

Worcester Polytechnic Institute FY20 & FY21 Consolidated Financial Statements:

FY21 was a very challenging year as we experienced the impact of the COVID-19 pandemic for the full year. In the interest of the health and safety of our entire community The financial outcomes noted below reflect the actions that were taken to ensure that WPI continues to be a leader in Stem focused fields while safeguarding our long-term financial viability in a very dynamic and challenging higher education environment.

The FY2021 operating budget was in development as the decision was made to move the campus to remote operations in March 2020 due to the COVID-19 pandemic. Actual enrollment exceeded expectations for both the undergraduate and graduate programs by a total of \$23 million and the university received unanticipated support through the CARES Act of \$6 million to offset COVID related expenses. The net result was an operating surplus of approximately \$8.6 million.

The first-year class enrollment of 1,282 was 38 students below the target of 1,320, primarily due to deferments related to the pandemic. Total full-time undergraduate enrollment of 4,653 was 165 students more than the reduced budget projection of 4,488, a 2.8% increase over FY2020 enrollment. Undergraduate tuition exceeded budget expectations by a total of \$8.8 million. The FY2021 budget for graduate revenue was reduced by 20% to reflect the constrained access to the US for international students. Several discount and scholarship programs were put in place to encourage enrollment, resulting in approximately \$2.8 million of net revenue in excess of the reduced budget. Auxiliary revenue is primarily student room and board. De-densification and lower campus activity reduced voluntary meal plan revenue and casual sales volume. The increase in other income reflects the Federal CARE Act funding of \$11M.

The FY2021 budget included significant reductions in adjunct, teaching assistants (TA), temporary, overtime and student employment in anticipation of lower enrollment. To provide the academic support for the actual larger enrollment, reductions were not realized in the academic program. In addition, there were compensation costs related to providing appropriate cleaning, support and security related to the pandemic. Benefits were lower compared to budget consistent with the reduced 403(b) contribution and lower healthcare claims (\$2.5M). The University was able to recognize a higher level of capitalized interest than originally budgeted for the 2019 debt issue related to construction of the new academic building, reducing the debt service burden on the budget for the year.

At year end, the university invested an additional \$2.9 million in high priority academic equipment to support instruction, technology, and classrooms. The University invested \$13.4 million in COVID related spending to keep the campus open and safe.

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