

Special Meeting 8.25.17



WORCESTER STATE UNIVERSITY

BOARD OF TRUSTEES SPECIAL MEETING


AUGUST 25, 2017

NOTICE

AMENDED – 8-22-17 (Items #4 & #5)

A SPECIAL MEETING OF THE WORCESTER STATE UNIVERSITY BOARD OF TRUSTEES WILL BE HELD AT TWELVE NOON ON FRIDAY, AUGUST 25, 2017 IN THE PRESIDENT'S CONFERENCE ROOM OF THE HELEN G. SHAUGHNESSY BUILDING.

1. *NOTICE & AGENDA
2. *ENROLLMENT MANAGEMENT STRATEGY PROPOSAL
3. **INSIDE HIGHER ED ARTICLE*
4. *MEMO – *Out-of-State Student Enrollments*
5. *INTERNATIONAL STUDENTS AND SCHOLARS AT WSU OVERVIEW
6. OTHER BUSINESS
7. ADJOURNMENT


Judith A. St. Amand
August 22, 2017

Members of Committee:

Trustee Maryanne Hammond, Chair
Trustee George Albro
Trustee Dina Nichols
President Maloney
VP Kathy Eichelroth
VP Ryan Forsythe

All trustees are welcome to attend

Enrollment Management Strategy

Proposal for a Nonresident Scholarship Plan: Out-of-State Recruitment & Enrollment Incentive

Proposal: That Worcester State University establishes an undergraduate recruitment and enrollment scholarship incentive to grow its out-of-state student population among matriculating undergraduate students. This incentive would be structured as a partial waiver of mandatory fees for qualified undergraduate first-time applicants enrolled in the undergraduate day program and matriculating in full-time status (either first-year or transfer students) equal to (or less than) half of the mandatory general fee assessed for the year of initial enrollment. The awarding of the incentive to qualifying students shall be renewable and be subject to such academic and other conditions that the President may from time to time set. Out-of-state students qualifying for NEBHE and related preferred tuition and fee schedules would not qualify for this incentive. The President shall report annually to the Board of Trustees on the number of such incentives awarded, and provide such other information as s/he may deem useful to the Trustees.

Rationale: As is widely reported, the college-aged population in New England, including Massachusetts, is declining in relative and actual numbers. That decline is creating pressure on recruitment and admissions for undergraduate enrollments where competition for well-qualified in-state students is already intense. Out-of-state enrollment growth is one key strategy to address this applicant pool shortfall.

Additionally, out-of-state students -- currently numbering about four percent at Worcester State (including about one percent that are international) -- provide the additional institutional benefit of diversifying our student population and increasing net revenue. Diversity (by region as well as by other demographic criteria) aids in building the richness of our campus environment, consistent with our strategic plan. New income sources address both budgetary constraints from state appropriations as well as pressures from declining available students locally, also in-line with our strategic objectives.

Though WSU's overall out-of-state residential student full-cost estimate, around \$27,000 [for an international student, our published full-cost estimate is pegged at \$31,000], is competitive on a list-price basis, our position in the marketplace requires us to be aggressive in attracting students. Our observations and the behavior of our regional competition suggest that in addition to a reasonable list price (and quality academic and student life offerings), our recruitment efforts would benefit from a scholarship model that would speak to out-of-state students and their families.

Private U.S. higher education institutions provide a model through their aggressive use of discounting, packaged as scholarships, to address our ability to attract a new group of

undergraduate students. According to a 2013 NACUBO survey report (see <https://www.insidehighered.com/news/2013/05/07/nacubo-survey-reports-sixth-consecutive-year-discount-rate-increases>), discounting at private institutions has reached an average of 45 percent off the published tuition and fees cost nationally. Public institutions, by convention, do not discount because in effect the reduction is already in the price. By offering a new scholarship system, a buyer would recognize that they are getting an additional merit-based price reduction. In the absence of being able to offer such an incentive, a public institution can seem less interested in (or motivated to secure) the enrollment.

As an example, international students, as a subset of our pool of nonresident applicants, the discourse of a student looking at a particular U.S. institution follows this predictable sequence: “What is your annual cost?” and “Do you have scholarships for international students?” While the WSU net cost looks good by virtue of being a state institution, the current answer to the scholarship question is “No.” For many prospective students, that ends the conversation. Having an incentive plan such as is proposed here is a tactic to get to the objective of securing an application and an eventual decision to enroll.

Mechanics of Scholarship Incentive: The scholarship incentive is framed through reductions in the fee controlled locally by WSU -- its mandatory general fee (currently set at \$7,534.00 per year). Out-of-state students pay a separate effective surcharge in tuition -- which Worcester State retains upon payment -- of \$7,050. Though the scholarship incentive proposed here is structured as a reduction in the general fee, it operates as a discount off of the out-of-state tuition cost.

The reduction proposed is set not to exceed half of the annual general fee (currently \$3,767), and it is designed to be set by the University in a manner to target the incentive in ways that grow enrollment. For example, the institutional practice might be to use a sliding scale where larger incentives (e.g., \$3,750) are offered to students who meet specific recruitment goals in growing a particular major or for whom Enrollment Management believes a larger sum improves the likelihood of matriculation. The proposal is put forward in a way designed to provide administrative flexibility in order to be responsive to the market place and have an opportunity to ascertain which approaches are most effective.

The initial scholarship award decision would be made within Enrollment Management at the time of the initial admission decision, consistent with the University’s articulated criteria.

The proposal further is designed to create incentives for retention, completion, and academic performance. Assuming a student made regular academic progress (e.g., was on track to complete in four years for a traditional undergraduate degree), achieved good academic performance (e.g., maintained a 2.5 GPA or higher), and had no disqualifying student conduct or other issues, the scholarship would be renewed annually. We anticipate that out-of-state students will assist us in meeting institutional goals for progression and completion rates, and that we will want to work to retain them accordingly. In general, as an example, international students have a reputation for high rates of successful progression and completion.

Though the specific academic criteria for scholarship eligibility would not be formally set through this proposal, the University anticipates that it would use the following minimum criteria for consideration of an award until this system (a similar set of requirements would be used with qualified transfer students):

- 2.5 or higher recalculated secondary school grade point average (HSGPA)
- Out-of-state residency classification, either international or domestic
- Non-NEBHE-eligible
- Acceptance, enrollment, and matriculation as an undergraduate at WSU required
- Enrollment full-time in Day School classes only

Post-award annual renewals of a scholarship awarded to traditional four-year undergraduates (a similar set of requirements would be used with transfer students) would be based on the following minimum criteria, which would be described in writing to each initially awarded student:

- 2.5 or higher cumulative college grade point average (measured at the end of each spring semester)
- Maintained full-time status in each semester that the scholarship is received
- Continued classification as an out-of-state student for tuition purposes
- Maximum of eight (8) contiguous semesters of eligibility
- Undergraduate enrollment only
- Enrollment in Day School classes only

The proposal further contemplates that annually the Board of Trustees would receive information about the use of this incentive scholarship and what results the scholarship scheme produced in meeting the University's strategic goals.



(<https://www.insidehighered.com>)

Colleges are now using discounting to attract some international students

Submitted by Scott Jaschik on July 17, 2017 - 3:00am

When college officials talk about international students and the need to increase their numbers, a common assumption is that international undergraduates are "full pay" -- meaning that no discounting is involved and the students pay the full sticker price. As colleges have been forced to provide larger and larger aid packages to American students (even those without financial need), international students have been described as a key way to keep budgets balanced.

But quietly, in some cases over the last few years and in other cases for longer periods of time, some American campuses have been starting to offer non-need-based scholarships to international students. The issue is a sensitive one -- especially at public colleges and universities, where many legislators tend to be dubious of out-of-state enrollments to start with.

But some admissions officials say that including some aid based on academics is essential to get not only the desired number of international students, but to keep the academic quality high.

"The international student marketplace has become more competitive and more savvy as it relates to American pricing differences, and universities are responding in kind," said David Burge, vice president for enrollment management at George Mason University.

At George Mason, about 3,000 of the 35,000 total student body is from outside the United States. Burge estimated less than 10 percent of those students receive any aid from the university.

Burge said George Mason's approach is the same for international students as for non-Virginia-resident domestic students -- to look for outstanding academic candidates and provide an extra incentive to enroll. Students who are getting aid are those "who will have a markedly positive impact on [the] academic environment," he said.

The shift at George Mason to include international students in such consideration is a gradual one of the last year or so, Burge said. And it comes as many colleges in the United States are facing flat or (in the South, declining) yields ^[1] on offers they have made to international applicants.

"Universities with an eye toward internationalization have used this tactic and have done so because of market realities," he said.

At the same time, Burge is quick to note that international students are getting modest support --

no one is getting a full ride, and no one is getting so much money that Virginia residents don't enjoy a price advantage over international students. (Tuition and fees for Virginia residents at George Mason total just under \$6,000 a semester, while non-Virginians pay just over \$17,000 a semester. Virginia residents also are eligible for many forms of need-based aid.)

Other public universities appear to share the sensitivities about international students ever paying less than those from the state -- and for keeping most international students in the full-pay category. At Michigan State University, non-need-based scholarships for international students (leaving aside a few that have work responsibilities as well) range from \$1,000 to \$6,000 a year. International students pay more than \$25,000 more in tuition and fees than do Michigan residents.

Iowa State University offers two academically based scholarship programs for international applicants ^[2]: one is for \$8,000 a year and the other \$4,000 a year. (International students pay about \$15,000 more a year in tuition and fees than do Iowa residents, and about \$1,000 more than non-Iowa-resident Americans.)

At Iowa State, about 47 of these awards have been made a year recently. That equals about 7 percent of the new class of international undergraduates.

Different Philosophy at a Private College

Wheaton College in Massachusetts is a private institution, and thus doesn't need to worry about the political implications of aid to international students in the way that public institutions do. It is embracing an approach that mixes need-based and non-need-based aid and includes full scholarships.

"Wheaton has a real institutional commitment to building a global community," said Grant Gosselin, who is the vice president and dean of admission and student aid. The college awards three or four international students full scholarships a year at the college, where tuition, room and board top \$63,000.

While the college can't afford full scholarships for many, it maintains a need-based pool that is open to international students, with many students receiving up to half of the cost of attendance.

The freshman class at Wheaton is about 500 students, of which just over 10 percent come from outside the United States. Gosselin said that about half of them are receiving some aid.

Gosselin said he understands that colleges need to think about a variety of issues in developing their strategies for international enrollment. But he said he fears the messages institutions send when they assume all students from outside the United States are ready and able to pay full freight.

"What I worry about is that the idea that international students equals full pay is that we are only interested in their pocketbook," he said.

Smart Title:

International Students Are Not Necessarily 'Full Pay'

Section:

Admissions ^[3]

Editorial Tags:

Admissions ^[4]

Jobs tags:

International programs ^[5]

Admissions / registrar ^[6]

Ad keywords:

admissions ^[7]

international ^[8]

Publication Date:

Monday, July 17, 2017

Image:



Newsletter Order:

2

Is this diversity newsletter?:

Diversity Newsletter Order:

0

Include DNU?:

Email Teaser:

International Students Are Not Necessarily 'Full Pay'

Source URL: <https://www.insidehighered.com/admissions/article/2017/07/17/colleges-are-now-using-discounting-attract-some-international-students?width=775&height=500&iframe=true>

Links:

[1] <https://www.insidehighered.com/news/2017/07/07/surveys-document-declines-international-student-yield-rates>

[2] https://www.admissions.iastate.edu/intl/merit_scholarships.php

[3] <https://www.insidehighered.com/news/focus/admissions>

[4] <https://www.insidehighered.com/editorial-tags/admissions>

[5] <https://www.insidehighered.com/taxonomy/term/180>

[6] <https://www.insidehighered.com/taxonomy/term/125>

[7] <https://www.insidehighered.com/ad-keywords/admissions>

[8] <https://www.insidehighered.com/ad-keywords/international>

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August 18, 2017

Memo to Trustees Working Group

From Carl A. Herrin

Re. Out-of-State Student Enrollments and Related Background Information

WSU as a state university in the Commonwealth -- like most of its in-state peers -- is overwhelming enrolling in-state students. In broad brush terms, the University's undergraduate population is 95 percent or more in-state. Less than one percent of its enrollments are so-called international students (a specific cohort of students in F-1 or J-1 nonimmigrant status) and another four percent are domestic students that are not residents of the Commonwealth. In Worcester State's case, we are further regional in nature by having 4 out of every 5 students from Worcester County.

A year ago, the *NY Times* reported that U.S. students going out of state for public higher education was trending upward -- doubling in a generation (see <https://www.nytimes.com/interactive/2016/08/26/us/college-student-migration.html>). On a state-by-state basis, however, Massachusetts was seeing students leave for educational opportunities at out-of-state public universities at a rate nearly three times the number coming into the Commonwealth. These data -- sourced from the U.S. Department of Education -- would pre-date changes in local practices like Maine's now two-year old scheme to entice students to the state's public institutions, and New York's new initiative to keep Empire State students at home (N.B., New York has been the largest source of out-of-state students to the Commonwealth's public universities). Both of those developments would likely exacerbate the overall ratio of student flows for Massachusetts.

Annual census information on international students shows that through enrollments from 2015-16 (the most current data), this population continues to grow on a national basis. *Open Doors*, the published annual information, reported last fall that the number of international students at U.S. institutions of higher education now surpassed 1 million students, representing just a little more than five percent of higher education enrollments nationally. That same 2016 report highlighted that international student enrollments were growing at the undergraduate level by more than seven percent per year (graduate-level growth -- a larger population nationally -- was growing at about six percent), and that Massachusetts has the fourth largest population of international students (at all types of post-secondary institutions, including private universities) -- that population also represents the highest percentage of international students from among all college attendees within a state -- approximately 12 percent. Because so few international students are at Massachusetts state

universities and community colleges, the vast majority of those students are clearly at private institutions.

Summary information about international student populations in the United States, with some information about specific state levels of enrollment are available from the Institute of International Education (IIE), the publisher of the *Open Doors* census information, on-line at <https://www.iie.org/en/Why-IIE/Announcements/2016-11-14-Open-Doors-Executive-Summary>.

The *Open Doors* data predate any fallout with regard to the 2016 Presidential election and ensuing policy changes by two years (so even the next scheduled release of *Open Doors* will still pre-date the last election).

WSU's own student enrollments from beyond the state's borders are mostly regional -- greater Northeastern states -- for domestic students and correlated to our local expatriate populations in greater Worcester for our international students. A report from last summer, prepared periodically by our International Programs Office, about WSU's international student public, is included here as further background about our existing international student population.

An observational note about data we collect and report, particularly as it relates to international students. We have two parallel but not identical ways of counting international students: iPEDS, used by the U.S. Department of Education to maintain summary student data; and the IIE *Open Doors* census data, an annual tabulation funded by the U.S. Department of State that more closely follows the regulatory framework of the U.S. Department of Homeland Security. Our enrollment percentages are based on iPEDS; our internally reported information on international students is in-line with *Open Doors* (and so reports non-iPEDS information about students in our Intensive English Language Institute (IELI) and graduated students on Optional Practical Training -- a special benefit U.S. immigration regulations permit for international students).

A further study about international student mobility has just come to light, courtesy of IIE, regarding high school enrollments of international students. See <https://www.iie.org/en/Research-and-Insights/Publications/Globally-Mobile-Youth-2013-2016>. This new report outlines evidence of what we see signs of anecdotally in many communities and particularly within the private school sector. Our own discussions with local headmasters in the past year suggest that there is a growing, locally-accessible international student community presumably interested in remaining in the United States for post-secondary studies.

This summary information is intended to provide context for the discussions regarding instituting a new enrollment incentive plan aimed at out-of-state students.

/cah

INTERNATIONAL STUDENTS AND SCHOLARS AT WORCESTER STATE UNIVERSITY

An Overview

Katey Palumbo, Director, International Programs

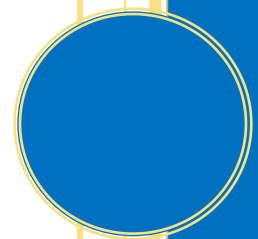


TABLE OF CONTENTS

AN OVERVIEW OF INTERNATIONAL STUDENTS AND SCHOLARS AT WSU 2

F-1 STUDENTS BY PROGRAM OF STUDY 3

TOP UNDERGRADUATE MAJORS FOR INTERNATIONAL STUDENTS 4

GRADUATE MAJORS FOR INTERNATIONAL STUDENTS 5

LEADING COUNTRIES OF ORIGIN 6

LEADING COUNTRIES OF ORIGIN 7

EXCHANGE STUDENTS AND SCHOLARS 8

EXCHANGE STUDENTS AND SCHOLARS BY THE YEAR 9

SUMMARY 10

INTERNATIONAL STUDENTS AND SCHOLARS AT WORCESTER STATE UNIVERSITY

An Overview

Worcester State University is approved to sponsor international students and scholars in both F and J visa categories. The Exchange Visitor Program (J visa category) enables international scholars and non-degree (i.e., exchange) students to attend the university or come as a visiting professor or researcher for a finite period of time. Conversely, the F visa category enables students to attend the University as a full-time degree-seeking student. The International Programs Office oversees compliance with federal regulatory agencies, issues the supporting visa documentation and advises students and scholars pre-arrival, throughout their academic program and upon degree completion when they engage in authorized work experience for a period of 12-36 months.

Each year WSU hosts international students, scholars and exchange visitors from a variety of countries and academic institutions throughout the world. WSU reports these statistics on an annual basis to the Institute of International Education for incorporation into the *Open Doors* report, a U.S. Department of State-funded census. The following report summarizes the University's *Open Doors* submissions and thus, its international student and scholar enrollment trends since 2010.

It is important to note that the period covered in this report, September 2010 to May 2016, is one in which the University has not engaged in intentional recruitment of international students. Instead, the majority of the University's international students have come through institutional exchange programs (short-term, tuition-waived exchange) or because they have close ties in the Worcester area (full fee-paying matriculated). The 2016-2017 academic year will be the first year in which WSU will receive full fee-paying international students (both exchange and matriculated) from contracted agents, U.S.- based College Study U.S. (CSUS) for matriculated students and German-based International Education Centre (IEC) for short-term (one to two semesters) full fee-paying exchange students. The International Programs Office will be responsible for managing the institution-agent relationships going forward.

F-1 Students by Program of Study

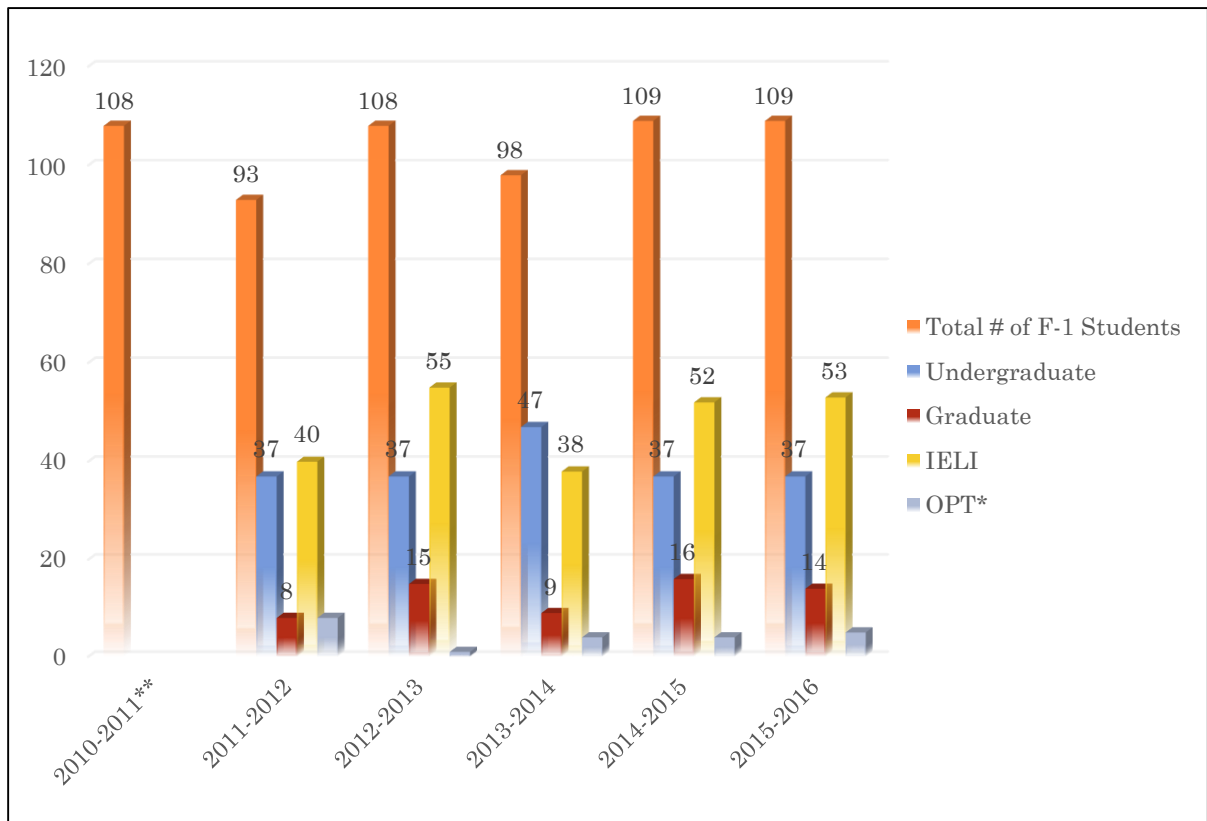


Figure 1

International student (F) enrollment in both degree-granting (undergraduate and graduate) and non-degree-granting (IELI) programs has remained relatively steady from the 2010-2011 academic year though the 2015-2016 academic year, a period during which WSU had no active international recruitment strategy or made specific international student recruitment efforts.

