

CREDIT OPINION

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Texas Woman's University System, TX

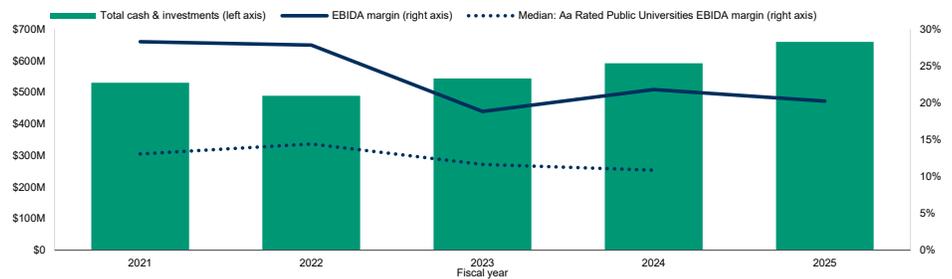
Update to credit analysis

Summary

[Texas Woman's University System's](#) (TWU or the system, Aa3 stable) strong credit quality benefits from its very good strategic positioning as a large, primarily female university, with strong health care professional programs and locations in the growing Dallas-Fort Worth and Houston areas. The system receives stable annual operating and capital support from the [State of Texas](#) (Aaa stable), amounting to approximately 35% of operating revenue. Operating performance is a credit strength, generating EBIDA margins averaging between 20-24% since fiscal 2021, providing solid debt service coverage and supporting the system's very good financial policy and strategy. Overall wealth is comparatively strong, with total cash and investments of \$659 million covering pro-forma total adjusted debt and expenses by a sound 1.1x and 2.4x, respectively, in fiscal 2025. Ongoing net tuition and state funding growth will support continued strong operating performance. Leverage remains high but manageable, including moderate exposure to the state's underfunded pension liability.

Exhibit 1

Strong wealth levels and operating performance



Source: Moody's Ratings

Credit strengths

- » Very good strategic positioning as a primarily female Texas public university in the growing Dallas-Fort Worth and Houston areas
- » Strong and growing operating and capital support from Aaa-rated State of Texas
- » Strong wealth levels for the size of operations relative to peers

Credit challenges

- » Moderate scale with ambitious growth plans over time; competitive student market with many strong in-state public university options
- » Historically modest fundraising results in limited philanthropic support for program and facilities
- » Elevated leverage relative to peers with debt to revenues 1.3x compared to peer median of 0.9x

Rating outlook

The stable outlook reflects Moody's expectation that stable operating performance and growing financial resources will continue to enable the system to support increasing debt levels.

Factors that could lead to an upgrade

- » Increase in scale with operating revenues exceeding \$500 million
- » Continued outperformance of operations EBIDA exceeding 25%
- » Growth in enrollment to fill expanding program offerings in Dallas and Houston

Factors that could lead to a downgrade

- » Declines in enrollment or the inability to fill new programs in Houston and Dallas campuses
- » Disruption or downturn in state support
- » Deterioration of operating performance with EBIDA falling into the single digits

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Key indicators

Exhibit 2

TEXAS WOMAN'S UNIVERSITY SYSTEM, TX

	2021	2022	2023	2024	2025	Median: Aa Rated Public Universities
Total FTE Enrollment	12,980	12,663	12,496	12,460	12,794	33,009
Operating Revenue (\$000)	253,154	267,579	270,749	288,701	300,069	1,727,445
Annual Change in Operating Revenue (%)	3.8	5.7	1.2	6.6	3.9	5.9
Total Cash & Investments (\$000)	530,219	489,175	543,745	592,477	659,743	2,307,630
Total Adjusted Debt (\$000)	386,601	422,459	449,316	409,314	376,328	1,926,648
Total Cash & Investments to Total Adjusted Debt (x)	1.4	1.2	1.2	1.4	1.8	1.2
Total Cash & Investments to Operating Expenses (x)	2.5	2.2	2.1	2.3	2.4	1.3
Monthly Days Cash on Hand (x)	797	691	662	690	737	180
EBIDA Margin (%)	28.3	27.9	18.8	21.8	20.2	10.9
Total Debt to EBIDA (x)	2.0	2.4	4.9	3.7	3.6	4.0
Annual Debt Service Coverage (x)	4.6	4.2	2.4	2.4	2.3	3.3

Source: Moody's Ratings

Profile

TWU was established in 1901 and is the largest university primarily for women in the US, with its main campus in Denton, Texas, and satellite locations in Dallas and Houston located adjacent to major health care institutions and medical centers. The system's primary programs are in nursing and education in addition to offering programs in the sciences, liberal arts and business. In fiscal 2025, the system recorded operating revenue of \$300.1 million and for fall 2025 enrolled 12,794 full-time equivalent (FTE) students.

