

Worcester Polytechnic Institute (WPI) FY18 & FY19 Consolidated Financial Statements:

FY2019 Operating Budget Results:

It is my pleasure to present the audited financial statements for WPI for the fiscal year ending May 31, 2019. In an era of increasing challenges for higher education, WPI's 2019 financial results reflect our continuing focus on 1) student success, including ensuring Berklee is as affordable as possible for students; 2) investing in support of the institution's vision, mission, and strategic priorities; and 3) maintaining our financial strength.

WPI ended up slightly ahead of the May 2019 projection, the FY2019 operating budget results reflect a surplus of \$6.7M compared to the budgeted operating surplus of \$1M. Total net revenues exceeded the budget expectation by \$2.3M, where savings in financial aid were partially offset by reductions in graduate revenue. Operating expenses were under budget by \$3.4M contributing to the overall positive budget variance of \$5.7M.

Undergraduate tuition: Total full-time undergraduate enrollment was 4,439 compared to the budget projection of 4,451 students. The freshman class size of 1,276 was below the budgeted enrollment at 1,295, but significantly higher than the prior year at 1,124. Transfer student enrollments were 4 higher than the budget target of 30. Part-time tuition is also reported in this line, providing 64 more credit hours than projected at 664. Total undergraduate tuition revenue was under budget by \$147k, (0.07%), an increase of 9.4% over actual revenue for FY18.

Net Graduate tuition: Total graduate credit hours delivered were approximately 7% below budget and 5.3% below the prior year. The Foisie Business School delivered 1,522 fewer credit hours than budgeted. Online delivery was approximately 3.5% higher than the prior year but below budget by approximately \$560k. The shortfall in revenue for online is primarily due to a decrease in on-campus graduate students participating in online courses. Corporate delivery programs exceeded revenue budget by \$240k.

Expenses: Total compensation and benefits exceeded budget by \$2.2M. Several factors impacted this variance. An increase of approximately \$3M in 24 NTT (Non-Tenure Track) hires due to the large first year class. This also drove growth in TA (Teaching Assistant) support for the classroom (\$700k). Staff salaries and wages were approximately \$600k over budget in total. Other expenses were generally in line with expectations.

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Worcester Polytechnic Institute