* OPT is Optional Practical Training which is post-graduate work authorization of 12-29 months depending on major.

** A breakdown of enrollment data is not available for the 2010-2011 academic year.

Top Undergraduate Majors for International (F) Students at WSU

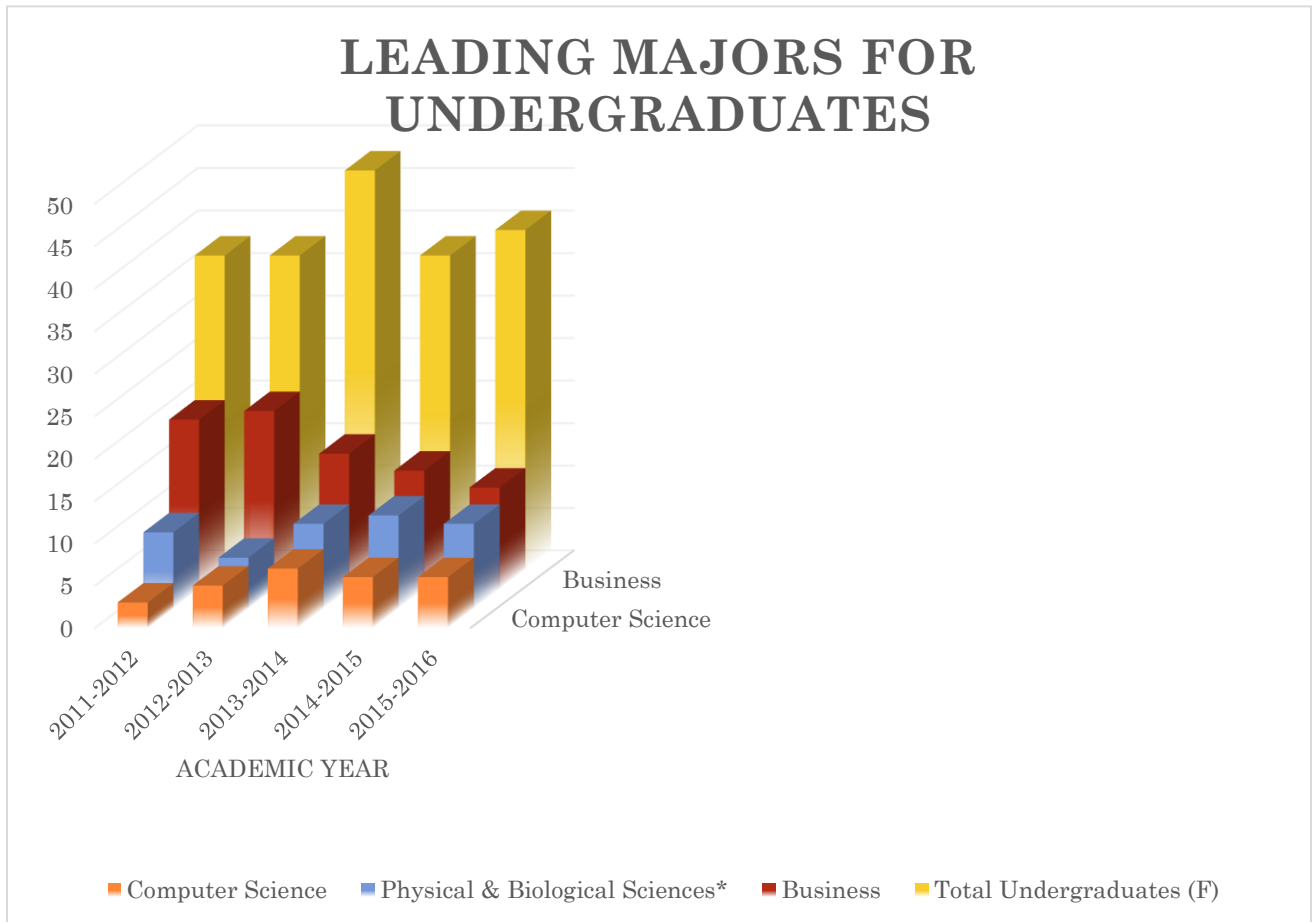


Figure 2

* Includes: Biology, Biotechnology, Chemistry, and Health Sciences

Data shows that since 2011, the leading major for undergraduate international students has been business administration. Since fall 2011, 42% of international undergraduate students have majored in business administration. Of growing interest to international students in the same time period has been computer science which now accounts for 13% of international student enrollment. Twenty-three percent of international students have opted for other programs in the sciences including biology, biotechnology, chemistry and health sciences.

Graduate Majors for International (F) Students at WSU

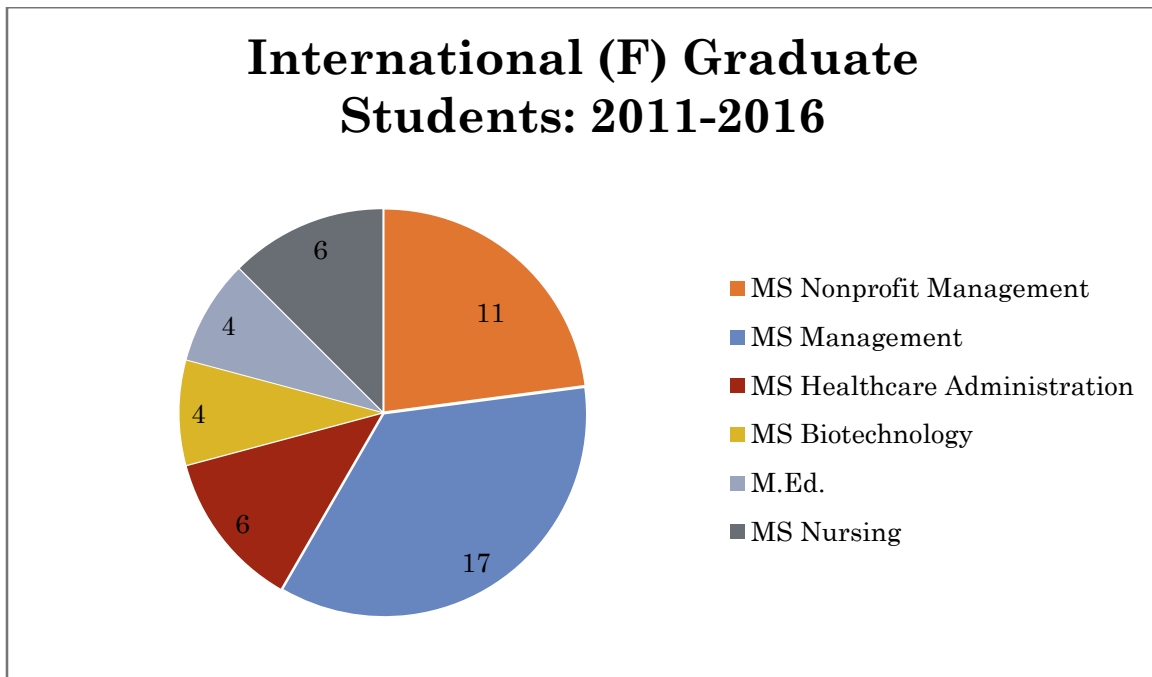


Figure 3

Since 2011, WSU has enrolled 48 international graduate students. Prior to 2012, the non-profit management program was the only master's program considered full-time and therefore, the only program open to international students. Since this time, the International Programs Office has worked with graduate coordinators and DGCE to ensure full-time enrollment (a U.S. Department of Homeland Security requirement for all international students) is available in the following programs: master of science in management, master of science in healthcare administration, master of education and master of science in nursing. While the master of science in biotechnology program has been able to accommodate full-time enrollment in the past, with four international students completing degrees since 2010, it is not currently able to accommodate the full-time enrollment of international students. The master of science in management and the master of science in health care administration programs have been the most popular for international students since 2014 with four new international students enrolling in each program.

Leading Countries of Origin: International (F) Students in All Programs at WSU: 2010-2014

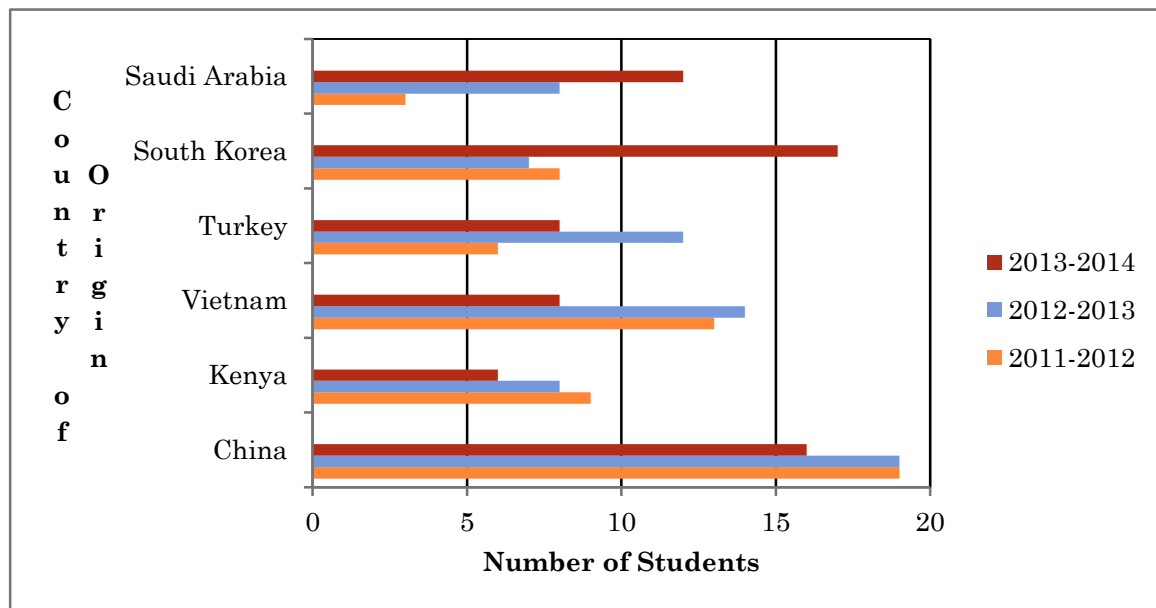


Figure 4

From 2011 to 2014, China was the leading population of international students at WSU (**figure 4**), accounting for 17% of the total international student population. In the past two academic years (2014-2016), however, the population of Chinese students has dropped to only 5.2%. This change is likely due to the fact that the cohort of students recruited by the former IPO director in 2007 and 2008 had since graduated or otherwise moved on.

At the same time, the population of students from Vietnam has more than doubled (from 11% to 23%). The Saudi Arabian student population has also increased from 7% to 11.7% during the same time-frame. The increase of Saudi Arabian students can be attributed to the ongoing government support they receive through the Saudi Arabian Cultural Mission (SACM). Over 91% of Saudi Arabian students enroll in the IELI program and utilize the 18 months of sponsorship afforded them by SACM for ESL training prior to transferring to a degree program. All but one student have transferred to other institutions for degree programs.

Per the Institute of International *Open Doors* Report 2015 (see: <http://www.iie.org/en/Research-and-Publications/Open-Doors>), since 2011 the leading home countries of origin for international students in the United States have been China, India, South Korea, and Saudi Arabia, together accounting for 57.4% of all international students in the U.S. From 2010-2014 WSU's top three countries of origin for international students were China, South Korea and Saudi Arabia (**figure 4**). In the past two years, however, this trend has shifted.

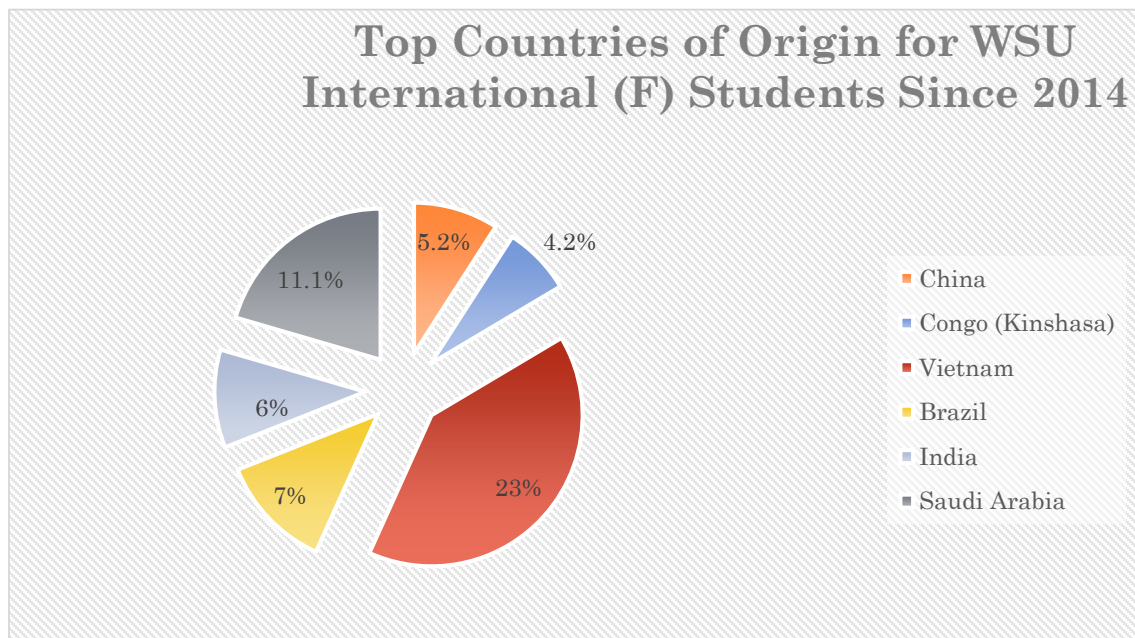


Figure 5

Since 2014, enrollment by students from both Turkey and South Korea fell to less than 2% of overall international student enrollments respectively. The decrease in Turkish students can be attributed to the closing of the Putnam Science Academy in spring 2015. Prior to this, IELI had had enrolled a number of their “chaperones” each year.

As we move into the 2016-2017 academic year, students from Brazil, India and Congo (Kinshasa) now join Vietnam, Saudi Arabia and China in rounding out the top six current countries of origin for international students at WSU (**Figure 5**). These six countries now account for 56.8% of all international student enrollments.

Exchange Students and Scholars (J) 2010-2016

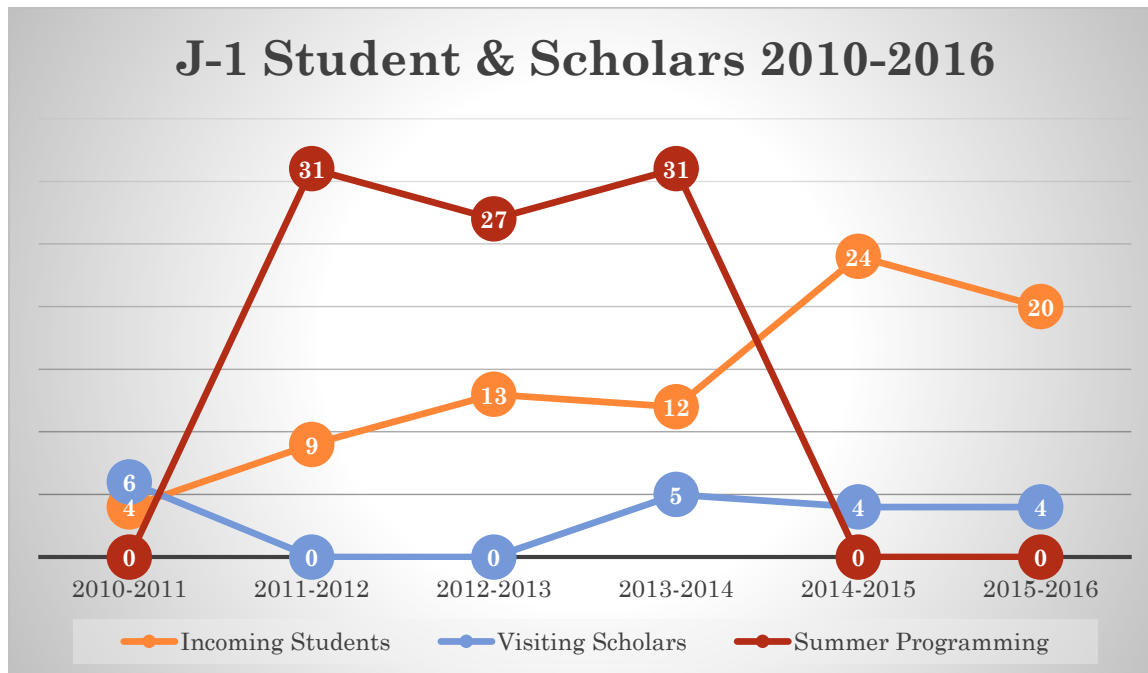


Figure 6

A product of the Fulbright-Hayes Act of 1961, the purpose of the Exchange Visitor Program (EVP) is to promote cultural exchange and foster understanding between the people of the United States and those of other nations. Overseen by the U.S. Department of State, the program allows foreign nationals to temporarily reside in the U.S. while participating in a variety of educational or training programs. Of the 12 private sector exchange categories, WSU is authorized to host visitors in three: Professors and Research Scholars, Short-term Scholars and College and University Students.

WSU has seen an overall increase in the Exchange Visitor Program (EVP) participation since the 2010-2011 academic year primarily due to two factors. The first is an increase in international exchange partners (see next page)- more than tripling from three to ten during this time-frame, and the second is the institutional exchange partnership with the Guangzhou Country Garden School (CGS) in China.

WSU hosted three groups of teachers from the Country Garden School in the summers of 2012, 2013 and 2014. Each program was three weeks in duration and involved a mix of ESL and graduate level course work instruction. During this period the CGS Program accounted for the majority of visitors in the student category (82%, 79% and 66% respectively). Since 2013, we have received the majority of visitors in this category from the following international exchange partners: Dongguk University, the University of Worcester, United International College, Czech University of Life Sciences, and from Canadian exchange partners via the National Student Exchange consortium (**figure 7**).

WSU has hosted 19 short-term scholars in the Visiting Scholars category since 2010 (**figure 6**). The majority of these scholars (17) have come from partner institution, Chulalongkorn University. Dr. Margaret Kerr, Chair of Chemistry, hosts these scholars periodically and assists them in working in conjunction with our Math Department and the Worcester Public Schools to engage with peers and offer professional development workshops. The other two visiting scholars were Ms. Geetha Andrews and Mr. Matt Ehizele. Ms. Andrews of India was sponsored by the Education Department during the fall 2013 semester while Mr. Ehizele was sponsored by the Visual and Performing Arts Department for the month of October during the fall 2014 semester.

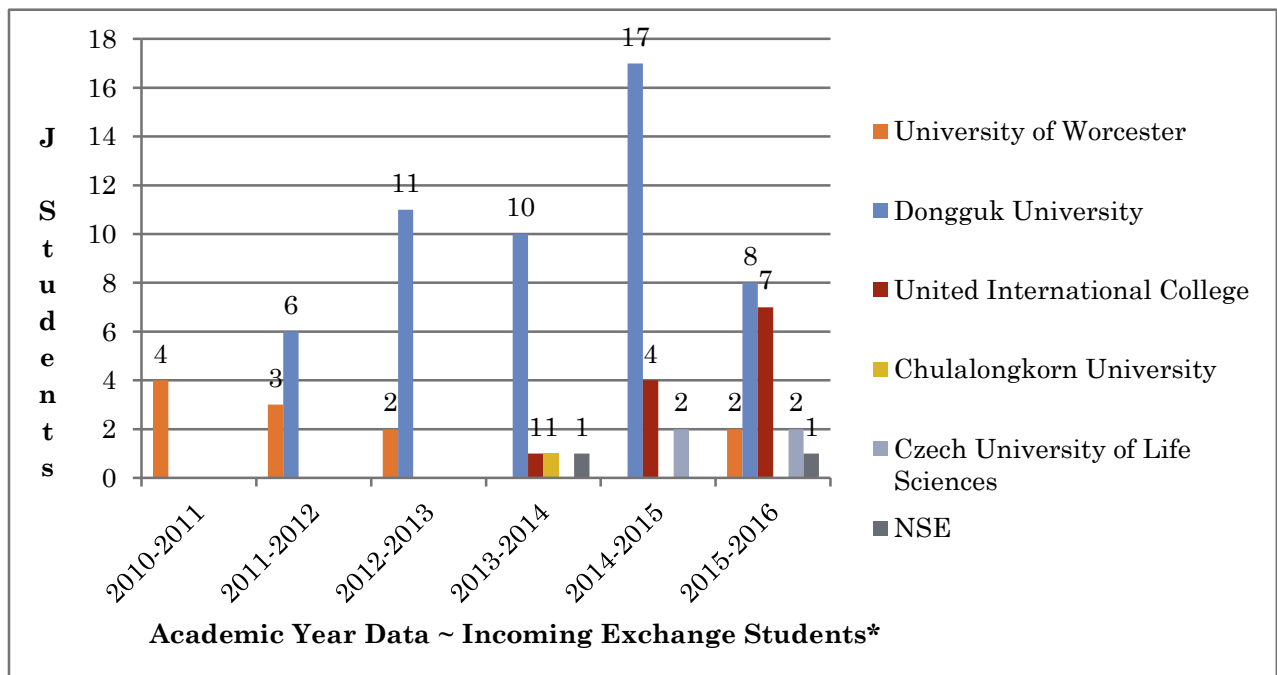


Figure 7

* Includes data for semester students only.