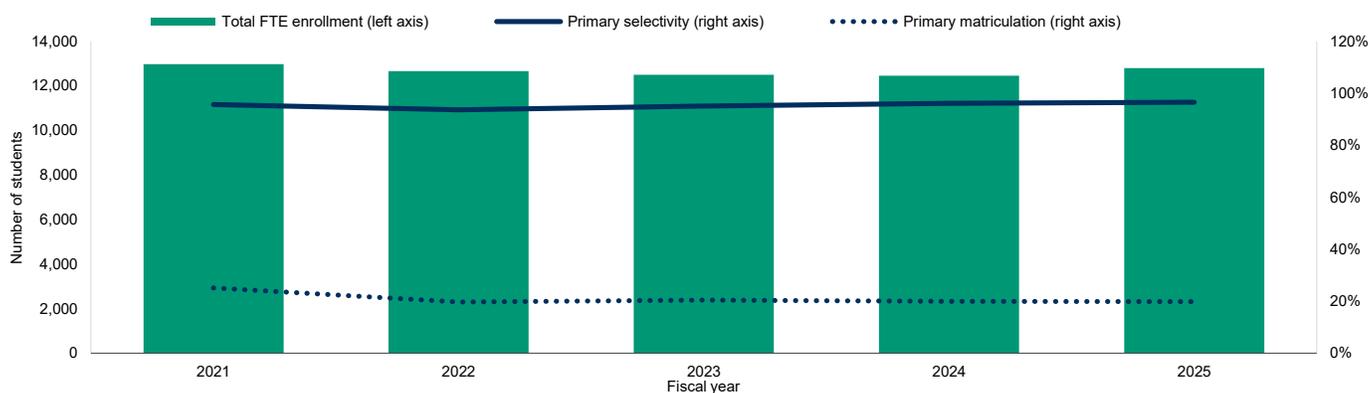
Detailed credit considerations

Market Position

The system's steady student demand and very good strategic positioning will continue due to its niche as a large, primarily female university, with strong health care professional programs and locations in the growing Dallas-Fort Worth and Houston areas. The state benefits from sound economic and demographic trends; however, in-state student market competition hinders recruitment somewhat. The system maintains ambitious growth plans and is investing in new programs to bolster enrollment. Favorably, graduate students comprise roughly 35% of headcount enrollment with the system investing to expand graduate offerings with additional programs in areas such as public health and education.

