include: Athletics, housing and dining operations, Schottenstein Center, recreational sports, Ohio Union, Blackwell Inn, Fawcett Center, and Drake Union. Each of these operations is discussed below.

Athletics Department
For the period ending August 2018
(In Thousands)

	FY19	FY18	$ Change	%
Revenues	$ 12,085	$ 11,774	$ 311	2.6%
Expenses	$ 43,381	$ 29,413	$ 13,968	47.5%
Net Income	$ (31,296)	$ (17,639)	$ (13,657)	-77.4%

Revenues are flat compared to prior fiscal year. Expenses are $14 million higher than prior year primarily due to increases in capital expenditures of $6.5 million, debt service payments of $3.3 million, personnel costs of $1.5 million, and other operating expenses.

Housing & Dining
For the period ending August 2018
(In Thousands)

	FY19	FY18	$ Change	%
Revenues	$ 14,424	$ 13,119	$ 1,305	9.9%
Expenses	$ 23,681	$ 20,909	$ 2,772	13.3%
Net Income	$ (9,257)	$ (7,790)	$ (1,467)	18.8%

Housing and dining revenues are $1.3 million higher compared to prior fiscal year. Housing revenue is $850,000 ahead of prior year mainly due to increased student room revenue of $617,000. As part of the tuition guarantee, a 1.5% increase was approved for new incoming students. Other contributing factors to the favorable variance were early arrivals of $132,000 and summer conferences of $87,000. Dining revenue is above prior year by $455,000 driven primarily by higher student meal plan revenue due in part to the 1.5% rate increase for first-year students per the tuition guarantee.

Housing and dining expenses are up $2.8 million from the prior fiscal year. Housing expenses are $2 million above the prior year due to higher personnel and other operating expenses. Dining expenses are $728,000 above prior year due to increases in personnel and cost of sales.

Schottenstein Center
For the period ending August 2018
(In Thousands)

	FY19	FY18	$ Change	%
Revenues	$ 18,110	$ 2,741	$ 15,370	560.8%
Expenses	$ 13,840	$ 2,000	$ 11,839	591.8%
Net Income	$ 4,271	$ 740	$ 3,531	477.0%

Revenues are $15 million higher than prior year primarily due to two concerts held in the stadium in the first two months of fiscal year 2019 versus no stadium shows during the first two months of fiscal year 2018. Expenses are also up over prior year following the trend of event related revenues (the Taylor Swift show in July 2018 and the Jay Z & Beyonce show in August 2018).

Recreational Sports
For the period ending August 2018
(In Thousands)

	FY19	FY18	$ Change	%
Revenues	$ 3,785	$ 3,558	$ 227	6.4%
Expenses	$ 3,259	$ 2,926	$ 333	11.4%
Net Income	$ 526	$ 632	$ (106)	-16.8%

Revenues are $227,000 better than prior year primarily due to internal transfers from Athletics for McCorkle Aquatic Pavilion. Expenses are $333,000 higher than the prior year primarily due to higher costs for personnel, utilities, and travel.

Ohio Union
For the period ending August 2018
(In Thousands)

	FY19	FY18	$ Change	%
Revenues	$ 2,510	$ 2,578	$ (68)	-2.6%
Expenses	$ 2,440	$ 2,197	$ 243	11.1%
Net Income	$ 70	$ 381	$ (311)	-81.6%

Revenues are $68,000 lower than prior year driven by lower event-related income. Expenses are $243,000 higher than prior year primarily due to increased costs in personnel, utilities, repair and maintenance, and supplies.

Blackwell Inn
For the period ending August 2018
(In Thousands)

	FY19	FY18	$ Change	%
Revenues	$ 1,768	$ 1,809	$ (40)	-2.2%
Expenses	$ 2,091	$ 1,933	$ 159	8.2%
Net Income	$ (323)	$ (124)	$ (199)	160.3%

Revenues are $40,000 lower than prior year due to decreased revenues in rooms, food and beverage, and Rohr Café. Occupancy is down by 32 rooms or 0.34% compared to prior year. The average rate of $150.21 is lower than last year by $5.06 and the revenue per available room of $107.47 is down by $3.09 due to lower average rate. Expenses are $159,000 above last year primarily due to higher personnel costs.

Fawcett Center
For the period ending August 2018
(In Thousands)

	FY19	FY18	$ Change	%
Revenues	$ 656	$ 645	$ 11	1.7%
Expenses	$ 612	$ 566	$ 46	8.2%
Net Income	$ 44	$ 79	$ (35)	-44.5%

Revenues are $11,000 up compared to last fiscal year due to office space rental revenue as space is fully rented and the annual 3% rent increase. Expenses are $46,000 higher compared to prior fiscal year primarily due to higher personnel and utility costs.