Current WSU Exchange Partners:

Chulalongkorn University (Bangkok, Thailand)
 Czech University of Life Sciences (Prague, Czech Republic)
 Dongguk University (Seoul, South Korea)
 Letterkenny Institute of Technology (County Donegal, Ireland)*
 Ulster University (Derry, Northern Ireland)*
 University of Beira Interior (Beira, Portugal)
 University of Worcester (Worcester, England)
 United International College (Zhuhai, China)
 Universidad San Francisco de Quito (Quito, Ecuador)*
 Yamaguchi University (Yamaguchi, Japan)*

* Indicates exchange programs established in the 2015-2016 academic year.

The data presented in this report is indicative of past trends in international student enrollment at WSU. This data is a useful tool to inform the future focus of international student recruitment efforts. Based on this data, the IPO recommends that future recruitment efforts be based in line with current WSU international student populations and/or in line with current immigrant populations in the City or Worcester which we have identified as sending increasingly higher numbers of students to us (e.g., Vietnam). This data should also be used to focus recruiting efforts on countries or regions who export students in fields of study currently offered at WSU. This could potentially be a mechanism to bolster enrollments in programs which are not, at present, attracting a sufficient number of U.S. students.

While the figures for international student enrollment in degree-bearing programs has remained steady with little institutional effort, WSU has had very little activity in hosting international scholars and professors. The majority of current activity in our Exchange Visitor Program is with incoming exchange students from partner institutions abroad with very little activity in the scholar and professor categories. This relatively minimal engagement with international scholars suggests that it may be appropriate for WSU to review current practices and logistical aspects to hosting such visitors (e.g., housing, salary mechanisms, etc.). Creating a systematized database of academic research at WSU which is accessible could be a factor in attracting the interest of international scholars and professors.

As WSU begins to engage with agents to recruit international students, it is important that we be systematic in our approach. Increasing international student enrollment is in line with the University's strategic goals and internationalization efforts on campus. Having a more diverse representation of international scholars, professors and lecturers (e.g., Fulbright recipients) on campus would make for a much more dynamic intellectual environment for students and faculty alike and would potentially foster partnerships with new institutions and regions of the world.

Finance and Facilities Subcommittee Meeting 9.12.17
5:30pm Wellness Center Room 204



WORCESTER STATE UNIVERSITY


President's Office
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Fax: 508-929-8191
Email: bmaloney@worcester.edu

NOTICE

A FINANCE & FACILITIES COMMITTEE MEETING OF THE WORCESTER STATE UNIVERSITY BOARD OF TRUSTEES WILL BE HELD ON TUESDAY, SEPTEMBER 12, 2017 AT 4:30 P.M. IN ROOM 204 OF THE WELLNESS CENTER.

1. *NOTICE
2. *VOTES
3. *APPROVAL OF MINUTES – June 6, 2017
4. *A-133 AUDIT REPORT/FINANCIAL STATEMENTS - FY'16
5. NAMING OPPORTUNITY POLICY
 - 5a) *Gift Amounts
 - 5b) *Naming Opportunity Materials Approved on April 11, 2017
6. OTHER BUSINESS
7. ADJOURNMENT

*Attachments


Judith A. St. Amand
September 5, 2017

Finance & Facilities Committee

Trustee Stephen Madaus, Chair
Trustee Aleta Fazzone
Trustee Shirley Steele
Trustee Marina Taylor
Trustee Craig Blais, Ex-Officio Voting Member
President Barry Maloney, Ex-Officio Non-Voting Member

All trustees are welcome to attend in a non-voting capacity

Finance & Facilities Votes

Upon a motion made and seconded, it was

VOTED: to approve the minutes of June 6, 2017 as submitted.

Upon a motion made and seconded, it was

VOTED: to recommend approval of the A-133 Audit Report and Financial Statements for FY'16 as submitted.

Upon a motion made and seconded, it was

VOTED: to recommend approval of the "Gift Amounts" for the Naming Opportunity Policy as submitted.

Upon a motion made and seconded, it was

VOTED: to adjourn the meeting at

**WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES**

FINANCE & FACILITIES COMMITTEE

June 6, 2017

PRESENT: Trustee Craig Blais, Chair
Trustee Aleta Fazzone
Trustee Stephen Madaus
Trustee Shirley Steele
Trustee Marina Taylor
Trustee George Albro, Ex-Officio Voting Member
President Barry Maloney – Ex-Officio Non-Voting Member
Trustee Maryanne Hammond – Non-Voting Member
Trustee Karen LaFond – Non-Voting Member
Trustee Corey Laite – Non-Voting Member
Trustee Dina Nichols – Non-Voting Member
Trustee David Tuttle – Non-Voting Member

In accordance with the provisions of General Laws, Chapter 30A having been complied with, and a quorum present, a meeting of the Finance & Facilities Committee of the Worcester State University Board of Trustees was held on June 6, 2017 in room C326 located in the Student Center. Chairman Blais called the meeting to order at 4:00 p.m.

REDUCTION IN MANDATORY FEE

Trustee Blais reported that the Finance & Facilities Committee has been very busy meeting to review and discuss the proposed FY 18 University Operating Budget. Action was taken in the April meeting on fee increases based upon information available to the trustees at that time. The vote allowed for revisiting the fee increase should the budget proposed change in any way.

VP Kathy Eichelroth was invited to update the F&F Committee on the FY 2018 State Budget Analysis presented.

- State Senate has included funding to the State University Base Budgets in FY18 in the amount of collective bargaining the campuses funded out of pocket in FY17
- The FY 17 collective bargaining for WSU was funded by a \$230 mandatory fee increase for undergraduate students
- Hopefully the FY18 budget will come out of Conference Committee and signed by the Governor with “full funding of FY 2017 collective bargaining obligations” and the amount added to base budgets
- If so, the annual mandatory student fee rate of \$8,652, previously approved the by Board would be reduced by \$100 making the new rate \$8,552 and this rate would be set for billing purposes providing the state budget, is approved and in place by July 10, 2017
- Remaining balance of the FY17 fee increase related to collective bargaining of \$130 will remain in place and funds would be re-allocated in the budget to fund a portion of the strategic priorities already presented and approved as part of the FY18 budget process

- Will be asking for a vote allowing the fee to be reduced by \$100 if collective bargaining funds come through so that student bills for the fall of 2017 will reflect the reduction
- A budget amendment will be presented to the Board in September reflecting any additional funds from the Commonwealth and the recommended strategic plan priorities to be funded
- Revised figure for mandatory fees, should additional funds be provided to the campus, would be \$8,552 a year
- Funds would still be allocated to the Capital Improvement Fee and Financial Aid as originally agreed

COMPREHENSIVE FY 2018 BUDGET

- The \$107,368,026 budget includes state appropriations and state funded fringe benefits, in addition to nine trust funds
- Annual payroll budget of \$41,072,375 supports 582 full-time employees
- Campus is further supported by an \$8,942,006 budget to fund part-time non-benefitted faculty and staff
- Trust Fund revenue generated locally represents 59% of the total budget
- Student Financial aid from state and federal sources represents 7% and state operating appropriation is 25%, with state funded fringe benefits making up the remaining 9%
- Comprehensive budget reflects actions taken by the Board in April
- Mandatory student fees increased by 4% over previous year
- Increase in fees distributed to the Capital Improvement Trust Fund at an annual rate of increase of \$10 per full-time student
- Camps funded student financial aid has been increased at an annual rate of \$60 per full-time student
- Remaining portion of the annual increase used to restore funding of FY2017 mid-year budget cuts
- Total mandatory fee of \$330 was approved at the April meeting
- Still waiting for the conclusion of the Commonwealths' budget process
- State University incentive funds have been proposed throughout the process and variation of funding of the FY 2017 collective bargaining costs have also been looked at
- Continue to be hopeful that the cost of collective bargaining increases from the past (FY 2016 and F 2017), currently paid from campus resources, will be funded in base appropriations
- If additional funding from the Commonwealth is received, an amendment to the attached budget will be presented at the September board meeting
- The proposed FY 2018 budget as presented results in the cost of attendance for an in-state commuter to be set at \$9,532 per year, the cost for an in-state resident student starts at \$21,198 per year, and the cost for an out-of-state resident student starts at \$27,278 per year
- VP Eichelroth reviewed the proposed budget and documents contained therein answering questions from the group

Following a thorough review of the proposed Reduction in Mandatory Fee Analysis and the proposed FY 2018 Comprehensive University Budget, a motion was made by Trustee Madaus, seconded by Trustee Steele and it was

VOTED: **to recommend approval to the full Board a fee reduction in the amount of \$100.00 to the annual mandatory student fee rate previously approved on April 11, 2017. This rate would be set for annual billing purposes provided that the state budget contains the requisite funding and is approved and in place by July 10, 2017.**

Upon a motion by Trustee Taylor and seconded by Trustee Steele, it was

VOTED: **to recommend approval of the FY 2018 Comprehensive University Budget, which includes all votes taken at the April 11, 2017 meeting, as presented.**

- Discussion was held on how fee reduction would be handled if information is not received on a final budget prior to July 10th – information to be brought forward to the Board if necessary
- Trustee Blais asked that actuals for the FY2018 Budget/FY2017 Budget be made available at the September meeting

ENROLLMENT MANAGEMENT STRATEGY

Proposal for a Non-Resident Scholarship Plan: Out-of-State Recruitment & Enrollment Incentive

- VPs Eichelroth, Forsythe and Special Assistant Herrin presented the proposal for consideration
- WSU would establish an undergraduate recruitment and enrollment scholarship incentive to grow out-of-state student population among matriculating undergraduate students
- Incentive would be structured as a partial waiver of mandatory fees for qualified undergraduate first-time applicants enrolled in the undergraduate day; program and matriculating in full-time status
- The awarding of the incentive to qualifying students shall be renewable and subject to academic and other conditions set by the President
- President shall report annually to the Board of Trustees on the number of such incentives awarded and other information deemed informative to the Board
- College-aged population in New England, including Massachusetts, is declining and is creating pressure on recruitment and admissions
- Out-of-state enrollment growth is one key strategy to address this applicant shortfall
- Out-of-state students, currently number 4% at WSU, including 1% that are international, provide the benefit of diversifying student population and increasing net revenue
- WSU's overall out-of-state residential student full-cost estimate is around \$27,000 and is competitive on a list-price basis and our position in the marketplace requires us to be aggressive in attracting students
- Our recruitment efforts would benefit from a scholarship model that would speak to out-of-state students and their families
- Private US higher education institutions provide a model with aggressive use of discounting, packaged as scholarships to address and attract students
- The scholarship incentive is framed through reductions in the fee controlled locally by WSU – its mandatory general fee (currently set at \$7,534.00 per year)

- Out of-state students pay a separate effective surcharge in tuition – which WSU retains upon payment – of \$7,050
- The scholarship incentive proposed here is structured as a reduction in the general fee, it operates as a discount off of the out-of-state tuition cost
- Reduction proposed is set not to exceed half of the annual general fee and is designed to be set by the University to target the incentive in ways that grow enrollment
- Might use a sliding scale where larger incentives could be offered to students who meet specific recruitment goals
- International students have a reputation of higher rates of successful progression and completion
- Would like to contract with consultants to work to recruit international students similar to those we have in place now that assist with marketing efforts, recruitment, etc.
- Suggested that a special committee be established to review proposal looking at all costs to implement such a program
- Vice Chair Hammond agreed to oversee committee to review the *Proposal for a Non-Resident Scholarship Plan* – volunteers were asked to notify Trustee Hammond of their interest

Upon a motion by Trustee Taylor and seconded by Trustee Madaus, it was

VOTED: to adjourn the meeting at 5:30 p.m.

Respectfully submitted,

Judith A. St. Amand
Assistant Secretary

WORCESTER STATE UNIVERSITY
(AN AGENCY OF THE COMMONWEALTH OF
MASSACHUSETTS)
FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH SUPPLEMENTARY INFORMATION AND
OTHER REPORTS
YEARS ENDED JUNE 30, 2016 AND 2015
AND
INDEPENDENT AUDITOR'S REPORT

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH SUPPLEMENTARY INFORMATION AND OTHER REPORTS

YEARS ENDED JUNE 30, 2016 AND 2015

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 10
Financial Statements:	
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	12
Statements of Cash Flows	13 - 14
Notes to Financial Statements	15 - 34
Supplemental Schedule Pursuant to the Uniform Guidance:	
Schedule of Expenditures of Federal Awards	35
Notes to Schedule of Expenditures of Federal Awards	36 - 37
Other Reports Pursuant to the Uniform Guidance:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38 - 39
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	40 - 41
Schedule of Findings and Questioned Costs	42 - 43
Summary Schedule of Prior Audit Findings	44

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Worcester State University
Worcester, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Worcester State University (an agency of the Commonwealth of Massachusetts) (the "University") and the financial statements of Worcester State Foundation, Inc., its discretely presented component unit, as of and for the years ended June 30, 2016 and 2015 and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Worcester State University and Worcester State Foundation, Inc., its discretely presented component unit, as of June 30, 2016 and 2015, and the changes in its financial position, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pension - an Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2016, on our consideration of Worcester State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Worcester State University's internal control over financial reporting and compliance.

Ballus Lynch, LLP

Worcester, Massachusetts
October 18, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Worcester State University, we offer readers of Worcester State University's financial statements this narrative overview and analysis of the financial activities of Worcester State University for the fiscal year ended June 30, 2016. This discussion is provided by management and should be read in conjunction with the financial statements and notes thereto.

Worcester State University was founded in 1871, and is one of nine comprehensive public colleges/universities in the Commonwealth of Massachusetts. The University affirms the principles of liberal learning as the foundation for all advanced programs of study and offers programs in the traditional liberal arts and science disciplines, while maintaining its historical focus on teacher education. The University offers 62 undergraduate majors and minors, 31 graduate programs, 80 study abroad programs, 18 honor societies and a student-to-faculty ratio of 17:1. The University currently has 5,514 full and part-time undergraduate students and 792 full and part-time graduate students.

Financial Highlights

- The assets of Worcester State University exceeded its liabilities at the close of the most recent fiscal year by \$104,279,193 (net position). Of this amount, \$13,592,318 is classified as unrestricted net position. The figure is down from FY 2016 due to the draw of \$9,500,000 of reserve funds as an equity contribution to the construction of the Wellness Center that occurred in September of 2015, in addition to the required GASB 68 accrual of pension expense of \$2,764,131.
- The University's total unrestricted net position decreased by \$10,511,960, with a total change in net position of \$21,407,611. Operational items that influenced the total change in net position includes income before other revenues, expenses, gains, or losses of (\$1,630,916), in addition to capital appropriations of \$23,038,527 to fund Wellness Center Construction. The net loss prior to capital appropriations is directly attributable to the Commonwealth of Massachusetts pension obligation accrual required by GASB 68 and discussed in footnote 21 of the audited financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Worcester State University's basic financial statements. Worcester State University's basic financial statements comprise two components: 1) the financial statements and 2) the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Financial Statements are designed to provide readers with a broad overview of Worcester State University's finances in a manner similar to a private sector college.

The Statement of Net Position presents information on all of the University's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the University is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the University's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. the accrual for compensated absences.)

The Statement of Cash Flows is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g. tuition and fees) and disbursements (e.g. cash paid to employees for services.) The Government Accounting Standards Board (GASB) Statements 34 and 35 require this method to be used.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The financial statements and related footnotes are presented separately from this Management Discussion and Analysis.

The University reports its activity as a business-type activity using the full accrual measurement focus and basis of accounting. The University is a component unit of the Commonwealth of Massachusetts. Therefore, the results of the University's operations, its net position and cash flows are also summarized in the Commonwealth's Comprehensive Annual Financial Report in its government-wide financial statements.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the financial statements and are presented separately.

Other information: In addition to the financial statements and accompanying notes, this report also contains certain required supplementary information concerning Worcester State University.

Financial Analysis

As noted earlier, net position may serve over time as a useful indication of Worcester State University's financial position. In the case of Worcester State University, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$104,279,193 at the close of fiscal year 2016.

By far the largest portion of the Worcester State University's net position reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt, including capital leases, used to acquire those assets that are still outstanding. Worcester State University uses these capital assets to provide services to students, faculty and administration; consequently, these assets are not available for future spending. Worcester State University's investment in its capital assets is reported net of related debt.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

**Worcester State University's Net Position as of
June 30, 2016, with comparative data as of June 30, 2015**

	2016	2015
Current and other assets	\$ 61,506,343	\$ 66,590,902
Capital assets	104,522,725	77,084,437
Total assets	166,029,068	143,675,339
Deferred outflows of resources	7,637,363	1,250,036
Non-current outstanding liabilities	47,076,397	37,975,821
Other liabilities	15,575,584	15,549,661
Total liabilities	62,651,981	53,525,482
Deferred inflows of resources	6,735,257	8,528,311
Net position		
Invested in capital assets, net of related debt	87,321,688	56,137,097
Restricted	3,365,187	2,630,207
Unrestricted	13,592,318	24,104,278
Total net position	\$ 104,279,193	\$ 82,871,582

A portion of the Worcester State University's net position (3.4 percent) as of June 30, 2016 represent funds that are subject to external restrictions on how they must be used. Unrestricted net position of \$13,592,318 may be used to meet the University's ongoing obligations to its stakeholders. The University's net position increased by \$21,407,611 during the year ended June 30, 2016. At the end of the current fiscal year, Worcester State University reports a positive balance in unrestricted and restricted fund balances.

The University's primary reserve ratio, calculated as expendable net position divided by total expenses, is 17.76% and 29.68%, respectively, for the years ended June 30, 2016 and June 30, 2015. This ratio provides a snapshot of financial strength and flexibility by indicating the percent of operating expenses that could be funded by expendable reserves without relying on additional net position generated by operations.

In prior years reserves were being accumulated in the Capital Improvement Trust Fund for the specific purpose of financing the Wellness Center and other capital improvement projects. The University transferred \$9.5M of reserves to the Department of Capital Asset Management in September of 2015 as part of the financing plan for the Wellness Center. The University has begun updating its Capital Financing Plan and will establish a percentage goal and timeline to improve its primary reserve ratio so that it can be used as financial leverage when planning future capital projects.

The University's return on net position ratio, calculated as the change in total net position divided by total net position – beginning of the year, is 25.83% and 2.38%, respectively, for the years ended June 30, 2016 and June 30, 2015. This ratio measures total economic return including capital investment and positive operating results. An improving trend indicates increasing net position which provides for increased financial flexibility.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

In FY 2016 construction of the Wellness Center was funded by the Commonwealth of Massachusetts general obligation bonds in the amount of \$22,240,844 in addition to \$5,998,592 of the \$15M bond proceeds the University borrowed for the project in 2012 through the MSCBA and placed on deposit with the Commonwealth Division of Capital Asset Management. An additional \$1,300,891 was incurred to outfit the furniture and equipment needs of the facility. Purchases to fit out the facility continued into the fall of 2016. The General Obligation bonds expended by the Commonwealth to construct the facility add a significant boost to the University net position balances at year end as they are funds for which the University receives without obligation for repayment. The spending of MSCBA bond proceeds had a neutral effect on net position as the funds moved from cash held by the State Treasurer to Construction in Progress. In addition, the University's investment in the contents of the facility also provided a boost to the campuses net position value. In years of significant infrastructure investment, the net position ratio experiences a spike in value which levels out when the campus returns to traditional deferred maintenance and infrastructure investments levels.