Exhibit 3

Enrollment remains stable despite a highly competitive student market

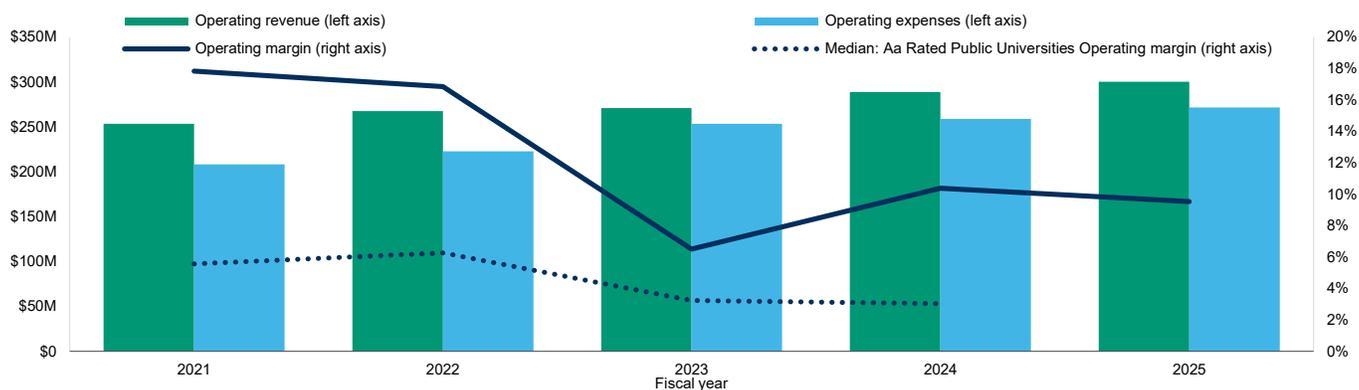


Source: Moody's Ratings

Operating performance

The system's operating performance will remain sound with increased net tuition revenue in fiscal 2025 and good operating state support. Strong operating and capital support from the Aaa-rated State of Texas is a credit key factor. State operating appropriations, which include Construction Capital Assistance Project (CCAP) debt service reimbursement and fringe benefits, as well as Higher Education Fund (HEF) support, comprised 34% of fiscal 2025 operating revenue, and will remain relatively stable over the next biennium. The system's annual five-year average EBIDA margin is 23%, providing sound debt service coverage and contributing to its very good financial policy and strategy. Based on management's fiscal 2026 guidance, Moody's expects another year of surplus operations that is in line with prior years.

Exhibit 4
Several years of surplus operations support strong operating performance



Source: Moody's Ratings

Financial resources and liquidity

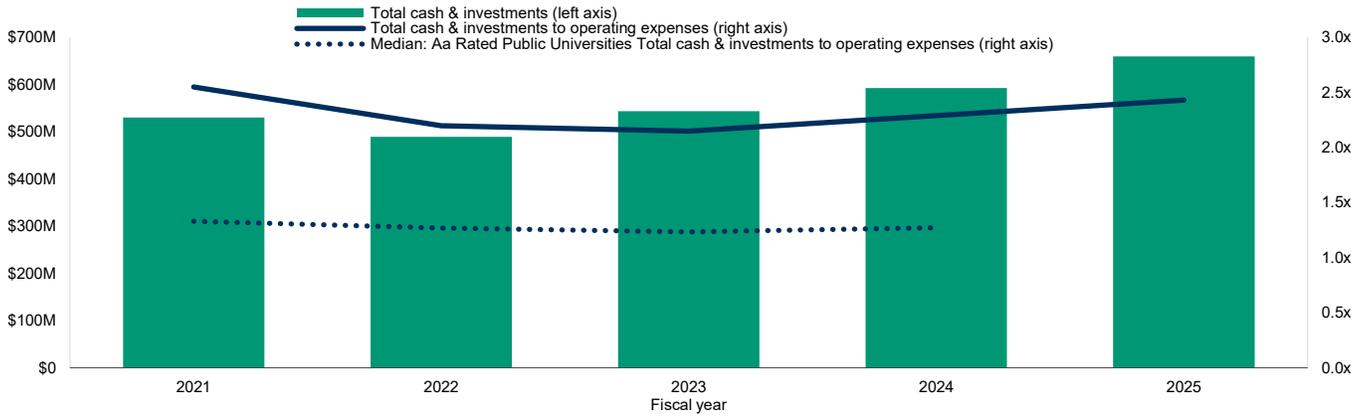
The system's wealth levels are expected to continue to grow and provide good financial flexibility. Total cash and investments of \$659 million as of fiscal 2025 are up 24% since fiscal 2021, driven by management's emphasis on increasing reserves, positive investment returns and some donor support. Total cash and investments relative to operations of 2.4x is stronger than the Aa3-public university median.

TWU's philanthropic support has historically been modest, and management has been focused on improving the system's fundraising profile. Three-year average gift revenue (fiscal 2023-2025) of \$7.6 million remains significantly lower than the Aa3-public university median. TWU notes the recent capital fundraising campaign with a goal of \$125 million exceeded its target and raised \$160 million.

Monthly liquidity was \$501.7 million in fiscal 2025, translating into a strong 736 monthly days cash on hand. Funds invested in the Texas A&M University System (\$260 million in total as of 8/31/25) are included in monthly liquidity. Funds can be withdrawn from CCP on the first day of each month with notice of at least one day, which we do not expect to impact TWU's ability to meet liquidity needs.