Drake Union
For the period ending August 2018
(In Thousands)

	FY19	FY18	$ Change	%
Revenues	$ 216	$ 202	$ 14	6.9%
Expenses	$ 130	$ 115	$ 15	13.2%
Net Income	$ 86	$ 87	$ (1)	-1.3%

Revenues are up $14,000 from the previous fiscal year. The increase is due to higher conference revenues and office space rentals. Office space rentals are better than last year due to all office space being fully rented and the annual 3% rent increase. Expenses are $15,000 higher than prior fiscal year mostly due to higher costs in utilities, repair and maintenance, and personnel costs.

Efficiency and New Resources Scorecard

Board of Trustees Finance Committee | Nov. 15, 2018

THE OHIO STATE UNIVERSITY

FY19 updates

Status report on operational excellence and resource stewardship

- Efficiency targets established for FY19

Efficiency program	FY18 results	FY19 target	Notes
University	$54.5M (includes some multiyear deposits)	$41M	Savings tracked toward 2020 goal
Wexner Medical Center	$22.3M	$32M	Goal supports margin improvement
Capital efficiencies	$33.8M	$52M	Target based on FY19 capital plan

- University is enacting state performance audit, which highlighted university progress
- Coca-Coca pouring rights contract completed, providing $84.7M over 15 years
  - **Facilities:** $6 million upfront, primarily to support campus facilities
  - **Student scholarships:** $2.25 million
  - **Student discovery projects**: $1.88 million
  - **Internships**: 6 per year

THE OHIO STATE UNIVERSITY

Progress through FY18

Efficiency savings and new resources are directed to support our mission

- Operational Excellence and Resource Stewardship benefits students, faculty and staff
- More than $150 million committed through fiscal 2020 for four major initiatives

Strategic initiative	Description	Funding source
President's Affordability Grants	Aid for 15,000+ low- and moderate-income Ohioans per year	Administrative efficiencies
Buckeye Opportunity Program	Aid package will cover tuition for Ohio students who qualify for Pell grants	Innovative funding
Digital Flagship	11,000 incoming students receive iPad learning technology suite	Administrative efficiencies
University Institute for Teaching and Learning	Teaching excellence program for up to 4,000 faculty	Innovative funding

Examples of other initiatives supported

- Support for 5 faculty chairs (Energy endowments)
- Sustainability curriculum and staff development (Energy endowments)
- Student internships and scholarships (Nike and Energy endowments)
- Philanthropy supporting academic and campus initiatives (Energy project)

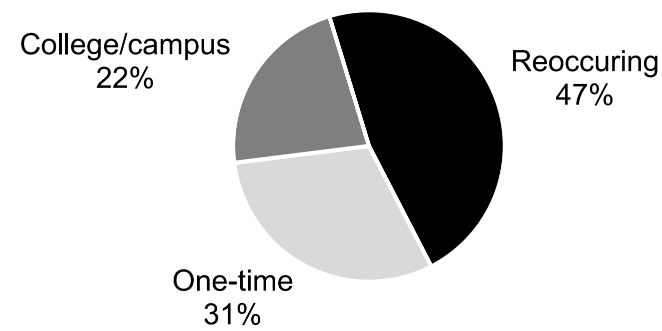
THE OHIO STATE UNIVERSITY

Operational efficiency scorecard

The university set a 5-year, $200 million goal for non-WMC efficiencies

FY20 goal	$200M		
Progress to date	**Total**	**% of goal**	**Status**
Through FY18	$112.8M	56%	
Projected through FY19	$168.9M	84%	
Projected through FY20	$214.7M	107%	

Savings through FY18



OTHER EFFICIENCY HIGHLIGHTS

The university's 2020 goals focused on savings that could be redeployed to student financial aid and other strategic initiatives. Other initiatives reduce the cost of capital projects and operating costs at colleges and the Wexner Medical Center.

	Progress through FY18	Status	Notes
Strategic procurement	$324M compared with FY12		Savings largely benefit colleges and units through discounted rates on goods and services
Wexner Medical Center	$407.6M over four years		Margin improvement has improved days cash on hand metric from 81 days to 135.5 days
Capital projects	$33.8M In FY18		Costs avoided by improving project accounting, capturing bid favorability, budget reductions

THE OHIO STATE UNIVERSITY

New resource scorecard

The university set a 5-year, $200 million goal for innovative funding

FY20 goal	$200M	
Major projects	**Upfront total**	**Annual funding through FY20**
NIKE extension	$22.5M	$6.4M
Comprehensive Energy Management	$1.07B	$98.7M
Coca-Cola extension	$6M	$550,000
Total	**$1.1B**	**$105.7M**

OTHER NEW RESOURCE HIGHLIGHTS

The university continues to benefit from innovative funding work that pre-dated the 2020 goal. Examples include:

Project	New resource metric	Notes
Parking	$152M distributed FY13-FY19	Supports 200+ scholarships per year, 137 Discovery Themes faculty hires, Arts District and more
Affinity relationships	160+ internships per year	Relationships with Nationwide, Huntington and other partners support the campus in various ways