The net operating revenue ratio, calculated as operating income plus non-operating revenue divided by operating revenue plus non-operating revenue, is .15% prior to posting the Commonwealth of Massachusetts pension liability adjustment required by GASB 68. Post adjustment, the net operating revenue ratio is (1.74)% and (.75)%, respectively, for the years ended June 30, 2016, and June 30, 2015. The ratio measures whether an institution is living within its available resources. Worcester State University strives to achieve an annual operating surplus as measured by this ratio as part of its long-term plan to improve its primary reserve and viability ratios and maintain a healthy annual return on net position.

In FY 2016 the University closed the year with a slight operating surplus of \$138,474, prior to the GASB 68 pension accrual adjustment as described in footnote 21 of the audited financial statements. The University closed the year, inclusive of the pension adjustment, with an operating loss of \$1,630,916 compared with a loss of \$673,465 at June 30, 2015. Student fee revenue from all categories, (day, evening and graduate) was slightly lower than budget and spending during the year was pressed to the edges of the operating budget and little spending capacity was returned to reserves at year end.

The increase in net capital assets in FY 2016, was \$27,438,288, while depreciation expense on capital assets was \$4,664,588. During the year \$29,997,376 was expended on construction of the Wellness Center and building improvements were completed to the Student Center and the Learning Resource Center. The University received deferred maintenance funding to assist with the LRC and Student Center projects and to pay for several project planning studies.

The University's viability ratio, calculated as expendable net position divided by long term debt, is 1 : .71 and 1 : 1.05 respectively, as of June 30, 2016 and June 30, 2015. The viability ratio measures the availability of expendable net position to cover debt as of the balance sheet date. A ratio of 1:1 or greater indicates an institution has sufficient expendable net position to satisfy its debt obligations as of the balance sheet date.

The University anticipated a significant downturn in its viability ratio in FY 2016 in anticipation of transferring \$9.5M to DCAM in September of 2016 in accordance with the financing plan for the Wellness Center, in addition to the reduction of unrestricted net assets due to the GASB 68 pension adjustment. In the coming year, a plan will be put in place to restore reserves and improve the University's operational ratios.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Worcester State University's Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2016 with comparative data for the year ended June 30, 2015

	2016	2015
Operating Revenues		
Tuition and fees, net of scholarships discounts and allowances	\$ 47,136,403	\$ 45,102,605
Operating grants and contributions	12,070,608	11,634,043
Sales and services of auxiliary enterprises and other sources	236,258	362,335
Total operating revenues	59,443,269	57,098,983
Operating Expenses		
Instruction	34,662,566	33,402,333
Public service	955,701	1,149,664
Academic support	7,768,616	6,607,824
Student service	9,396,733	8,625,036
Institutional support	15,447,340	13,432,296
Operations and maintenance of plant	9,297,557	9,342,808
Scholarships	1,170,665	1,165,796
Depreciation	4,664,588	4,224,797
Debt service	289,560	270,821
Auxiliary enterprises	11,838,607	11,863,590
Total operating expense	95,491,933	90,084,965
Net operating loss	(36,048,664)	(32,985,982)
Non-operating revenues (expenses)		
State appropriation, including fringe benefits provided to employees by the Commonwealth, net of tuition remitted to the Commonwealth	33,605,906	31,840,805
Investment income	801,365	467,982
Other and transfers	10,477	3,730
Total non-operating revenues	34,417,748	32,312,517
Loss before other revenues, expenses, gains or losses	(1,630,916)	(673,465)
Capital appropriations	23,038,527	2,645,362
Increase in net position	21,407,611	1,971,897
Net position - July 1	82,871,582	91,466,817
Adoption of accounting principle	-	(10,567,132)
Net position - June 30	\$ 104,279,193	\$ 82,871,582

State appropriations for operations, including fringe benefits and net of tuition remission, experienced a net increase in FY 2016. The Commonwealth of Massachusetts final budget for FY 2016 did not include any additional dollars for collective bargaining obligations. However, it did include, \$5.5M for the State University system that was distributed in accordance with a funding formula developed by the Massachusetts Department of Higher Education. The formula provided additional resources of \$873,943 to Worcester State University in FY16.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

State appropriations are reported net of the amount of in-state day school tuition collected by the University on behalf of the Commonwealth. The in-state day tuition collected is remitted back to the Commonwealth as dictated by Massachusetts General Law. Included in State appropriations are the fringe benefit costs for University employees paid by the Commonwealth. In addition to operating appropriations, in FY2016 the University received capital appropriations for the construction of the Wellness Center. Capital appropriations are funded by Massachusetts General Obligation Bonds which are issued to fund Commonwealth infrastructure improvements. The funds are provided to the campus in the form of a capital grant and as such the University is not responsible for repayment of the funds.

The following schedule details the Commonwealth appropriations received by the University for the years ending June 30, 2016 and June 30, 2015, respectively.

	2016	2015
State Appropriations	\$ 26,390,124	\$ 25,638,417
Appropriations to cover fringe benefits provided to employees of the Commonwealth	7,821,097	7,102,873
Tuition remitted back to the State	(605,315)	(538,563)
Transfer to cover 9C reductions	-	(361,922)
Net appropriations	33,605,906	31,840,805
Additional State capital appropriations	23,038,527	2,645,362
Total Appropriations	<u>\$ 56,644,433</u>	<u>\$ 34,486,167</u>

Loss from Operations

State appropriations are a significant source of funding for the University. Under GASB 35, appropriations are considered non-operating revenue. As such, the University incurs a loss from operations. The Commonwealth's Board of Higher Education sets tuition for the day division. The University's Board of Trustees sets all fees and tuition of the Division of Graduate and Continuing Education. The University's Board of Trustees approves the annual budget with the intention of mitigating losses after consideration of Commonwealth appropriations while balancing educational and operational needs. The following schedule presents Worcester State University's incurred losses from operations for the fiscal years ended June 30, 2016 and 2015, respectively.

	2016	2015	Change
Net Tuition and Fee Revenue	\$ 47,136,403	\$ 45,102,605	\$ 2,033,798
Other Revenue, net of Student Financial Aid	12,306,866	11,996,378	310,488
Operational Expenses	<u>(95,491,933)</u>	<u>(90,084,965)</u>	<u>(5,406,968)</u>
Operating loss	(36,048,664)	(32,985,982)	(3,062,682)
Commonwealth direct appropriations, fringe benefits for employees on the Commonwealth's payroll, net of remitted tuition to the Commonwealth	33,605,906	31,840,805	1,765,101
Investment and non-operating income	811,842	471,712	340,130
Capital appropriations	<u>23,038,527</u>	<u>2,645,362</u>	<u>20,393,165</u>
Change in net position	<u>\$ 21,407,611</u>	<u>\$ 1,971,897</u>	<u>\$ 19,435,714</u>

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Capital Assets and Debts of the University

Capital Assets: Worcester State University's investment in capital assets as of June 30, 2016 amounts to \$104,522,725, net of accumulated depreciation, compared to \$77,084,437 net of accumulated depreciation as of June 30, 2015. The University's investment in capital assets includes, land (including improvements), building (including improvements,) furnishings and equipment, and books. In FY 2016 gross capital assets increased by \$31,609,994. The majority of the increase was for Wellness Center construction. The Wellness Center opened for business in September 2016. Project closeout continues and the University anticipates all open items and fit out of the facility will be complete by the end of the calendar year.

Capital assets are defined by the University and the Commonwealth of Massachusetts as assets with an initial, individual cost of \$50,000 or greater. Information about the Worcester State University's capital assets can be found in the notes to the financial statements.

Long-Term Debt

Compensated Absences: The accrual for compensated absences consists of the long-term portion of sick and vacation pay relating to employees on the University's payroll and is anticipated to be funded by future state appropriations.

MHEFA Financing: On December 4, 2002, the College entered in to a financing agreement with MHEFA to receive \$14,000,000 for renovations to the Sullivan and Administration Buildings. A call provision became available on this bond issue in December 2012. As a result, the issue was refunded on December 18, 2012, with \$10,585,000 MDFA Revenue Bonds, Worcester State University Series 2012. There is no debt service reserve related to this issue. Annual principal payments range from \$255,000 to \$325,000 through November of 2022. Annual principal payments range from \$665,000 to \$875,000 through November of 2032.

Massachusetts Development Financing Agency (MDFA) Clean Renewable Energy Bond: On November 9, 2007, the College entered into a financing agreement with MDFA to receive \$310,000 to facilitate the financing of the installation of a 100 KW Photovoltaic Panel, mounting system and inverter on the roof of the Learning Resource Center. The bond proceeds are non-interest bearing and are to be re-paid in equal annual installments of \$20,666.67 over a fifteen-year period beginning December 31, 2007.

Massachusetts State College Building Authority (MSCBA) WSU Student Life Project: MSCBA issued revenue bonds for various projects on December 20, 2012. Included in the issue was a component to provide \$15,000,000 of debt financing to Worcester State University's Wellness Center in accordance with the Memorandum of Agreement between, the Commonwealth, MSCBA and the University. The proceeds from the bond issue, combined with funds earmarked by the University and General Obligation bond funds earmarked by the Commonwealth, provide the resources for construction of a new Wellness Center at WSU. The Wellness Center will be an asset of the Commonwealth and will be recorded as a fixed asset on the University's financial records. The MSCBA holds Debt Service Reserve funds of \$249,214 on this component of the issue. Annual principal payments ranging from \$135,000 to \$787,950 are scheduled through May, 2042. Campus trust funds provide the revenue source for the annual debt service.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Economic Factors that will affect the Future:

In FY2016 the University announced a campus-based early retirement incentive program. The program offered a bonus payment, scaled to number of years of service, to employees that had at least ten years of service. The plan stipulated that employees commit to retiring by June 30, 2016 in order to receive a bonus. Thirty-six employees chose to participate in the retirement incentive program. Years of service for these employees ranged from ten to fifty-one years. All vacated positions are intended to be filled, though some will be re-distributed across the institution. Projected net salary savings from the program, once vacancies have been filled, is anticipated in the range of \$1M. The savings were allocated in the FY17 budget to support new programming.

The FY 2107 budget process focused heavily on resources necessary to open the new Wellness Center. During the budget process a reconciliation of operating expenses and revenues was finalized. The existing athletic department budget was analyzed and reconciled to ensure there was no duplication and funding matched the new operational plan. New and expanded programming for the center in the areas of recreational sports, fitness and intramural programs were funded with an increase in student fees. The large scale of the new facility and advance operational technology also placed an increased demand on operational resources which were funded by the savings achieved through the early retirement incentive program. Savings from the early retirement incentive program also provided resources to address other institutional priorities linked to the strategic plan.

During the budget process the President and his direct reports discussed and prioritized the top budget requests from each area. Budget requests linked directly to the Strategic Plan or fitting the criteria of a "foundation level investment", were funded from the remaining re-allocation of retirement incentive savings. There was an extensive list of division priorities that deserved funding and attention, and behind that list were many other requests that could have been further prioritized.

The state university campuses continue to advocate for full funding of collective bargaining obligations. Despite that effort, the University was not allocated resources to fund contract obligations in FY 2017, or raises previously implemented in FY 2016. Student fees were increased to fund the FY 2017 obligation and the University does not foresee receiving Commonwealth funding for the contracted raises anytime in the near future.

An analysis of the University's unrestricted reserves was presented to the Board at the March meeting. Unrestricted reserves have been significantly depleted as a result of the \$9.5M equity contribution to the Wellness Center and the Commonwealth's decision to distribute the reporting of pension liability to the higher education campuses in Massachusetts. Analysis indicates that planned contributions should be made to the Capital Improvement Trust Fund, in addition to an increase in the Capital Improvement Fee, to increase the base of unrestricted resources that can be purposefully leveraged for, or invested in, infrastructure improvements on campus. Due to many competing needs demonstrated by numerous funding requests, the alignment of requests to the Strategic Plan, and the goals set by the DHE for future retention and graduation rates, stabilizing the University reserves was not identified as a top priority for the FY 2017 budget. However, future infrastructure improvements to the campus will be dependent on the University's ability to develop a financing model that will provide the capacity to borrow or liquidate reserves to fund infrastructure improvements.

Requests for Information

This financial report is designed to provide a general overview of the Worcester State University's finances for all those with an interest in the University's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Vice President of Administration and Finance, 486 Chandler Street, Worcester, MA 01602-2597.

FINANCIAL STATEMENTS

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF NET POSITION

JUNE 30, 2016 AND 2015

	Worcester State University		Component Unit Worcester State Foundation	
	2016	2015	2016	2015
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 14,954,373	\$ 23,781,381	\$ 854,102	\$ 800,282
Cash held by State Treasurer	14,603,183	12,455,374	-	-
Cash held by Foundation	139,172	145,680	-	-
Accounts receivable, net	1,810,502	1,161,850	2,750	7,970
Current portion of loans receivable	169,159	153,424	-	-
Current portion of contributions receivable	-	-	546,355	397,770
Inventories	33,889	41,769	58,392	53,566
Prepaid expenses and other current assets	270,789	225,337	13,830	15,097
Total current assets	31,981,067	37,964,815	1,475,429	1,274,685
Non-current Assets:				
Investments	20,444,141	19,239,634	19,672,076	19,503,793
Deposits held with trustee	249,214	254,295	-	-
Loans receivable, less current portion	785,842	850,269	-	-
Contributions receivable, less current portion	-	-	467,175	442,770
Other non-current assets	8,046,079	8,281,889	338,659	348,571
Capital assets, net of accumulated depreciation	104,522,725	77,084,437	4,598,879	4,785,499
Total non-current assets	134,048,001	105,710,524	25,076,789	25,080,633
Total assets	166,029,068	143,675,339	26,552,218	26,355,318
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pension obligations	7,537,958	1,144,785	-	-
Loss on refunding of long-term debt	99,405	105,251	-	-
Total deferred outflows of resources	7,637,363	1,250,036	-	-
LIABILITIES				
Current Liabilities:				
Current portion of long-term debt	635,667	615,667	39,225	38,364
Current portion of capital lease obligation	467,514	197,403	-	-
Accounts payable	2,396,043	2,641,613	1,129,327	105,449
Accrued payroll and fringe benefits	6,994,985	6,527,207	-	-
Accrued interest and other liabilities	125,395	127,952	21,623	18,606
Funds held for others	-	-	177,227	180,145
Student deposits and unearned revenue	1,486,828	1,698,266	61,608	50,912
Current portion of split-interest agreements	-	-	49,536	40,048
Current portion of accrued workers' compensation	114,672	172,589	-	-
Current portion of accrued compensated absences	3,354,480	3,568,964	-	-
Total current liabilities	15,575,584	15,549,661	1,478,546	433,524
Non-current liabilities:				
Long-term debt, less current portion	24,145,858	24,817,219	2,683,858	2,724,450
Capital lease obligation, less current portion	451,100	303,600	-	-
Split-interest agreements, less current portion	-	-	122,518	120,234
Advance payable to the University	-	-	-	-
Accrued workers' compensation, less current portion	498,568	560,660	-	-
Accrued compensated absences, less current portion	2,085,323	1,893,542	-	-
Accrued pension obligations	18,901,770	9,357,928	-	-
Refundable grant - federal financial assistance program	993,778	1,042,872	-	-
Total liabilities	62,651,981	53,525,482	4,284,922	3,278,208
DEFERRED INFLOWS OF RESOURCES				
Resources related to pension obligations	610,180	1,991,459	-	-
Deferred service concession arrangements	6,125,077	6,536,852	-	-
Total deferred inflows of resources	6,735,257	8,528,311	-	-
NET POSITION				
Invested in capital assets, net	87,321,688	56,137,097	-	-
Restricted - Non-expendable:				
Other	-	-	13,009,586	12,309,121
Restricted - Expendable for:				
Other	3,241,368	2,503,864	5,478,062	6,092,331
Capital projects	123,819	126,343	395,447	1,163,436
Unrestricted	13,592,318	24,104,278	3,384,201	3,512,222
Total net position	\$ 104,279,193	\$ 82,871,582	\$ 22,267,296	\$ 23,077,110

See accompanying independent auditor's report and notes to financial statements.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2016 AND 2015

	Worcester State University		Component Unit Worcester State Foundation	
	2016	2015	2016	2015
REVENUES				
Operating Revenues:				
Student tuition and fees	\$ 43,982,183	\$ 42,564,442	\$ 331,475	\$ 259,043
Auxiliary enterprises, student housing	11,906,540	10,888,328	-	-
Less: Scholarship discounts and allowance	8,752,320	8,350,165	-	-
Net student tuition and fees	47,136,403	45,102,605	331,475	259,043
Contributions	-	-	2,137,750	1,865,899
Federal grants and contracts	7,172,962	7,511,031	-	-
State and local grants and contracts	1,259,516	1,366,407	-	-
Nongovernmental grants and contracts	2,492,114	1,697,789	-	-
Auxiliary enterprises, other	236,258	362,335	227,567	212,284
Other operating revenues	1,146,016	1,058,816	254,716	255,221
Total operating revenues	59,443,269	57,098,983	2,951,508	2,592,447
EXPENSES				
Operating expenses:				
Instruction	34,662,566	33,402,333	-	-
Public service	955,701	1,149,664	-	-
Academic support	7,768,616	6,607,824	-	-
Student services	9,396,733	8,625,036	-	-
Institutional support	15,447,340	13,432,296	528,435	616,978
Operation and maintenance of plant	9,297,557	9,342,808	171,219	199,203
Scholarship	1,170,665	1,165,796	477,563	326,575
Depreciation	4,664,588	4,224,797	213,749	150,993
Debt service	289,560	270,821	50,865	24,867
Auxiliary enterprises	11,838,607	11,863,590	-	-
Total operating expenses	95,491,933	90,084,965	1,441,831	1,318,616
Operating loss	(36,048,664)	(32,985,982)	1,509,677	1,273,831
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	33,605,906	31,840,805	-	-
Interest and investment income	801,365	467,982	(393,759)	(66,973)
Payments to Worcester State University	-	-	(2,671,576)	(1,702,748)
Other non-operating revenues	10,477	3,730	-	-
Net non-operating revenues	34,417,748	32,312,517	(3,065,335)	(1,769,721)
Income (loss) before other revenues, expenses, gains, or losses	(1,630,916)	(673,465)	(1,555,658)	(495,890)
Capital appropriations	23,038,527	2,645,362	-	-
Additions to permanent endowments	-	-	745,844	575,046
Change in net position	21,407,611	1,971,897	(809,814)	79,156
NET POSITION				
Beginning of year	82,871,582	91,466,817	23,077,110	22,997,954
Adoption of accounting principle	-	(10,567,132)	-	-
End of year	\$ 104,279,193	\$ 82,871,582	\$ 22,267,296	\$ 23,077,110

See accompanying independent auditor's report and notes to financial statements.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	Primary Government	
	2016	2015
Cash flows from operating activities:		
Student tuition, fees and charges	\$ 47,070,118	\$ 45,042,006
Federal grants and contracts	7,172,962	7,511,031
State and local grants and contracts	1,259,516	1,366,407
Nongovernmental grants and contracts	2,492,114	1,697,789
Auxiliary enterprise charges	236,258	362,335
Employee compensation and fringe benefit payments	(58,194,973)	(55,163,191)
Payments to suppliers	(30,250,235)	(30,650,898)
Interest paid	(366,018)	(350,401)
Loans repaid by (issued to) students	48,692	(71,262)
Other receipts	12,276	193,696
Net cash used in operating activities	(30,519,290)	(30,062,488)
Cash flows from noncapital financing activities:		
State appropriations	33,605,906	31,840,805
Net deposits	(71,840)	(178,887)
Net cash provided by noncapital financing activities	33,534,066	31,661,918
Cash flows from capital and related financing activities:		
Capital appropriations	23,038,527	2,645,362
Purchases of capital assets	(31,185,547)	(15,316,090)
Principal payments of capital related debt	(651,361)	(651,433)
Principal payments of capital lease obligation	(425,818)	(193,497)
Decrease in cash restricted for capital activities	5,081	-
Decrease in deferred loss on refunding of capital related debt	5,846	5,848
Perkins loan program, net funds paid	(49,094)	(1,782)
Other activities	10,477	3,730
Net cash used in capital and related financing activities	(9,251,889)	(13,507,862)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	-	9,403,194
Purchases of investments	(1,022,703)	(5,896,812)
Interest and investment income	574,109	603,919
Net cash provided by (used in) investing activities	(448,594)	4,110,301
Net decrease in cash and cash equivalents	(6,685,707)	(7,798,131)
Cash and cash equivalents, beginning of year	36,382,435	44,180,566
Cash and cash equivalents, end of year	\$ 29,696,728	\$ 36,382,435

See accompanying independent auditor's report and notes to financial statements.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015
(Continued)

	Primary Government	
	2016	2015
Reconciliation of operating loss to		
net cash used in operating activities:		
Operating loss	\$ (36,048,664)	\$ (32,985,982)
Adjustments to reconcile operating loss to net cash		
used in operating activities:		
Depreciation expense	4,664,588	4,224,797
Amortization of other assets	235,810	235,810
(Increase) decrease in operating assets and		
deferred outflows:		
Accounts receivable, net	(648,652)	(245,980)
Loans receivable	48,692	(71,262)
Inventories	7,880	5,618
Prepaid expenses and other assets	-	(2,008,914)
Resources related to pension obligations	1,769,390	(362,530)
Increase (decrease) in operating liabilities and		
deferred inflows:		
Accounts payable	(245,570)	594,988
Accrued payroll and fringe benefits	467,778	733,490
Accrued interest and other liabilities	(76,457)	(79,580)
Accrued workers' compensation	(120,009)	(75,589)
Student deposits and unearned revenue	(139,598)	(59,870)
Accrued compensated absences	(22,703)	652,385
Deferred service concession arrangements	(411,775)	(619,869)
Net cash used in operating activities	<u>\$ (30,519,290)</u>	<u>\$ (30,062,488)</u>

See accompanying independent auditor's report and notes to financial statements.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Worcester State University (the "University") is a public, state-supported University, located in Worcester, Massachusetts. The University is governed by a local Board of Trustees. As one of nine four-year, state-supported colleges and universities, the University is empowered to award baccalaureate and masters' degrees in education and in the arts and sciences, as well as programs of continuing education.

