

## Worcester Polytechnic Institute FY22 & FY23 Consolidated Financial Statements:

In FY23, the institution grappled with significant challenges, particularly in retention rates for upperclassmen, which led to a slight decrease in overall class size. This, in turn, had an impact on our revenue, which was partially offset by strong graduate enrollment. We also faced unexpected expenses, including increased staffing costs and utility charges, which affected our financial outcome. Furthermore, delays in anticipated FEMA funding added to our contingency planning challenges.

**Revenues:** A first-year class size of 1354 at a discount rate of 47.9% was in line with the target of 1,350 at a discount rate of 47.5%. However, the overall class size dropped by 30 FTE from a budget of 5,055 to 5,025 due to the lower retention rate for upper classes compared to the historical average. The most significant impact was on first year/sophomore students (91% vs. historical 94-96%). The net impact on undergraduate revenue was \$419 thousand below the budgeted projection of \$467 thousand. Graduate enrollment and credit hours in FY23 were the strongest since 2020-2021. The 26,455 credit hours were 175 below the budgeted 26,630; however, a lower discount rate of 8.57% rather than the 12% budgeted made up most of the difference in net revenue. Net graduate tuition revenue was \$37.5 million, which is only \$159 thousand lower than projected and the highest since FY20. Six hundred ninety-six new graduate students started during FY23, including 96 new Ph.D. students. Enrollment growth was driven by Arts & Sciences, though Robotics Engineering continued to grow in the Engineering School.

**Expenses:** Salaries & Wages reflect the net growth of 20 faculty FTEs, 28 staff FTEs, and a 4% merit/equity increase in FY23. Staff positions included health & wellness, student advising, and enrollment. Benefits were \$2.6 million below budget due to lower healthcare claims. Inflationary food costs and rising labor costs contributed to an expense variance of \$1.6 million. In FY23, we strategically signed a contract with an outside firm to manage our plant and sustainability upgrades (Co-Gen). As part of that transaction, we received a \$45 million upfront payment, which we began utilizing to repurchase a portion of our outstanding debt. The Debt Service line includes \$1.1 million Co-Gen capacity charges not budgeted due to the timing of contract negotiations; however, this was offset by the benefit of the defeased debt. As the sustainability process commences, the capacity charge cost should be offset by savings from a decrease in the amount of utilities purchased from the grid.

Unfortunately, while all other factors remained in line with the year-end projection, the contingency did not increase the bottom line as we expected due to the non-receipt of \$4.2 million in FEMA money before year-end.

[View Worcester Polytechnic Institute's consolidated financial statements.](#)

Sincerely,

Michael Horan CPA, Ed.D  
Executive Vice President & CFO  
Worcester Polytechnic Institute