Exhibit 5

Wealth levels provide strong coverage for operations and liquidity



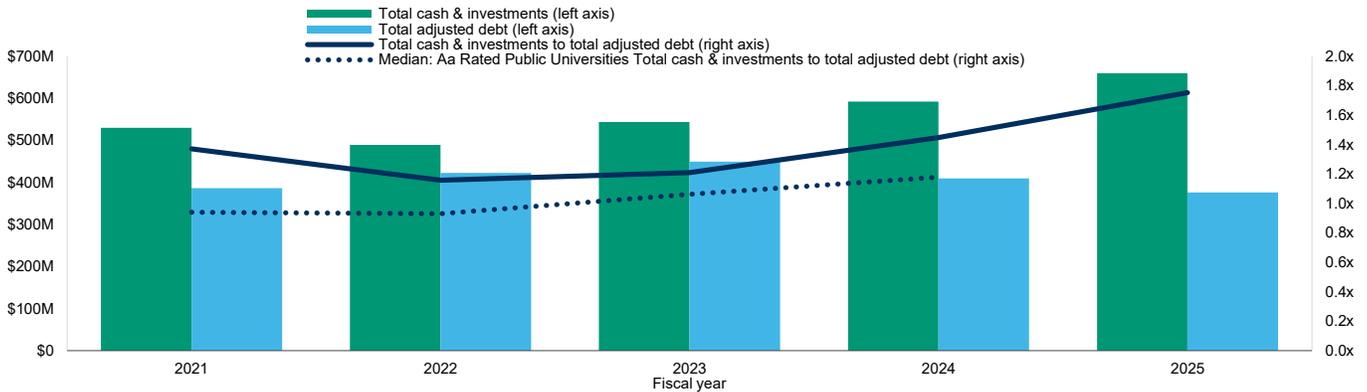
Source: Moody's Ratings

Leverage and coverage

The system's leverage is elevated but will remain manageable given its growing total cash and investments and continued state support for debt service. The system has borrowed to fund various campus improvements, including new academic facilities. Favorably, approximately a quarter of issued debt consists of Capital Construction Assistant Project (CCAP), which are a legal obligation of the system though debt service is reimbursed by the state. While total debt remains moderate, total adjusted debt is more substantial including a large P3 project for residence halls and dining facilities. TWU has a lease for a portion of the P3 project associated with dining facilities. These demonstrate the strong linkages between the system and those projects.