The University is an agency of the Commonwealth of Massachusetts (the "State", the "Commonwealth"). Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if the University had been operated as an independent institution.

Component units

Worcester State Foundation, Inc. (the "Foundation") is a legally separate, tax exempt component unit of the University. The Foundation's primary role is to prudently manage and steward privately contributed resources meant to supplement the resources that are available to the University in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the year ended June 30, 2016 and 2015, the Foundation distributed \$2,671,576 and \$1,702,748, respectively, to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Worcester State University Business Office at 486 Chandler Street, Worcester, MA 01602.

Basis of presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (US GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The accompanying statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues primarily include charges to students or others who enroll or directly benefit from services that are provided by a particular function. Items not meeting the definition of program revenues are instead reported as general revenue.

The University has determined that it functions as a business-type activity, as defined by GASB. The effect of interfund activity has been eliminated from these financial statements. The basic financial statements and required supplementary information for general purpose governments consist of management's discussion and analysis, basic financial statements including the University's discretely presented component units, and required supplementary information. The University presents statements of net position, revenues, expenses, and changes in net position and cash flows on a University-wide basis.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation (continued)

The University's policies for defining operating activities in the Statement of Revenues, Expenses and Changes in Net Position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities in accordance with GASB Statement No. 35. These non-operating activities include the University's operating and capital appropriations from the Commonwealth of Massachusetts ("Commonwealth"), and net investment income.

Net position

GASB establishes accounting and financial reporting standards for public colleges and universities. These standards require that, for accounting and reporting purposes, resources be classified into four net position categories, described as follows:

Invested in capital assets, net of related debt - Includes all capital assets, net of accumulated depreciation and the principal balances of any outstanding debt used to construct, acquire or improve the assets.

Restricted net position - These resources are further differentiated between those that are nonexpendable and expendable.

Nonexpendable resources are those that are subject to externally imposed constraints that they be maintained permanently.

Expendable resources are those whose use is subject to externally imposed constraints that can be satisfied by specific actions or by the passage of time.

Unrestricted - These resources are not subject to any externally imposed constraints. Such net position may be designated for specific purposes by action of the governing Board.

Management accounting and reporting system

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth colleges and universities to report activity of campus based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System (MMARS) on the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. The amounts reported on MMARS meet the guidelines of the Comptroller's Guide for Higher Education Audited Financial Statements.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent events

The University has evaluated the financial statement impact of subsequent events occurring through October 18, 2016, the date that the financial statements were available to be issued.

Cash, temporary investments, and investments

The University considers its cash on hand, cash held by the State Treasurer for the benefit of the University and all debt securities with a maturity of three months or less to be cash equivalents.

The University's investments are recorded at fair value. Realized and unrealized gains and losses are included in non-operating revenues. Realized gains and losses are determined based on the specific identification of the securities sold. Investment income is recognized when earned. The method of allocated interest earned on pooled cash and investments among fund types provides that, unless otherwise restricted, all interest is recorded in the unrestricted current fund. All gains and losses arising from the sale, maturity, or other disposition of investments are accounted for in the trust fund which owns the related asset. Ordinary income derived from investments is accounted for in the trust fund owning such assets.

The Governmental Accounting Standards Board requires government entities to categorize investments to give an indication of the level of credit risk assumed by the University at year end. Category 1 includes investments that are insured or registered, or for which securities are held by the University or its agent in the name of the University. Category 2 includes uninsured and unregistered investments for which securities are held by a trust department in the name of the University. Category 3 includes uninsured and unregistered investments for which the securities are held by a trust department but not in the University's name.

Allowance for doubtful accounts

Accounts receivable are periodically evaluated for collectability. Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks in the portfolio, and current economic conditions.

Inventories

The University's inventories consist primarily of operating supplies which are valued at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

Loans receivable and payable

Loans receivable consist of the Federal Perkins Loan Program ("Perkins"). The federal government provides 90% of the funds to support this program. Loan payments received from students made under the Perkins program may be re-loaned after collection. The 90% portion of the Perkins Loan Program provided by the federal government is refundable back to the federal government upon the termination of the University's participation in the program.

The prescribed practices for the Perkins program do not provide for accrual of interest on student loans receivable or for the provision of an allowance for doubtful loans. Accordingly, interest on loans is recorded as received and loan balances are reduced subsequent to the determination of their uncollectibility and have been accepted (assigned) by the Department of Education.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are controlled, but not owned by the University. The University is not able to sell or otherwise encumber these assets since they are owned by the Commonwealth of Massachusetts. All capital assets acquired prior to June 30, 1990 are stated at cost or estimated historical cost. Capital assets acquired subsequent to June 30, 1990 are stated at cost. All additions of individual capital assets greater than or equal to \$50,000 are capitalized, in accordance with the Commonwealth's capitalization policy. Donated capital assets are recorded at the estimated fair value at the date of the donation.

Capital assets, with the exception of land, are depreciated using the straight-line method over the estimated useful life of the asset, which range from 3 to 40 years.

All library books are capitalized at actual cost for purchased materials and at fair value for donated items. The cost of such books is expensed after five years.

Student deposits and unearned revenue

Deposits and advance payments received for tuition and fees related to the University's Summer Session II program are deferred and are recorded as unrestricted current funds unearned revenue.

Bond premiums

Bond premiums are being amortized on a straight-line basis, which approximates the effective interest method, over the terms of the related debt agreements.

Funds held for others

Funds held for others are agency funds consisting of resources held by the University as custodian or fiscal agent of student organizations, the State Treasurer and others. Transactions are recorded to assets and liability accounts.

Pension plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources relate to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State Employee's Retirement System (MSERS) and additions to/deductions from MSERS's fiduciary net position have been determined on the same basis as they are reported by MSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

State appropriations

The University's unrestricted State appropriations amounted to \$34,211,221 and \$32,379,368 for the years ended June 30, 2016 and 2015, respectively. State supported tuition, in the amounts of \$605,315 and \$538,563 for the years ended June 30, 2016 and 2015, respectively, were remitted to the State and have been offset against these appropriations. State supported tuition receipts and transfers have been recorded in an agency fund during the year with a net amount due the Commonwealth of \$26,081 and \$16,146 as of June 30, 2016 and 2015, respectively.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences

Employees earn the right to be compensated during absences for vacation leave and sick leave. Liability for vacation leave is the amount earned by all eligible employees through June 30, 2016. Pursuant to statewide experience on sick pay buy-back agreements applicable to state employees, the University accrues sick leave to a level representing 20 percent of amounts earned by those University employees with ten or more years of State service at the end of the fiscal year. Upon retirement, these employees are entitled to receive payment for this accrued balance.

Fringe benefits

The University participates in the Commonwealth's fringe benefit programs, including health insurance, pension and workers' compensation benefits. Health insurance, pension and administrative costs are billed through a fringe benefit rate charged to the University. The University's workers' compensation program is administered by the Commonwealth's Division of Public Employee Retirement Administration. Workers' compensation costs are assessed separately based on the University's actual experience.

Trust funds

The University's operations are accounted for in different trust funds. All of these trust funds have been consolidated and are included in these financial statements.

Tax status

The University is an agency of the Commonwealth of Massachusetts and is therefore exempt from federal and state income taxes under Code Section 115 of the Internal Revenue Code. The Foundation is exempt from income taxes under the provisions of section 501(c)(3) of the Internal Revenue Code.

New government accounting pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, is required for periods beginning after June 15, 2017. This Statement addresses accounting and financial reporting for other post-employment benefits provided to employees of state and local governmental employers, as well as establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Management is in the process of reviewing this statement and potential effects on their financial reporting.

2 - ADOPTION OF ACCOUNTING PRINCIPLE

In June 2012, the GASB issued GASB Statement No.68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB Statement No. 68 is effective for financial statements for periods beginning after June 15, 2014. The adoption of this statement requires the University, as an Agency of the Commonwealth of Massachusetts, to recognize a proportionate share of the Commonwealth's unfunded pension liabilities from which certain University employees receive benefits, along with related deferred inflows and outflows. The adoption of GASB Statement No. 68 resulted in a restatement of opening net position by (\$10,567,132) for the year ended June 30, 2015.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - CASH AND TEMPORARY INVESTMENTS

The University's cash and temporary investments are as follows as of June 30, 2016 and 2015:

	2016	2015
Carrying amount	\$ 14,954,373	\$ 23,781,381
Bank balance	\$ 16,360,935	\$ 25,218,478
Less amounts		
Covered by depository insurance	1,523,204	1,509,598
Collateralized repurchase agreements	10,360,119	18,674,905
Remaining bank balance	\$ 4,477,612	\$ 5,033,975

The differences between the carrying amounts and the bank balances are attributable to deposits-in-transit and outstanding checks. While the remaining bank balance is uninsured and uncollateralized, the University has lowered its risk of loss by maintaining these funds in high quality financial institutions. Further, as of June 30, 2016 and 2015, the University held \$95,814 and \$596,429 respectively, of the funds in money market mutual funds invested in federal securities.

As of June 30, 2016 and 2015, the University was party to a repurchase agreement with a bank. The value of this agreement was \$10,360,119 and \$18,674,905 as of June 30, 2016 and 2015, respectively.

The money market mutual funds constitute a Category 2 investment and the repurchase agreements constitute a Category 3 investment, as defined under GASB regulations.

4 - CASH HELD BY STATE TREASURER

The University has recorded cash held for the benefit of the University by the State Treasurer in the amounts of \$7,768,475 and \$4,791,855 as of June 30, 2016 and 2015, respectively. In addition, the State Treasurer held cash for certain University trust funds in the amounts of \$6,834,708 and \$7,663,519 as of June 30, 2016 and 2015, respectively. None of these cash balances are insured or collateralized.

5 - INVESTMENTS

The University maintains pooled investments in long-term U.S. Treasury and Agency Securities. The fair value of these investments as of June 30, 2016 and 2015 are as follows:

	Investment Maturities (in years)			
<u>June 30, 2016</u>	Fair Value	Less Than 1	1 to 5	Greater than 5
Investment type				
U.S. Treasuries	\$ 11,972,598	\$ -	\$ 8,472,035	\$ 3,500,563
U.S. Agencies	8,471,543	2,010,905	4,983,144	1,477,494
Total	\$ 20,444,141	\$ 2,010,905	\$ 13,455,179	\$ 4,978,057

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

	Investment Maturities (in years)			
	Fair Value	Less Than 1	1 to 5	Greater than 5
<u>June 30, 2015</u>				
Investment type				
U.S. Treasuries	\$ 11,195,109	\$ 706,078	\$ 6,425,325	\$ 4,063,706
U.S. Agencies	8,044,525	2,390,576	4,565,544	1,088,405
Total	<u>\$ 19,239,634</u>	<u>\$ 3,096,654</u>	<u>\$ 10,990,869</u>	<u>\$ 5,152,111</u>

Interest Rate Risk

The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The weighted average life of the maturities is evaluated regularly with the weighted average life of the portfolio being limited to five years or less, whenever possible. The weighted average life of the portfolio at June 30, 2016 was 3.9 years.

Credit Risk

The University manages its exposure to credit risk by investing solely in U.S. Treasury and U.S. Agency securities.

Concentration of Credit Risk

The University places no limit on the amount that may be invested in one issuer, maintaining its cash in bank deposit accounts which, at times, may exceed federally insured limits.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University controls this risk by placing its securities in a trust account with a safekeeping agent other than the counterparty.

The components of investment income, including investment return on deposits held with trustee, are as follows:

	2016	2015
Interest	\$ 619,561	\$ 569,068
Realized loss on investments	(69,975)	(226,261)
Unrealized gain on investments	251,779	125,175
	<u>\$ 801,365</u>	<u>\$ 467,982</u>

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

Custodial Credit Risk (continued)

Investments of the component unit are stated at fair value and are composed of the following:

	2016		2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Money market funds	\$ 700,578	\$ 700,578	\$ 694,876	\$ 694,876
Equity securities	9,258,622	9,967,260	8,306,197	9,338,907
Bonds and notes	4,073,576	3,879,351	4,062,240	3,960,058
Security based investment fund	5,282,644	4,801,034	5,270,324	5,165,319
Limited partnership interest	250,000	323,853	250,000	344,633
	<u>\$ 19,565,420</u>	<u>\$ 19,672,076</u>	<u>\$ 18,583,637</u>	<u>\$ 19,503,793</u>

6 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30, 2016 and 2015:

	2016	2015
Students	\$ 676,619	\$ 788,906
Other	1,381,589	657,904
	2,058,208	1,446,810
Less: Allowance for uncollectible accounts	247,706	284,960
	<u>\$ 1,810,502</u>	<u>\$ 1,161,850</u>

7 - CONTRIBUTIONS RECEIVABLE – COMPONENT UNIT

Contributions receivable consist of unconditional promises to give from individuals. Management initially records these contributions at their estimated fair value and has set up an allowance for doubtful accounts. A discount rate has been used to reflect the present value of the non-current portion of the unconditional promises to give.

Payments of contributions receivable as of June 30, 2016 are expected to be received as follows:

2017	\$ 602,931
2018	210,735
2019	152,310
2020	33,710
2021	3,972
Thereafter	80,855
	1,084,513
Less: Allowance for uncollectible contributions receivable	(56,576)
Discount on contributions receivable	(14,407)
	<u>\$ 1,013,530</u>

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

8 - DEPOSITS HELD WITH TRUSTEE

The University's bond payable indentures require the maintenance of restricted construction and debt service reserve funds on deposit with a bank trustee. Deposits with bank trustee are held in various trust accounts and are available for future debt service of \$249,214 and \$254,295 as of June 30, 2016 and 2015, respectively.

9 - LOANS RECEIVABLE

Loans receivable consist of the following Perkins Loans as of June 30, 2016 and 2015:

	2016	2015
Enrolled students	\$ 487,131	\$ 573,076
Repayment on schedule	132,097	103,775
In default	335,773	326,842
	<u>\$ 955,001</u>	<u>\$ 1,003,693</u>

10 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 188,650	\$ -	\$ -	\$ 188,650
Construction in process	18,398,236	31,335,546	1,259,476	48,474,306
Capital assets, being depreciated				
Land improvements	5,273,909	-	-	5,273,909
Buildings, including improvements	99,057,836	1,183,377	-	100,241,213
Furnishings and equipment	10,473,461	843,429	-	11,316,890
Books	728,586	-	492,882	235,704
Total capital assets	<u>134,120,678</u>	<u>33,362,352</u>	<u>1,752,358</u>	<u>165,730,672</u>
Less accumulated depreciation for				
Land improvements	3,414,865	242,349	-	3,657,214
Buildings, including improvements	44,317,685	3,410,650	-	47,728,335
Furnishings and equipment	9,303,691	518,707	-	9,822,398
Total accumulated depreciation	<u>57,036,241</u>	<u>4,171,706</u>	<u>-</u>	<u>61,207,947</u>
Capital assets, net	<u>\$ 77,084,437</u>	<u>\$ 29,190,646</u>	<u>\$ 1,752,358</u>	<u>\$104,522,725</u>

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 188,650	\$ -	\$ -	\$ 188,650
Construction in process	8,141,599	13,661,967	3,405,330	18,398,236
Capital assets, being depreciated				
Land improvements	5,273,909	-	-	5,273,909
Buildings, including improvements	93,922,282	5,135,554	-	99,057,836
Furnishings and equipment	10,473,461	-	-	10,473,461
Books	1,118,878	-	390,292	728,586
Total capital assets	119,118,779	18,797,521	3,795,622	134,120,678
Less accumulated depreciation for				
Land improvements	3,172,516	242,349	-	3,414,865
Buildings, including improvements	41,149,166	3,168,519	-	44,317,685
Furnishings and equipment	8,880,052	423,639	-	9,303,691
Total accumulated depreciation	53,201,734	3,834,507	-	57,036,241
Capital assets, net	<u>\$ 65,917,045</u>	<u>\$ 14,963,014</u>	<u>\$ 3,795,622</u>	<u>\$ 77,084,437</u>

11 - MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

The land on which the dormitory residence halls are located is leased by the Massachusetts State College Building Authority (MSCBA) from the Commonwealth of Massachusetts at a yearly cost of one dollar. The residence halls have various lease terms which extend to the year 2016 and 2022. The leases can be extended at the end of these terms for additional ten year periods.

The University, under the terms of a management and service agreement between MSCBA and the Commonwealth, is charged a semi-annual revenue assessment which is based on the certified occupancy report, the current rent schedule, and the design capacity for each of the residence halls. This revenue assessment is used by MSCBA to pay principal and interest due on its long-term debt obligations. These obligations are guaranteed by the Commonwealth. The assessments charged for the years ended June 30, 2016 and 2015, in the amounts of \$8,244,800 and \$8,365,295, respectively, and have been recorded as auxiliary enterprise expenditures.

The Commonwealth of Massachusetts also executed a lease with MSCBA for land on which a parking garage is located. MSCBA owns the parking garage and has entered in to a long-term lease agreement with the University to occupy and operate the facility.

All facilities and obligations of the MSCBA are included in the financial statements of MSCBA. The specific asset cost or liability attributable to the University cannot be reasonably determined. The leases, therefore, have been accounted for under the operating method for financial statement purposes.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - DEFERRED SERVICE CONCESSION ARRANGEMENTS

Deferred service concession arrangements at June 30, 2016 and 2015 in the amounts of \$6,125,077 and \$6,536,852, respectively, consist of the unamortized balances of multiple food service agreements with an outside party. This outside party contributed multiple payments since 2004 totaling \$8,788,017, to upgrade the food service facilities. The contributions are being amortized over various periods ranging from 12 to 18 years. Amortization of these contributions was \$411,775 and \$572,201 as of June 2016 and 2015, respectively.

13 - LONG-TERM DEBT

- (A) On November 9, 2007, the University signed a financing agreement to receive \$310,000 from a Massachusetts Development Financing Agency (MDFA) clean renewable energy bond. These funds have been received and were used for the installation of a 100 KW photovoltaic panel, mounting system and inverter on the roof of the Learning Resource Center. The bond is non-interest bearing with annual principal installments of \$20,667 due through 2022.
- (B) On December 4, 2002, the University signed a financing agreement used for the renovation of the Sullivan and Administration Buildings, which was completed in 2009. A call provision became available on this bond issue in and the issue was refunded on December 18, 2012, with \$10,585,000 of Massachusetts Development Financing Agency (MDFA) Revenue Bonds. The obligation is being repaid solely by the University through revenues. Interest on the MDFA bonds is due in semi-annual installments at varying rates ranging from 2.00% to 4.00%. Annual principal installments ranging from \$255,000 to \$875,000 are due through November 2032. The refunding of the MHEFA bonds resulted in a loss, which is included in deferred outflows of resources and will be amortized over the term of the bond. Amortization of this loss for the year ended June 30, 2016, was 5,846. The remaining loss to be amortized at June 30, 2016 is \$99,405.
- (C) On December 20, 2012, the University signed a financing agreement to receive \$15,000,000 from a Massachusetts State College Building Authority (MSCBA) revenue bond. These funds will be used for the construction of a new Wellness Center. Interest on the bonds is due in semi-annual installments at varying rates ranging from 2.00% to 5.00%. Annual principal installments ranging from \$135,000 to \$765,000 are due through May 2042.

