

Worcester Polytechnic Institute FY19 & FY20 Consolidated Financial Statements:

FY2020 Operating Budget Results:

The COVID-19 pandemic presented formidable challenges for the WPI community as it has for the entire world. At the outset of the pandemic in the spring of 2020, with a paramount focus on health and safety, WPI moved swiftly and decisively to close our campuses, and support our students, faculty, and staff as they returned to their homes or other remote locations.

In response to the crisis, after supporting the health and safety of our community and ensuring educational continuity by pivoting to remote learning, WPI moved swiftly to enhance alternative revenue streams and reduce operating costs to help offset the credits, refunds, and other support provided to our students. These actions supplemented what was otherwise a very strong operating and fundraising year. As a result, WPI recorded solid operating results in 2020, despite the impact of the COVID-19 crisis and the ongoing challenges facing higher education. In addition to addressing these very substantial challenges, WPI's 2020 financial results reflect our continuing focus on 1) improving student success, with a focus on affordability; 2) investing in support of the institution's vision, mission, and strategic priorities; and 3) sustaining our financial strength.

Revenue projections for FY20 were tracking close to budget prior to the 3rd quarter when the decision was made to move the campus to remote operations in March 2020 due to the COVID19 pandemic. As a result, auxiliary revenue was under budget \$8.6M, \$7M of which was related to refunded/credited room and board fees. An enrollment shortfall in undergraduate students was more than offset by savings in financial aid. The graduate program revenues were close to the reduced budget, but discounts, waivers and tuition support drove a (\$3.3M) budget variance. Total net student tuition was under budget by \$2.4M. The Federal CARES Act provided \$2.7M, of which \$1.4M was paid to students. The travel moratorium, severely curtailed campus operations, and subsequent essential spending policy helped to generated approximately \$8.7M in operational savings compared to budget, and the contingency of \$3M was not used. This \$11.7M positive variance in expenses generated a total operating result of \$4.4M, prior to funding the Early Retirement Incentive Program (ERIP) program. This was \$3.4M higher than the approved budget of \$1M. After consideration of the ERIP at \$5.1M, the net operating result is (\$737K), or (0.3%) of the approved budget.

Undergraduate tuition: Total full-time undergraduate enrollment of 4,528 students was 46 students less than the budget projection of 4,574. This was partially due to the incoming class which was 19 students below the enrollment target of 1,220. The budgeted financial aid discount rate was 41.6% overall, the actual rate was 40% on a lower base without Federal Work Study, a difference of \$3.7M. The shortfall in undergraduate revenue (\$2.8 million) was more than offset by lower than budgeted financial aid, for a positive net revenue of \$924k, an increase of 4.3% over actual revenue for FY19.

Net Graduate tuition: The FY20 budget for graduate revenue was reduced to reflect enrollment challenges for the Foisie Business School. However, graduate tuition support for teaching assistants, Fulbright Scholars and fellowships exceeded budget by approximately \$2.1 million. Discounts and waivers reduced revenue by \$1.8 million. The net impact was a revenue shortfall of \$3.3 million compared to budget.

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