Exhibit 6

Total adjusted debt is manageable given strong wealth levels



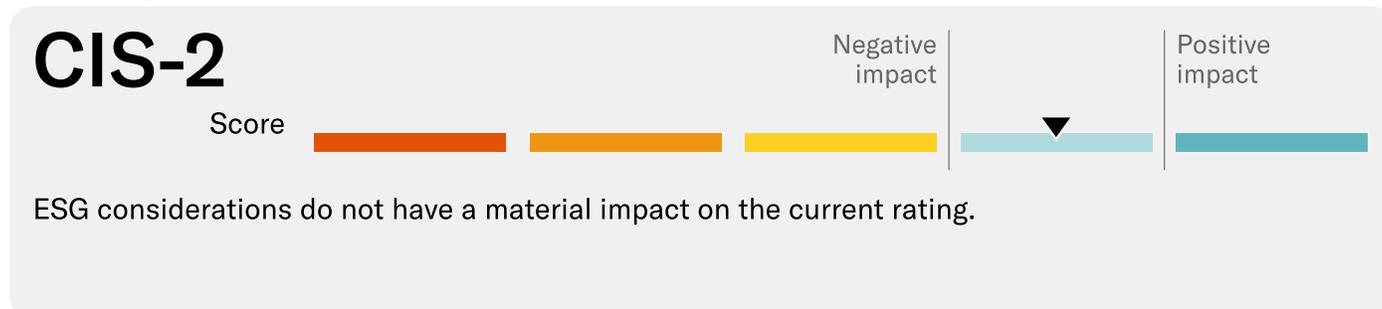
Source: Moody's Ratings

ESG considerations

Texas Woman's University System, TX's ESG credit impact score is CIS-2

Exhibit 7

ESG credit impact score

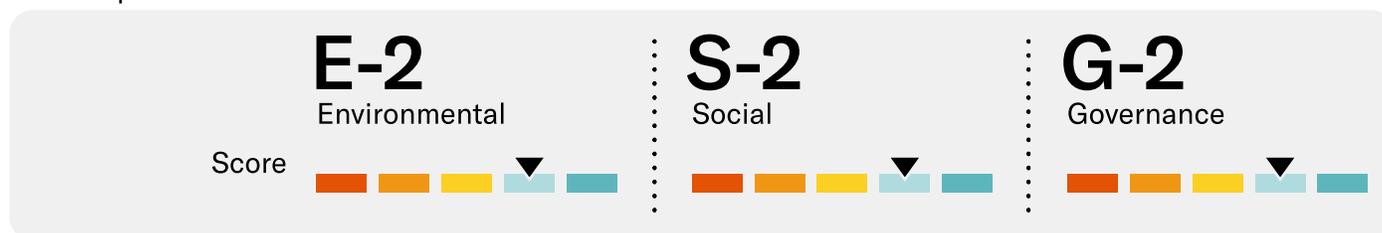


Source: Moody's Ratings

Texas Woman's University System's Credit Impact Score (**CIS-2**) is primarily driven by strong state support and consistently sound operating performance that offset a portion of its ESG risks.

Exhibit 8

ESG issuer profile scores



Source: Moody's Ratings

Environmental

The system's environmental profile score (**E-2**) includes its locations in Denton, Dallas and Houston that exposes it to various environmental risk factors such as water stress and wildfires. Given the diversity of locations and investment in infrastructure to mitigate elevated impacts, these risks remain manageable, in line with exposures of the higher education sector. The system's has various sustainability and resiliency measures, in addition to its efforts to reduce hazardous wastes from laboratory and studio practices.

Social

The system's social profile score (**S-2**) incorporates its consistently very good brand strength and favorable demographic and economic trends in the State of Texas and compares favorably to the sector. Like much of the sector, the system serves a social good through the provision of education, including high demand health sciences programs, as well as service. Good customer relations with key stakeholders are supported by its favorable student demand along with solid per student state funding. Like many public universities, human capital risks are introduced by its substantial exposure to defined benefit pension and healthcare obligations and a business model that requires specialized faculty and staff. A moderately larger share of faculty that are part time adds some flexibility to human capital.

Governance

The system's governance profile score (**G-2**) is informed by disciplined budget and treasury management that support good predictability in financial results, including consistently favorable operations and sufficient liquidity. An additional layer of governance stems from oversight from the State of Texas Higher Education Coordinating Board to align system planning with state goals. Public

higher education systems typically have some board structure and governance risks due to their lack of full independence from the state. Board structure considerations include board selection, with members of Board of Regents appointed by the Texas governor.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The [Higher Education](#) rating methodology includes a scorecard that summarizes the factors that are generally most important to higher education credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not match an assigned rating. We assess brand and strategic positioning, operating environment, and financial strategy on a qualitative basis, as described in the methodology.

Exhibit 9

Texas Woman's University System, TX

Scorecard Factors and Sub-factors	Value	Score
Factor 1: Scale (15%)		
Adjusted Operating Revenue (USD Million)	300	A
Factor 2: Market Profile (20%)		
Brand and Strategic Positioning	A	A
Operating Environment	A	A
Factor 3: Operating Performance (10%)		
EBIDA Margin	20%	Aa
Factor 4: Financial Resources and Liquidity (25%)		
Total Cash and Investments (USD Million)	660	Aa
Total Cash and Investments to Operating Expenses	2.4	Aaa
Factor 5: Leverage and coverage (20%)		
Total Cash and Investments to Total Adjusted Debt	1.8	Aa
Annual Debt Service Coverage	2.3	Aa
Factor 6: Financial Policy and Strategy (10%)		
Financial Policy and Strategy	A	A
Scorecard-Indicated Outcome		Aa3
Assigned Rating		Aa3

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.

Source: Moody's Ratings

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