The composition of the University's Bonds payable for the year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Issuances</u>	<u>Retirements and Premium Amortization</u>	<u>Ending Balance</u>	<u>Current Portion of Principal</u>
(A) Bond payable, MDFA 2007 Series	\$ 144,667	\$ -	\$ 20,667	\$ 124,000	\$ 20,667
(B) Bonds payable, MDFA 2012 Series	10,351,211	-	280,623	10,070,588	270,000
(C) Bonds payable, MSCBA	14,937,008	-	350,071	14,586,937	345,000
	<u>\$ 25,432,886</u>	<u>\$ -</u>	<u>\$ 651,361</u>	<u>\$ 24,781,525</u>	<u>\$ 635,667</u>

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

13 - LONG-TERM DEBT (Continued)

Debt service requirements as of June 30, 2016 are as follows:

Year Ended June 30	Principal	Interest
2017	\$ 635,667	\$ 750,113
2018	660,667	729,413
2019	680,667	705,948
2020	705,667	679,088
2021	730,667	654,488
2022 – 2026	5,015,664	2,781,727
2027 – 2031	6,525,000	1,889,057
2032 – 2036	4,750,000	969,750
2037 - 2041	3,505,000	436,500
2042 – 2043	765,000	22,950
	23,973,999	9,619,034
Unamortized premium	807,526	-
	<u>\$ 24,781,525</u>	<u>\$ 9,619,034</u>

14 - LEASE COMMITMENTS

The University leases property, a motor vehicle, modular building, and furniture and equipment under various lease agreements. These leases are classified as either capital or operating in the financial statements. Operating lease expenditures were \$6,727 and \$17,427 for 2016 and 2015, respectively.

Property and equipment includes the following acquired under capital lease agreements:

	2016	2015
Buildings, including improvements	\$ 789,809	\$ 789,809
Furnishings and equipment	843,430	-
Total capital assets	1,633,239	789,809
Less: Accumulated depreciation	645,855	312,633
	<u>\$ 987,384</u>	<u>\$ 477,176</u>

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - LEASE COMMITMENTS (Continued)

Future minimum lease payments under leases, together with the present value of future minimum lease payments as of June 30, 2016 are as follows:

Year Ending	Capital Lease	Operating Lease
2017	\$ 482,904	\$ 26,565
2018	380,094	12,080
2019	58,647	5,487
2020	18,425	-
2021	1,535	-
Total minimum lease payments	941,605	\$ 44,132
Less: Amount representing interest	22,991	
Present value of minimum lease payments	\$ 918,614	

15 - GOVERNMENT ADVANCES REFUNDABLE

The University participates in the Federal Perkins Loan Program. This program is funded through a combination of Federal and institutional resources. The portion of this program that has been funded with Federal funds is ultimately refundable to the U.S. government upon the termination of the University's participation in the program. The loans receivable balance of \$955,001 and \$1,003,693 at June 30, 2016 and 2015, respectively, represents student loans issued through this program.

16 - NET POSITION

Unrestricted net position is not subject to externally imposed stipulations; however, it may be subject to internal restrictions. For example, unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. As of June 30, 2016 and 2015, unrestricted net position of \$12,660,865 and \$11,688,452, respectively, has been internally designated by the University for future capital investments. Undesignated unrestricted net position was \$931,453 and \$12,415,826 at June 30, 2016 and 2015, respectively.

The University is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. These funds are comprised of the following at June 30:

	2016	2015
Restricted - expendable		
Capital projects	\$ 123,819	\$ 126,343
Scholar ships and other grants	3,241,368	2,503,864
	\$ 3,365,187	\$ 2,630,207

The component units' restricted - expendable net position consists of funds whose income is mainly used for scholarships and grants. The component units' restricted-nonexpendable net position consists of investments to be held in perpetuity and the income is restricted for the purpose of providing scholarships and other activities that benefit the University.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

17 - FACULTY COMPENSATION

Contracts for full-time faculty begin on September 1, and end May 31 of any given academic year. The Commonwealth of Massachusetts and the University pay all faculty members over the twelve-month period of September 1 through August 31. Consequently, on June 30 of each year there is a balance due on each faculty contract which is to be paid from the subsequent year's appropriation. The balance due as of June 30, 2016 and 2015 of \$2,490,975 and \$2,568,440 respectively, has been recorded in the financial statements.

18 - ACCRUED WORKERS' COMPENSATION

Independent actuarial reviews of the outstanding loss reserve requirements for the Commonwealth of Massachusetts' self-insured Workers' Compensation program were conducted as of June 30, 2016 and 2015. Based upon the Commonwealth's analyses, accrued workers' compensation in the amount of \$613,240 and \$733,249 as of June 30, 2016 and 2015, respectively have been recorded in the unrestricted current fund. Workers' compensation expense charged to operations was \$102,624 and \$157,487 in 2016 and 2015, respectively. The actual workers' compensation paid by the University was \$222,634 and \$233,075 in 2016 and 2015, respectively.

19 - ACCRUED COMPENSATED ABSENCES

Included in accrued compensated absences are \$2,759,023 for accrued vacation time and \$2,680,780 for accrued sick time as of June 30, 2016 and \$2,621,964 for accrued vacation time and \$2,840,542 for accrued sick time as of June 30, 2015. Of these balances, \$300,677 and \$219,048 for June 30, 2016 and 2015, respectively, represent obligations due to employees funded through sources other than State appropriations, and \$5,139,126 and \$5,243,456 as of June 30, 2016 and 2015, respectively, represent obligations to employees funded through State appropriations. The University anticipates that the obligations due to employees funded by State appropriations will be discharged through future State appropriations.

20 - FRINGE BENEFIT CHARGES

Certain fringe benefit costs associated with University staff, compensated through State appropriations, are paid out of non-University State budget line items. The University is required to reimburse the State for such costs for employees funded from other than State appropriations, based on a percentage of payroll. For 2016, the University reimbursed the State a total of \$3,657,781 (\$1,303,999 for pensions and \$2,353,782 for health care premiums). For 2015, the University reimbursed the State a total of \$4,008,433 (\$1,662,297 for pensions and \$2,346,136 for health care premiums).

21 - RETIREMENT PLAN

The University reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the Massachusetts State Employee's Retirement System (MSERS). The following information is about MERS:

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

21 - RETIREMENT PLAN (Continued)

Plan Description

The Massachusetts State Employees' Retirement System (MSERS) is a public employee retirement system (PERS), covering substantially all of the University's non-student full-time employees. It is a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts State Retirement Board. Under the cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits through the plan, regardless of the status of the employers' payment of its pension obligations to the plan. The plan provides retirement, disability and death benefits to plan members and beneficiaries.

Benefit Provisions

MSERS provides retirement, disability, survivor and death benefits to plan members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, group creditable service and group classification. The authority for establishing and amending these provisions rests with the Massachusetts Legislature, Chapter 32A of the General Laws of the Commonwealth of Massachusetts.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of credible service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 are not eligible for retirement prior to age 60.

Contributions

The MSERS's funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Member contributions for MSERS vary depending on the most recent date of membership:

<u>Hire Date</u>	<u>Percentage of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to June 30, 1996	8% of regular compensation
July 1, 1996 to present	9% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of \$30,000

The University is not required to contribute from its appropriation allocation or other University funds to MSERS for employees compensated from State appropriations. For University employees covered by MSERS but compensated from a trust fund or other source, the University is required to contribute an amount determined as a percentage of compensation in accordance with a fringe benefit rate determined by the State. The rate was 9.45% and 10.39% of annual covered payroll for the fiscal years ended June 30, 2016 and June 30, 2015, respectively. The University contributed \$972,477 and \$1,039,592 for the fiscal years ended June 30, 2016 and June 30, 2015, equal to 100% of the required contributions for the year.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

21 - RETIREMENT PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2016 and 2015, the University reported a net pension liability of \$18,901,770 and \$9,357,928 for its proportionate share of the net pension liability related to its participation in MSERS. The net pension liability was measured as of June 30, 2015, the measurement date, as determined by an actuarial valuation. The University's proportion of the net pension liability was based on its share of the Commonwealth of Massachusetts' collective pension amounts allocated on the basis of actual fringe benefit charges assessed the University for the fiscal years 2015 and 2014. The Commonwealth's proportionate share was based on actual employer contributions to the MSERS for fiscal years 2015 and 2014 relative to total contributions of all participating employers for each respective fiscal year. At June 30, 2015 and 2014, the University's proportion was 0.181% and 0.138% respectively. For the year end June 30, 2016 and 2015, the University recognized pension expense of \$2,764,131 and \$677,063, respectively.

At June 30, 2016 and 2015, the University reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>2016</u>	<u>2015</u>
Deferred outflows of resources		
Change in plan actuarial assumptions	\$ 3,273,399	\$ 105,193
Differences between expected and actual experience	373,624	-
Changes in proportion due to internal allocation	2,918,458	-
Contributions subsequent to the measurement date	<u>972,477</u>	<u>1,039,592</u>
	<u>\$ 7,537,958</u>	<u>\$ 1,144,785</u>
Deferred inflows of resources		
Differences between projected and actual earnings on plan investments	\$ 543,158	\$ 1,920,704
Change in proportion	<u>67,022</u>	<u>70,755</u>
	<u>\$ 610,180</u>	<u>\$ 1,991,459</u>

Contributions of \$972,477 and \$1,039,592, respectively, are reported as deferred outflows of resources related to pensions resulting from the University contributions in fiscal year 2016 and 2015 subsequent to the measurement date, which will be recognized as a reduction of the net pension liability for the year ended June 30, 2017 and 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction in pension expense as follows:

2017	\$ 554,463
2018	554,463
2019	929,042
2020	<u>321,985</u>
	<u>\$ 2,359,953</u>

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

21 - RETIREMENT PLAN (Continued)

Actuarial Assumptions

The total pension liability at the measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

• Cost of living increases	3.0%
• Salary increases	3.5% to 9.0%
• Investment rate of return	7.5%
• Interest rate credit to the annuity savings fund	3.5%

In May 2015, an early retirement incentive (ERI) was created for certain members MSERS who upon election of the ERI retired effective June 30, 2015. As a result, the total pension liability of MSERS has increased by approximately \$230 million as of June 30, 2015.

Pre-retirement mortality rates reflect the RP-2000 Employees table, projected generationally with Scale BB and a base year of 2009 (gender distinct). Post-retirement mortality rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct). Mortality rates for disability were assumed to be in accordance with the RP-2000 Health Annuitant table projected generationally with Scale BB and a base year of 2015 (gender distinct).

Investment assets of MSERS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target assets allocation as of June 30, 2015 and 2014 are summarized in the following table:

Asset Class	Target allocation	Long-term expected real Rate of return	
		2015	2014
Global equity	40%	6.90%	7.20%
Core fixed income	13%	2.40%	2.50%
Hedge funds	9%	5.80%	5.50%
Private equity	10%	8.50%	8.80%
Real estate	10%	6.50%	6.30%
Value added fixed income	10%	5.80%	6.30%
Portfolio completion strategies	4%	5.50%	-
Timber/natural resources	4%	6.60%	5.00%
Total	<u>100%</u>		

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

21 - RETIREMENT PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.5% and 8.0% for 2015 and 2014, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

22 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The University provides postretirement health care and life insurance benefits through the State, in accordance with State statutes. All full-time employees and their dependents who retire from the University on or after attaining age 55 with 10 years of credited service or at any age with 20 years of credited service are eligible. Costs for such benefits are appropriated in non-University line items of the State budget. The costs of these benefits are not material to the University's financial statements.

23 - STATE CONTROLLED ACCOUNTS

Certain significant costs and benefits associated with the operations of the University are appropriated, expended, controlled and reported by the State through non-University line items in the State's budget. Under accounting principles generally accepted in the United States of America such transactions must be recorded in the financial statements of the University. These transactions include payments by the State for the employer's share of funding the Massachusetts State Employee's Retirement System and for the employer's share of health care premiums. The estimated amounts of funding attributable for the State retirement system contribution and the employer's share of health care premiums for 2016 were \$2,788,221 and \$5,032,876, respectively. The estimated amounts of funding attributable for the State retirement system contribution and the employer's share of health care premiums for 2015 were \$2,923,020 and \$4,125,497, respectively.

24 - MANAGEMENT ACCOUNTING AND REPORTING SYSTEM - (UNAUDITED)

Section 15C of Chapter 15A of the Massachusetts General Law requires Commonwealth colleges and universities report activity of campus based funds to the Comptroller of the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System (MMARS) using the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. The amounts reported on MMARS meet the guidelines of the Comptroller's Guide for Higher Education Audited Financial Statements.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

24 - MANAGEMENT ACCOUNTING AND REPORTING SYSTEM - (UNAUDITED) (Continued)

The University's State appropriations are composed of the following for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Direct unrestricted appropriations	\$ 26,390,124	\$ 25,638,417
Fringe benefits for benefitted employees on state payroll	7,821,097	7,102,873
Tuition remitted	(605,315)	(538,563)
Transfer from trust funds	<u>-</u>	<u>(361,922)</u>
Total appropriations	<u>\$ 33,605,906</u>	<u>\$ 31,840,805</u>

A reconciliation between the University and MMARS fund 901 activity as of June 30, 2016 is as follows:

Revenue per MMARS	\$ 69,899,005
Revenue per University	<u>69,764,548</u>
Net reporting classification and differences	<u>\$ 134,457</u>

25 - RELATED PARTY TRANSACTIONS

The University provided, at no cost, office space and certain personnel services to the Worcester State Foundation, Inc. (the "Foundation").

Worcester State Foundation, Inc. acts as an agent for the University by periodically accepting grants on its behalf. The proceeds of the grants are recorded as an asset of the Foundation until remitted to the University.

The University and the Foundation have entered into an affiliation agreement with the Worcester Center for Crafts, Inc. to collaboratively offer venues for teaching and learning in the arts, new exhibition space, safe, well-equipped studios for community-based programs as well as undergraduate visual and performing art classes. As part of the agreement, the University provides various forms of support to the Crafts Center including annual fees of \$250,000 for allowing the University to use the facilities. Service agreement fees were \$250,000 for the years ended June 30, 2016 and 2015. In addition, the University provided support including personnel, equipment, repairs and maintenance and other operating expenses. The value of this support is estimated to be \$315,664 and \$294,652 for the years ended June 30, 2016 and 2015 respectively.

The University provides certain operating costs for WSF Real Estate, Inc. in exchange of the use property adjacent to the University campus for various purposes. WSF Real Estate, Inc. is under the control and holds property on behalf of the Foundation. Operating costs provided by the University were \$92,203 during the year ended June 30, 2016. There were no such costs provided during the year ended June 30, 2015.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

26 - AUXILIARY ENTERPRISES

The University's auxiliary enterprises consist of residence life and housing and health services. The related revenues and expenses for the years ended June 30, 2016 and 2015 are as follows:

	2016		2015	
	Residence Life and Housing	Health Services	Residence Life and Housing	Health Services
Total revenue	\$ 11,698,320	\$ 444,478	\$ 10,807,574	\$ 461,040
Total expenses	11,948,788	442,515	11,835,337	461,040
Increase (decrease) in net position before transfers	<u>\$ (250,468)</u>	<u>\$ 1,963</u>	<u>\$ (1,027,763)</u>	<u>\$ -</u>

27 - COMMITMENTS AND CONTINGENCIES

Litigation

Pending or threatened lawsuits against governmental agencies arise in the ordinary course of operations. In the opinion of the University's administration, the ultimate resolution of any pending legal actions involving the University will not have a material adverse effect on the financial position of the University.

Grants and entitlements

The University receives financial assistance from federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit by the granting agency. Any disallowed expenditures resulting from such audits become a liability of the University. In the opinion of the University's administration, the outcome of any findings with respect to disallowed expenditures will not have a material adverse effect on the financial position of the University.

28 - RECLASSIFICATIONS

Certain reclassifications have been made to the 2015 financial statements, with no effect on change in net position, to conform to the 2016 presentation.

SUPPLEMENTAL SHCEDULE
PURSUANT TO THE UNIFORM GUIDANCE

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U. S. Department of Education:				
Student Financial Assistance Cluster				
Federal Direct Student Loans	84.268	N/A	N/A	\$ 22,229,506
Federal Pell Grant Program	84.063	N/A	N/A	7,091,047
Federal Work Study Program	84.033	N/A	N/A	245,907
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	284,639
Federal Perkins Loans	84.038	N/A	N/A	<u>4,899,769</u>
Total Student Financial Assistance Cluster				34,750,868
Passed through Worcester Public Schools				
Higher Education - Institutional Aid	84.031	50S35615	N/A	123,181
Passed through the Massachusetts Department of Higher Education				
Supporting Effective Instruction State Grant	84.367	ISARGT70661574WOR15A	N/A	302,978
Passed through U.S. Department of Education Institute of Education Sciences				
Education Technology	84.305A	IESANGGORO00	N/A	38,396
Total U. S. Department of Education				<u>35,215,423</u>
National Science Foundation				
Geosciences	47.050	N/A	N/A	36,902
Social, Behavioral, and Economic Sciences	47.075	N/A	N/A	<u>22,073</u>
Total National Science Foundation				<u>58,975</u>
National Aeronautics and Space Administration				
Passed through Boston University				
Interdisciplinary Research in Earth Science	43.001	4500001069	N/A	<u>42,815</u>
U.S. Department of the Treasury				
Passed through Worcester Community Action Council, Inc.				
VITA Matching Grant Program	21.009	5500	N/A	<u>1,018</u>
				<u>\$ 35,318,231</u>

See accompanying independent auditor's report and notes to schedule.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2016

1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Worcester State University (the "University") under programs of the Federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the College and departments of the federal government.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or a limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Major program determination

The University considers programs with expenditures that exceed \$1,059,547 to be Type A programs. Type A programs with expenditures that, in the aggregate, encompass at least twenty-five percent of total federal awards are designated as major programs. Smaller programs are designated as Type B programs. Type A programs assessed as "low risk" that have been audited as a major program within the last two years with no audit findings are not designated as major programs, provided the University has Type B programs that have federal expenditures exceeding twenty-five percent of total expenditures. Accordingly, certain Type B programs may be identified as major programs.

3 - FEDERAL STUDENT LOAN PROGRAMS

The federal Perkins Loan Program is administered directly by the University, and balances and transactions relating to these programs are included in the University's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2016 consists of:

	<u>Outstanding Balance as of June 30, 2016</u>	<u>Disbursements for the year ended June 30, 2016</u>
CFDA Number 84.038		
Perkins Loan Program	\$ 5,854,771	\$ 34,500

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR YEAR ENDED JUNE 30, 2016
(Continued)

3 - FEDERAL STUDENT LOAN PROGRAMS (Continued)

Federally guaranteed loans issued to students of the University during the year ended June 30, 2016 are summarized as follows:

	<u>Disbursements for the year ended June 30, 2016</u>
CFDA Number 84.268	
Federal Direct Student Loans	\$ 22,229,506

The University is only responsible for the performance of certain administrative duties with respect to federally-guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in the University's general purpose financial statements. It is not practical to determine the balance of loans outstanding to students and former students of the University as of June 30, 2016.

4 - ADMINISTRATIVE COST ALLOWANCES

The Student Financial Aid Administrative Cost Allowances for the year ended June 30, 2016 are as follows:

Pell grant program	\$ 7,875
Perkins loans	28,141

OTHER REPORTS
PURSUANT TO THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Worcester State University
Worcester, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Worcester State University, an agency of the Commonwealth of Massachusetts and the financial statements of Worcester State Foundation, Inc., its discretely presented component unit (the "University"), which collectively comprise the statement of net position as of June 30, 2016, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ballus Lynch, LLP

Worcester, Massachusetts
October 18, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Worcester State University
Worcester, Massachusetts

Report on Compliance for each Major Federal Program

We have audited the financial statements of Worcester State University, an agency of the Commonwealth of Massachusetts and the financial statements of Worcester State Foundation, Inc., its discretely presented component unit (the "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2016. The University's major federal programs are identified in the Summary of Independent Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ballus Lynch, LLP

Worcester, Massachusetts
October 18, 2016

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	Yes	X	No
Significant deficiency(ies) identified?	Yes	X	No
Noncompliance material to financial statements noted?	Yes	X	No

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	Yes	X	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Student Financial Assistance Cluster	
84.268	Federal Direct Student Loans
84.063	Federal Pell Grant Program
84.033	Federal Work Study Program
84.007	Federal Supplemental Educational Opportunity Grant
84.038	Federal Perkins Loans

Dollar threshold used to distinguish between type A and type B programs	\$1,059,547
Auditee qualified as low-risk auditee?	X Yes No

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016
(Continued)

II. FINANCIAL STATEMENT FINDINGS

A. Internal Control Findings

As disclosed in Section I, the audit of the basic financial statements of Worcester State University as of and for the year ended June 30, 2016, disclosed no matters involving the internal control over financial reporting and its operations that are considered to be significant deficiencies or material weaknesses.

B. Compliance Findings

As disclosed in Section I, the audit disclosed no instances of noncompliance which are material to the basic financial statements of Worcester State University as of and for the year ended June 30, 2016.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Internal Control Over Compliance

No findings noted as of June 30, 2016.

B. Compliance Findings

No findings noted as of June 30, 2016.

WORCESTER STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs, and no uncorrected or unresolved findings exist from the prior audit's Summary of Prior Audit Findings.

SHAUGHNESSEY BUILDING

AT WORCESTER STATE UNIVERSITY

NAMING OPPORTUNITY

GIFT AMOUNT BEGINS AT

Lobby	\$100,000.00
Student Services Area	\$100,000.00
Vice President's Area	\$25,000.00
Big Lounge Conference	\$100,000.00
Outside Patio/Court.....	\$250,000.00
Theatre Areas/Costume	\$25,000.00
Academic Advising Center	\$100,000.00

FLOOR 2

Box Office.....	\$10,000.00
Theatre Lobby/Foyer	\$10,000.00
Conference Room	\$25,000.00
Rotunda	\$100,000.00
President's ConfRoom	\$100,000.00
OUA Conf Room	\$10,000.00
Admissions Wait Area	\$25,000.00

FLOOR 3

Academic Affairs Conference Room	\$10,000.00
Conference Room	\$10,000.00
Lounge (302)	\$25,000.00
Theatre Suite (368).....	\$25,000.00
Small Conference Room (337)	\$10,000.00

FLOOR 4

Graduate Office Suite	\$500,000.00
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WORCESTER
STATE
UNIVERSITY

GHOSH BUILDING

AT WORCESTER STATE UNIVERSITY

NAMING OPPORTUNITY

GIFT AMOUNT BEGINS AT

Dean's Suite.....	\$50,000.00
CS Lab	\$50,000.00
Upper Lounge Space	\$50,000.00
S&T Multimedia Theater	\$250,000.00
Lobby.....	\$100,000.00
SLH Center	\$500,000.00
Faculty Office Suite.....	\$100,000.00

FLOOR 2

Nursing Office Suite	\$100,000.00
C/D Health Lab	\$100,000.00
Nursing Computer Lab	\$100,000.00
Nursing,OT,Bio Suite.....	\$100,000.00
Big Classroom	\$50,000.00
OT Sensory Motor Lab	\$50,000.00
OT Observation	\$50,000.00
OT Therapeutic Lab	\$50,000.00

FLOOR 3

Biology Research Lab	\$50,000.00
Biotech Lab.....	\$50,000.00
Biology Equip. Lab.....	\$50,000.00
Bio Students Lounge.....	\$25,000.00
Atrium	\$100,000.00
Seminar Room	\$25,000.00
Eco/Zoology Lab	\$50,000.00
Bio Lab	\$50,000.00



WORCESTER
STATE
UNIVERSITY

GHOSH BUILDING (CONTINUED)

AT WORCESTER STATE UNIVERSITY

NAMING OPPORTUNITY

GIFT AMOUNT BEGINS AT

Cartography Lab.....	\$50,000.00
Geology Lab	\$50,000.00
Botany Lab	\$50,000.00
Green Lab	\$250,000.00
Fac. Suite P&ES Bio.	\$100,000.00

FLOOR 4

BioChem Lab.....	\$50,000.00
Chem. Research Lab.....	\$50,000.00
Seminar Class	\$25,000.00
Physics & Astro. Lab	\$50,000.00
Chem. Computer Lab	\$50,000.00
Chem. Student Lounge.....	\$25,000.00
Physical Lab	\$50,000.00
Organic Chem. Lab.....	\$50,000.00
General Chem. Lab417	\$50,000.00
Physical General Lab	\$50,000.00
Physics Lab Mechanics	\$50,000.00
General Chem. Lab421	\$50,000.00
Fac. Suite Sciences	\$100,000.00
Window Lounge.....	\$25,000.00

FLOOR 5

GreenHouse.....	\$100,000.00
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WORCESTER
STATE
UNIVERSITY

SULLIVAN BUILDING

AT WORCESTER STATE UNIVERSITY

NAMING OPPORTUNITY

GIFT AMOUNT BEGINS AT

Auditorium	\$500,000.00
Center for Teaching and Learning	\$250,000.00
Woo Café.....	\$250,000.00
City Lab	\$100,000.00
IUI Center	\$100,000.00
Spanish Clinic	\$15,000.00
Math Lab.....	\$15,000.00
Computer Classroom	\$25,000.00
Math Department Vestibule	\$50,000.00
Urban Studies Department	\$50,000.00

FLOOR 2

Computer Classroom	\$25,000.00
Psychology Department	\$50,000.00
Business & Economics Department	\$50,000.00

FLOOR 3

History Department	\$50,000.00
Philosophy Department	\$50,000.00
Center of Human Rights	\$100,000.00
Conference Room	\$15,000.00
Faculty Lounge.....	\$15,000.00
Writing Center	\$100,000.00
Language Department	\$50,000.00



WORCESTER
STATE
UNIVERSITY

LEARNING RESOURCE CENTER

AT WORCESTER STATE UNIVERSITY

NAMING OPPORTUNITY

GIFT AMOUNT BEGINS AT

LRC Building.....\$1,500,000.00

FLOOR 1

Classroom 114.....\$10,000.00

Graphic Arts Lab.....\$25,000.00

Big Classroom.....\$25,000.00

LTV\$100,000.00

Music Practice Room.....\$25,000.00

Photo Lab (Big).....\$25,000.00

Big Classroom 117.....\$25,000.00

Criminal Just. Dept.....\$50,000.00

Classroom 116.....\$10,000.00

Microfilm Collection.....\$10,000.00

Comm. Editing Booths.....\$10,000.00

Classroom 164C.....\$10,000.00

TV Center 161.....\$25,000.00

WSCW Radio Station.....\$50,000.00

FLOOR 2

Vestibule/Entry.....\$100,000.00

Circulation Desk.....\$25,000.00

LRC Cafe.....\$50,000.00

Children's Collection.....\$25,000.00

2nd Floor Study Area.....\$10,000.00

Group Study Room.....\$10,000.00

Honors Office.....\$25,000.00

Honors Lounge.....\$10,000.00



WORCESTER
STATE
UNIVERSITY

LEARNING RESOURCE CENTER

AT WORCESTER STATE UNIVERSITY

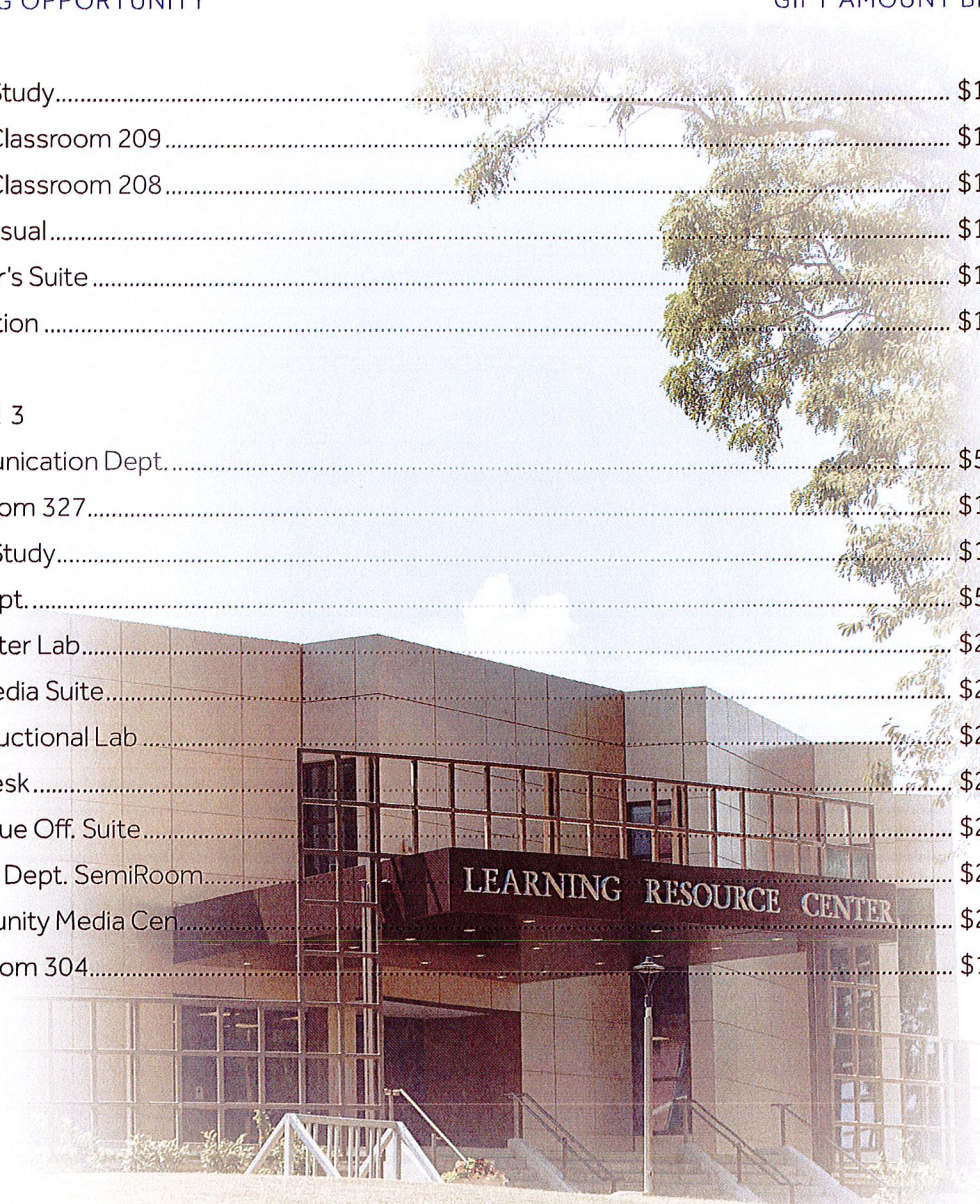
NAMING OPPORTUNITY

GIFT AMOUNT BEGINS AT

Group Study.....	\$10,000.00
Study/Classroom 209.....	\$10,000.00
Study/Classroom 208.....	\$10,000.00
AudioVisual.....	\$10,000.00
Director's Suite.....	\$10,000.00
Acquisition.....	\$10,000.00

FLOOR 3

Communication Dept.....	\$50,000.00
Classroom 327.....	\$10,000.00
Group Study.....	\$10,000.00
VPA Dept.....	\$50,000.00
Computer Lab.....	\$25,000.00
Multimedia Suite.....	\$25,000.00
IT-Instructional Lab.....	\$25,000.00
Help Desk.....	\$25,000.00
Colleague Off. Suite.....	\$25,000.00
Comm. Dept. SemiRoom.....	\$25,000.00
Community Media Cen.....	\$25,000.00
Classroom 304.....	\$10,000.00



WORCESTER
STATE
UNIVERSITY

WASYLEAN HALL

AT WORCESTER STATE UNIVERSITY

NAMING OPPORTUNITY

GIFT AMOUNT BEGINS AT

Entry	\$25,000.00
Café	\$50,000.00
Seven Hills	\$50,000.00
Conference Room	\$10,000.00
FLOOR 2	
Study.....	\$7,500.00
Study (Corner).....	\$5,000.00



WORCESTER
STATE
UNIVERSITY

DOWDEN HALL

AT WORCESTER STATE UNIVERSITY

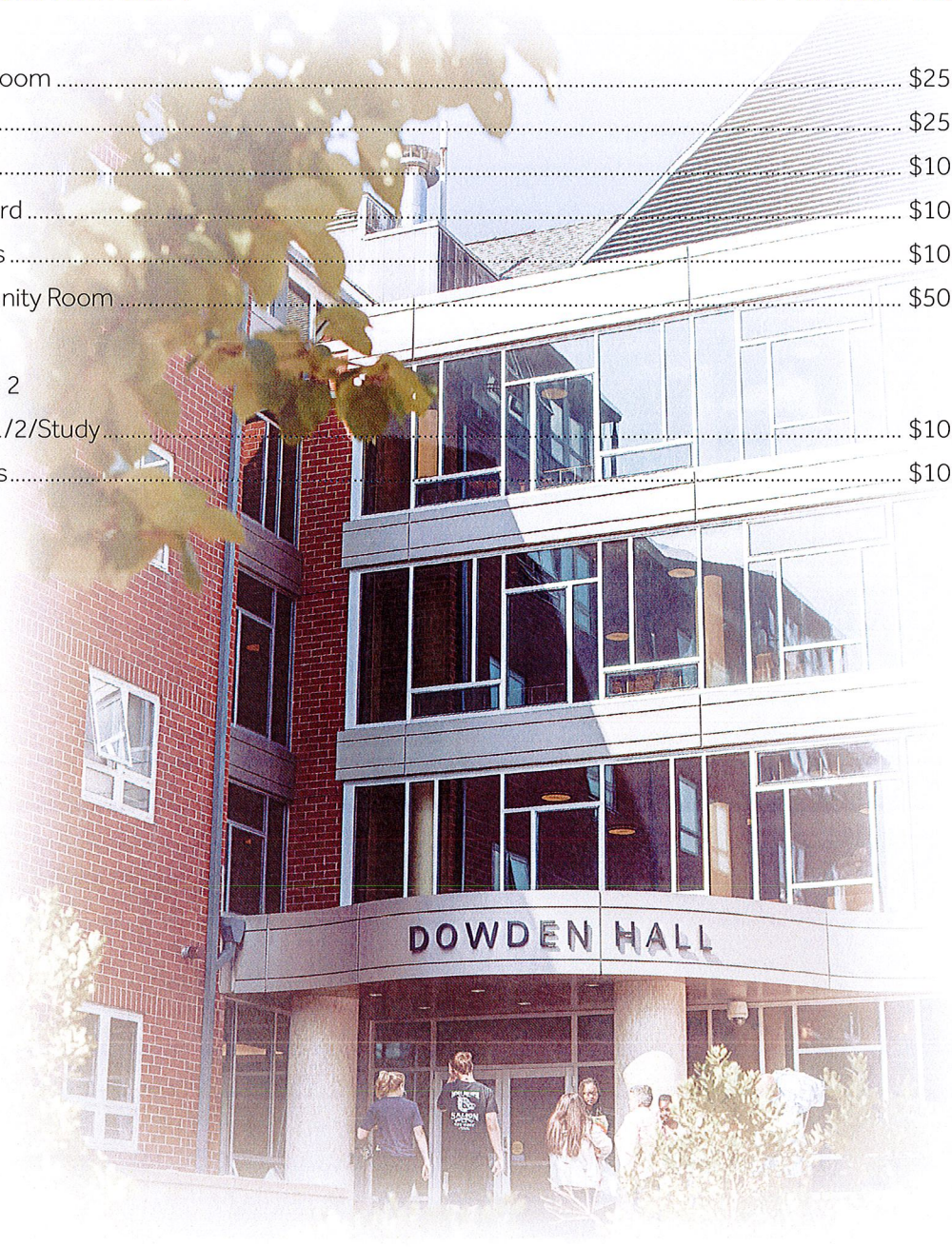
NAMING OPPORTUNITY

GIFT AMOUNT BEGINS AT

Game Room	\$25,000.00
Patio	\$25,000.00
Lobby	\$10,000.00
Courtyard	\$10,000.00
Outakes	\$10,000.00
Community Room	\$50,000.00

FLOOR 2

Lobby/1/2/Study	\$10,000.00
Lounges	\$10,000.00



WORCESTER
STATE
UNIVERSITY

STUDENT CENTER

AT WORCESTER STATE UNIVERSITY

NAMING OPPORTUNITY

GIFT AMOUNT BEGINS AT

Student Center Building\$1,500,000.00

FLOOR 1

The Blue Lounge\$250,000.00

Student Living Room.....\$100,000.00

FLOOR 2

Student Activities Wing\$100,000.00

FLOOR 3

Career Services Center.....\$50,000.00



WORCESTER
STATE
UNIVERSITY

SHEEHAN HALL

AT WORCESTER STATE UNIVERSITY

NAMING OPPORTUNITY

GIFT AMOUNT BEGINS AT

BASEMENT

Health Services..... \$50,000.00

FLOOR 1

Foyer..... \$100,000.00

Multi-Purpose Room..... \$75,000.00

President's Dining Area..... \$25,000.00

Conference Room..... \$10,000.00

Game Area..... \$10,000.00

FLOOR 2

Lounge 1 (2 floors)..... \$50,000.00

Lounge 2 (2 floors)..... \$50,000.00

Fitness Center..... \$25,000.00

OUTSIDE

Courtyard..... \$50,000.00

Patio..... \$15,000.00



WORCESTER
STATE
UNIVERSITY

WELLNESS CENTER

AT WORCESTER STATE UNIVERSITY

NAMING OPPORTUNITY

GIFT AMOUNT BEGINS AT

BUILDING

Wellness Center Building\$2,000,000.00

FLOOR 1

Competition Gymnasium\$500,000.00
 Campus Entryway & Vestibule\$20,000.00
 Strength & Conditioning Area\$25,000.00
 Administrative Suite\$100,000.00
 Hall of Fame Gallery\$100,000.00
 Multipurpose / Batting Cages\$100,000.00
 Training & Rehabilitation Suite\$75,000.00
 Bleachers/ Seating (4 areas)\$15,000.00
 Men's Locker Rooms (8 /change seasonally)\$10,000.00
 Women's Locker Rooms (11 /change seasonally)\$10,000.00

FLOOR 2

Multi-Purpose Gymnasium\$350,000.00
 Elevated 3-Lane Track\$150,000.00
 Lecture Hall/Team Room\$50,000.00
 Classrooms 1\$25,000.00
 Classrooms 2\$25,000.00
 Fitness Studio 1\$25,000.00
 Fitness Studio 2\$25,000.00
 Court Areas in Multi-Purpose Gym\$50,000.00
 Multipurpose Room\$75,000.00
 Student Alcove\$10,000.00



WORCESTER
 STATE
UNIVERSITY

WELLNESS CENTER (CONTINUED)

AT WORCESTER STATE UNIVERSITY

NAMING OPPORTUNITY

GIFT AMOUNT BEGINS AT

OUTSIDE

Café Patio.....	\$15,000.00
Fieldside Patio	\$15,000.00



WORCESTER
STATE
UNIVERSITY

OTHER AREAS

AT WORCESTER STATE UNIVERSITY

NAMING OPPORTUNITY

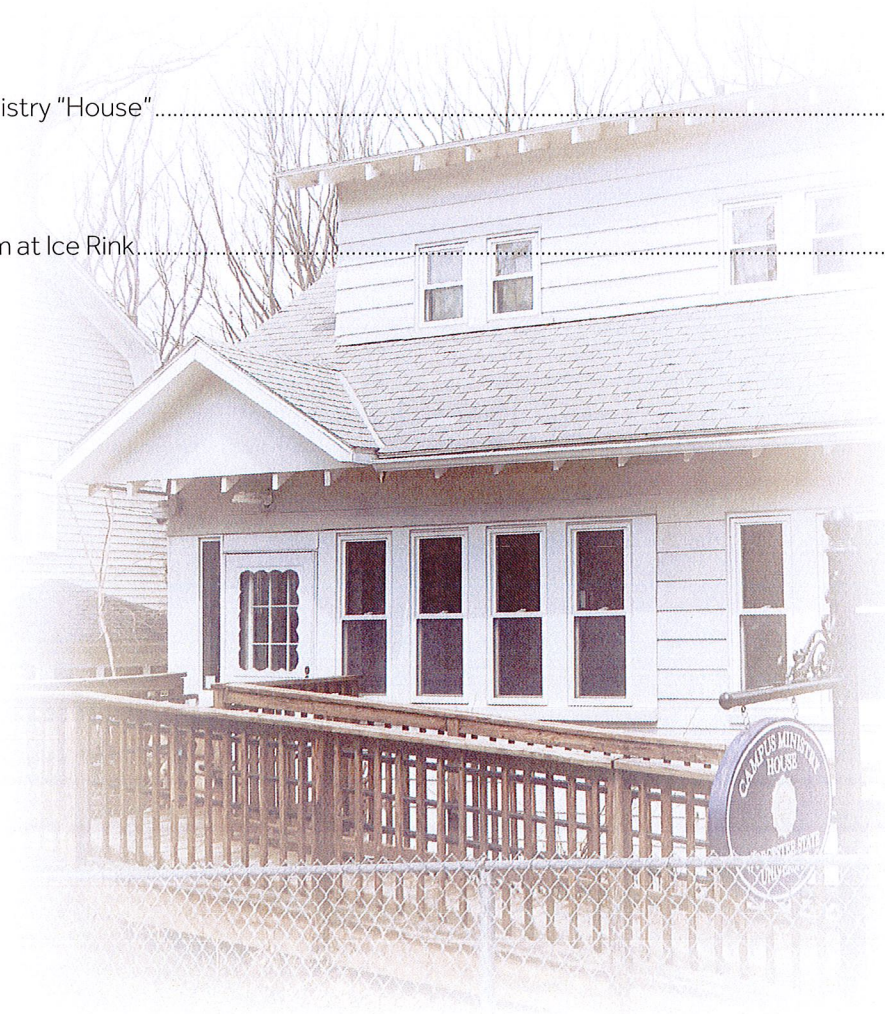
GIFT AMOUNT BEGINS AT

MINISTRY

Campus Ministry "House" \$50,000.00

ICE RINK

Locker Room at Ice Rink \$50,000.00



WORCESTER
STATE
UNIVERSITY

PROMOTION TO PROFESSOR (cont.)

Seth Sorgan

Psychology

Adam Zahler

Visual & Performing Arts

APPROVAL OF TENURE

Upon a motion by Trustee Tuttle and seconded by Trustee Hammond, it was

VOTED: to approve the awarding of tenure for the following faculty members, effective September 1, 2017:

Timothy Cook

Earth, Environment & Physics

Michelle Corbin

Sociology

Charles Cullum

English

Hy Ginsberg

Mathematics

Douglas Kowalewski

Earth, Environment & Physics

Matthew Orteleva

English

Heather Treseler

English

Joseph Quattrucci

Chemistry

Sebastian Velez

Biology

VOTING IN FAVOR

10

OPPOSED

1 – Trustee Blais

Chairman Albro requested that the Planning and Development Committee Report be taken up next prior to the Finance and Facilities Report.

PLANNING AND DEVELOPMENT COMMITTEE REPORT

- Trustee Maryanne Hammond, Chair, reported that the Committee convened today for the purpose of reviewing the *Naming Opportunity Policy*
- Document contains amendments from BHE
- A summary of named and identified available spaces by building was provided
- Discussion was held regarding right to rescind, Foundation's involvement in naming of facilities, and trustee authority and BHE authority for naming
- Document should be referred to as "*guidelines*"
- Naming Policy has a financial component and should be reviewed by the Finance & Facilities Committee

Upon a motion by Trustee Taylor and seconded by Trustee LaFond, it was unanimously

VOTED: to approve the “guidelines” wording of the *Naming Opportunity Policy* and to refer the financial component of the Policy to the Finance & Facilities Committee for review and report to the full Board at the September meeting.

FINANCE & FACILITIES COMMITTEE REPORT

- Trustee Craig Blais, Chair of the Finance and Facilities Committee, reported to the Board that they convened on Thursday, April 6th at which time VP Eichelroth reviewed the S & P Rating for the University affirmed as an “A” with a stable outlook
- Following a thorough discussion and review of the recommended FY 2017 Budget Amendment #2 – Mid Year Revenue Adjustment, it was unanimously recommended for approval
- The FY 2018 Budget & Rates for the 2017/2018 Academic Year were reviewed and studied
- The process for the development of the budget was summarized by VP Eichelroth and all attachments were looked over
- Looked at the resources from various rate setting options from 2% through 6%
- Chairman Blais requested that action on a proposed General Fee Increase, a Capital Improvement Fee Increase, a per credit hour increase in tuition for the Division of Graduate and Continuing Education be tabled until members had more time to digest all the information presented at the April 6th meeting
- Chairman Blais also requested that the Finance & Facilities Committee convene again on Tuesday, April 11th at 5:30 p.m. Members of the Committee agreed to waive the written notice requirement for the meeting. Therefore, meeting was scheduled for 5:30 p.m. in the Multi-Purpose Room of Sheehan Hall
- Prior to the April 11th meeting, Chairman Blais requested VP Eichelroth to prepare a memorandum relative to the *Rate Setting Options: 3% - 5% Increase in Mandatory Fees* that would provide additional analysis of the rate options discussed at the April 6th meeting
- Chairman Blais shared the various recommendations of the Committee for Board approval:

FY2017 Budget Amendment #2

Upon a motion by Trustee Fazzone and seconded by Trustee Madaus, it was unanimously

VOTED: to approve the FY 2017 Budget Amendment #2 – Mid-Year Revenue Adjustment as presented.

General Fee Increase for Undergraduate Students

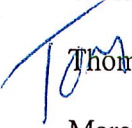
Upon a motion by Trustee Madaus and seconded by Trustee Fazzone, it was unanimously

VOTED: to approve a mandatory \$210.00 increase in the General Fee for undergraduate students for the FY 2018 Budget.



CHANGE LIVES
THE CAMPAIGN FOR WORCESTER STATE & YOU

TO: Barry M. Maloney, President
Maryanne Hammond, Chair, Planning & Development Committee
Worcester State University Board of Trustees

FROM:  Thomas M. McNamara, Vice President University Advancement

DATE: March 24, 2017

RE: Naming Opportunity Policy

Attached please find a comprehensive list of all buildings, rooms and other designated areas that have been formally named. This list includes locations that were named during the tenure of President Maloney as well as others that were named under previous administrations.

Worcester State University's buildings, rooms and other designated areas provide many wonderful naming opportunities. The locations can be named for a monetary gift providing significant support towards the advancement of the University's mission and as guided by the Worcester State University Naming Opportunity Policy.

Worcester State University has 241 naming options on university properties, totaling \$9.13 million in funds raised overall.

The following list is a summary of the named and identified available spaces, by building, on Worcester State University properties.

I. ACADEMIC BUILDINGS

- a. **Ghosh Science & Technology Building** – Named for Dr. Kalyan K. Ghosh
The Ghosh Science & Technology Building has 53 identified spaces for naming, of which nine have been named, including the building, totaling \$1.713 million.
- b. **Sullivan Academic Center** – Named for Dr. Eugene A. Sullivan
The Sullivan Academic Center has 27 identified spaces for naming, including the building, of which seven have been named, totaling \$415,000.
- c. **Learning Resource Center**
The Learning Resource Center has 41 identified spaces for naming.

II. ADMINISTRATIVE, STUDENT LIFE, ATHLETIC BUILDINGS

- a. Shaughnessy Administration Building** – Named for Helen G. Shaughnessy
The Shaughnessy Administration Building has 23 identified spaces for naming, including the building, of which two have been named, totaling \$1.5 million.
- b. Wellness Center**
The Wellness Center has 54 identified spaces for naming, of which nine have been named, totaling \$967,000.
- c. Student Center**
The Student Center has 8 identified spaces for naming, of which three have been named, totaling \$200,000.

III. DORMITORIES

Sheehan Hall - Named for Lt. Col. James Sheehan '55
Sheehan Hall has 12 identified spaces for naming, including the building, which was named for \$3.2 million.

Wasylean Hall - Named for Phillip M. Wasylean II '63
Wasylean Hall has 10 identified spaces for naming, of which three have been named including the building, totaling \$1.085 million.

Dowden Hall - Named for Vera Dowden
Dowden Hall has 9 identified spaces for naming, including the building, which was named for Vera Dowden.

IV. OTHER SPACES

Stadium at John Coughlin Field – The stadium is available for naming.

Ministry – The campus ministry house is available for naming.

Ice Rink Locker Room – The locker room at the under-construction ice rink in downtown Worcester is available for naming.

Worcester Center for Crafts - The library has been named the Donnelly Library for James and Carol Donnelly for \$50,000.

The named spaces on Worcester State properties reflect the collaborative efforts among University leadership, in particular the President and the Division of University Advancement, working in concert with the policies and procedures identified by the Worcester State Foundation Board, the Board of

Naming Opportunities

*All bolded items are currently named

Building	Floor	Area	Naming Value	
1 - Shaughnessey				
	Building			
		1 - Admin Building (Shaughnessey)	\$1,000,000.00	
	Floor 1			
		1 - Lobby	\$100,000.00	
		2 - Student Services Area	\$100,000.00	
		3 - Vice President's Area	\$25,000.00	
		4 - Big Lounge Conference	\$100,000.00	
		5 - Outside Patio/Court	\$250,000.00	
		6 - Theatre Areas/Costume	\$25,000.00	
		7- Academic Advising Center	\$100,000.00	
	Floor 2			
		1 - Box Office	\$10,000.00	
		2 - Theatre Lobby/Foyer	\$10,000.00	
		3 - Conference Room	\$25,000.00	
		4 - Rotunda	\$100,000.00	
		5 - President's ConfRoom	\$100,000.00	
		7 - OUA Conf Room	\$10,000.00	
		8 - Admissions Wait Area	\$25,000.00	
		9 - Fuller Theater	\$500,000.00	
	Floor 3			
		1 - Academic Affairs Conference Room	\$10,000.00	
		2 - Conference Room	\$10,000.00	
		3 - Lounge (302)	\$25,000.00	
		4 - Theatre Suite (368)	\$25,000.00	
		5 - Small Conf. (337)	\$10,000.00	
	Floor 4			
		1 Graduate Office Suite	\$500,000.00	
2 - Ghosh				
	Building			
		1 - Science Tech Building	\$1,000,000.00	
	Floor 1			
		1 - Dean's Suite	\$50,000.00	
		2 - Aisiku STEM Center	\$1,000,000.00	
		3 - CS Lab	\$50,000.00	
		4 - Upper Lounge Space	\$50,000.00	
		5 - S&T MultimediaTheater	\$250,000.00	
		6 - Lobby	\$100,000.00	
		7 - SLH Center	\$500,000.00	
		8 - Faculty Office Suite	\$100,000.00	
		9- The Art Gallery (Dolphin)	\$100,000.00	
	Floor 2			
		1 - Singh Clinical Skills Lab	\$100,000.00	
		2 - Nursing Office Suite	\$100,000.00	
		3 - C/D Health Lab	\$100,000.00	
		4 - Nursing Computer Lab	\$100,000.00	

Naming Opportunities

***All bolded items are currently named**

		2 - Cen. for Teach&Learn	\$250,000.00	
		3 - Woo Cafe	\$250,000.00	
		4 - City Lab	\$100,000.00	
		5 - IUI Center	\$100,000.00	
		6 - Spanish Clinic	\$15,000.00	
		7 - Math Lab	\$15,000.00	
		8 - Computer Classroom	\$25,000.00	
		9 - Math Dept. Vestibule	\$50,000.00	
		10 - Urban Studies Dept.	\$50,000.00	
	Floor 2			
		1 - Computer Classroom	\$25,000.00	
		2 - Psychology Dept.	\$50,000.00	
		3 - Business & Economics Dept.	\$50,000.00	
		4 - Business Department Alcove	\$10,000.00	
		5 - Class 1951 Classroom	\$10,000.00	
		6 - Education Dept.	\$300,000.00	
		7 - Class 1957 Classroom	\$10,000.00	
		8 - Mary Thomp. Edu. Lab	\$50,000.00	
	Floor 3			
		1 - History Dept.	\$50,000.00	
		2 - Philosophy Dept.	\$50,000.00	
		3 - Center of Hum. Right	\$100,000.00	
		4 - Conference Room	\$15,000.00	
		5 - Faculty Lounge	\$15,000.00	
		6 - Writing Center	\$100,000.00	
		7 - Pilon Room	\$25,000.00	
		8 - Language Dept.	\$50,000.00	
4 - LRC				
	Building			
		1 - LRC Building	\$1,500,000.00	
	Floor 1			
		1 - Classroom 114	\$10,000.00	
		2 - Graphic Arts Lab	\$25,000.00	
		3 - Big Classroom	\$25,000.00	
		4 - LVTV	\$100,000.00	
		5 - Music Practice Room	\$25,000.00	
		6 - Photo Lab (Big)	\$25,000.00	
		7 - Big Classroom 117	\$25,000.00	
		8 - Criminal Just. Dept.	\$50,000.00	
		9 - Classroom 116	\$10,000.00	
		10 - Microfilm Collection	\$10,000.00	
		11 - Comm. Editing Booths	\$10,000.00	
		12 - Classroom 164C	\$10,000.00	
		13 - TV Center 161	\$25,000.00	
		14 - WSCW Radio Station	\$50,000.00	
	Floor 2			
		1 - Vestibule/Entry	\$100,000.00	
		2 - Circulation Desk	\$25,000.00	

Naming Opportunities

*All bolded items are currently named

	Floor 2			
		1 - Lobby/1/2/Study	\$10,000.00	
		2 - Lounges	\$10,000.00	
7 - Student Center				
	Building			
		1 - Student Center Building	\$1,500,000.00	
	Floor 1			
		1 - The Blue Lounge	\$250,000.00	
		2- Student Living Room	\$100,000.00	
	Floor 2			
		2 - Student Activities Wing	\$100,000.00	
	Floor 3			
		1 - Career Services Center	\$50,000.00	
		2 - Fallon Room	\$100,000.00	
		3 - Foster Room		
		4 - Binienda Center for Civic Engagement	\$100,000.00	
8 - Sheehan				
	Building			
		1 - Dorm Building	\$3,200,000.00	
	Basement			
		1 - Health Services	\$50,000.00	
	Floor 1			
		1 - Foyer	\$100,000.00	
		2 - Multi-Purpose Room	\$75,000.00	
		3 - President's Dining Area	\$25,000.00	
		4 - Conference Room	\$10,000.00	
		5 - Game Area	\$10,000.00	
	Floor 2			
		1 - Lounge 1 (2 floors)	\$50,000.00	
		2 - Lounge 2 (2 floors)	\$50,000.00	
		3 - Fitness Center	\$25,000.00	
	Outside			
		1 - Courtyard	\$50,000.00	
		2 - Patio	\$15,000.00	
9 - Wellness Center				
	Building			
		1 - Wellness Center Building	\$2,000,000.00	
	Floor 1			
		1- Competition Gymnasium	\$500,000.00	
		2 - Lobby & Atrium	\$250,000.00	
		3 - Fitness Center	\$500,000.00	
		4 - Ghosh Entryway & Vestibule	\$20,000.00	
		5 - Campus Entryway & Vestibule	\$20,000.00	
		6 - Fitness Center Glass Staircase	\$15,000.00	
		7 - Lancer Room	\$50,000.00	
		8 - Strength & Conditioning Area	\$25,000.00	
		9 - Administrative Suite	\$100,000.00	
		10 - Hall of Fame Gallery	\$100,000.00	

Worcester State University

Naming Opportunities Policy



WORCESTER
STATE
UNIVERSITY

DIVISION OF UNIVERSITY ADVANCEMENT

POLICY STATEMENT

Drafted: Thomas McNamara Vice President – Division of University Advancement Date: 09/21/2005	Reviewed: TMM/KES Date: 2014 – updated to reflect change to University Status – logo changed Date: 2017 – updated to reflect new BHE guidelines
Approved: Board of Trustees Date: 10/24/2005	Distributed: Revised: KES: January 26, 2017 Version No.: 07262006-2

Worcester State University / Foundation Naming Opportunities Policy

The University's buildings, rooms and other designated areas provide many wonderful naming opportunities. The locations can be named for a monetary gift providing significant support towards the advancement of the University's Mission. There are many rooms and facilities in University buildings where plaques or other recognitions can be placed in honor of a donor's generosity.

Naming opportunities are generally classified into four general areas:

- 1. Major New Building**
- 2. Unnamed existing buildings and buildings that are renovated and repurposed for use regarded as essential to the campus's objectives and academic interests.**
- 3. Classroom and Common Spaces, including but not limited to: athletic fields, conference rooms, lecture halls, student unions, libraries, dining commons, etc.**
- 4. Academic Support, including, but not limited to: schools (e.g. business, education, nursing, etc.) department chairs, academic programs, endowments, and scholarships.**

To ensure continuity of this practice, the Division of University Advancement Office needs to be initially consulted regarding the naming of buildings, properties, classrooms, etc. Monetary levels have been established that directly relate to the attractiveness / prominence of the entity to be named. The Vice President of University Advancement will provide information and recommend a course of action regarding this initiative.

With respect to the proposition of naming *new buildings, unnamed and existing buildings, or major properties*, the Division of University Advancement Office will submit a proposal on behalf of the donor to the Board of Trustees Committee on Finance and Facilities for consideration. The Committee on Finance and Facilities will make a recommendation to the Board of Trustees and the entire Board will then vote to approve or not allow the naming. **Approvals will then be submitted to the Board of Higher Education Fiscal Affairs and Administrative Policy Committee for its final review and approvals.**

The Board of Higher Education will approve naming in recognition rights under the expectation that a fundraising campaign to support the institution be conducted in honor of the named recipient. Such fundraising campaigns can include any significant effort to support the institution, such as a campaign to raise funding for an endowed professorship or chair, a general scholarship or fellowship fund, or building stewardship fund, or similarly related fund as deemed appropriate by the Division of University Advancement to support University initiatives.

Naming a building in honor of an individual shall be consistent with the values and mission of public higher education and shall not give the appearance of a conflict of interest, unsubstantiated recognition, or privilege. It is incumbent upon Worcester

Worcester State University / Foundation Naming Opportunities Policy

State to conduct a background check sufficient enough in scope to ensure the named individual meets this criteria, however, the Board of Higher Education will provide guidance if needed.

A building may be named in honor of an individual, organization, or group having made a distinguished contribution of service, research, teaching or support to the campus; in honor of an individual, organization, or group having made a distinguished contribution of service or support to the community, the Commonwealth, or the nation.

Naming a building in honor of an active public official, including a member of the General Court, Executive Branch, Campus Board of Trustees or Campus President, cannot be made per MGLC 268(A) section 23(b) (2), which prohibits the gifts of substantial value given because of a specific position. This provision does not apply to former state employees.

In accordance with BHE recommendations:

Minimum naming rights for a new building will be \$2,000,000

Minimum naming rights for a renovated or repurposed building \$1,500,000

Minimum naming rights for unnamed existing buildings \$1,000,000

The BHE will consider extending naming rights for donors making a contribution below these thresholds provided that a justification statement is submitted to the BHE along with the campus approved recommendation. The campus will be required to engage the BHE in the vetting of such a proposal prior to accepting gifts below the thresholds or holding a Board of Trustees vote.

The Worcester State Foundation shall be in receipt of the full amount of the donation before a naming right is granted. Exceptions will be considered for future pledges provided that the present value of the pledged amount meets the standard established herein, and a signed agreement reflecting a timeline for receipt is established by the Foundation, the donor, and the President.

Naming rights, including donor thresholds, for Classroom and Common Spaces, and Academic Support, will continue to be approved at the campus level.

All other naming opportunities must be coordinated with the Office of Division of University Advancement, with final approval determined by the President of the University. Once a naming opportunity is approved, the donor and University, through the Division of University Advancement Office, will complete a gift agreement that will stipulate the expectations of the donor and the University regarding gift fulfillment and recognition.

Stewardship requires that the University honors the expectations of donors and abide by gift agreements, including naming provisions. Naming is generally expected to last the

Worcester State University / Foundation Naming Opportunities Policy

lifetime of the building, facility, unit or program or other endeavor. There may nonetheless be extraordinary circumstances that justify cessation of the use of a name or re-naming such as a change in use, substantial renovation, or demolition of an existing building, facility or part thereof; major academic program changes; failure of a donor to meet the financial commitment of a gift agreement; or other situations unforeseeable at the time of the original naming. When appropriate and feasible, when a name is retired, some form of continuing recognition should be established. The Board of Trustees, upon recommendation of the President, must approve the re-naming of buildings or major properties.

Authority to Rescind Naming Rights

The removal of a naming right previously approved by the BHE can be initiated by the BHE, the campus boards of trustees, or the donor. The BHE may vote to rescind a naming right under the following conditions:

- 1) An individual, group, or organization is determined to have acted in a manner that is in violation of Federal and State law, including, but not limited to, the state's code of ethics, or has acted in a manner that is inconsistent with the institution's values and mission.**
- 2) An individual, group, or organization, fails to comply with payment agreements set forth between the individual, group, or organization and the relevant campus and/or Foundation.**
- 3) A donor petitions the BHE for the removal of a naming right provided that the donation has been paid-in-full, is non-refundable, and that the petitioner is the legal custodian of the name in question.**

Naming rights approved by the campuses that fall outside of the BHE purview shall be subject to removal by vote of the Board of Trustees.

Board of Trustees Meeting 9.12.17
7:00 p.m. Wellness 204
Full Board Packet



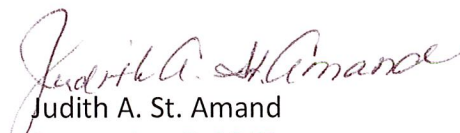
WORCESTER STATE UNIVERSITY

President's Office
Phone: 508-929-8020
Fax: 508-929-8191
Email: bmaloney@worchester.edu

NOTICE

A MEETING OF THE WORCESTER STATE UNIVERSITY BOARD OF TRUSTEES WILL BE HELD ON TUESDAY, SEPTEMBER 12, 2017 AT 7:00 P.M. IN ROOM 204 OF THE WELLNESS CENTER.

1. *NOTICE
2. *VOTES
3. CALL TO ORDER
4. *APPROVAL OF MINUTES – June 6, 2017
5. CHAIR OF THE BOARD UPDATE
 - Introduction of Student Trustee
 - Introduction of New Trustee
 - Appointment of Standing Committees
 - Adopt a Scholar Program
6. *PRESIDENT'S REPORT
 - 6a) *Undergraduate Positioning & Institutional Strategy Study Presentation
 - 6b) *Presidential Goals
 - 6c) *Media Policy – Information Only
7. *ENROLLMENT MANAGEMENT STRATEGY PROPOSAL REPORT
8. FINANCE & FACILITIES COMMITTEE REPORT
9. OTHER BUSINESS
10. ADJOURNMENT


Judith A. St. Amand
September 5, 2017

*Attachments

VOTES

Upon a motion made and seconded, it was

VOTED: to approve the minutes of June 6, 2017 as presented.

Upon a motion made and seconded, it was

VOTED: to approve the 2017 – 2019 Presidential Goals as submitted.

Upon a motion made and seconded, it was

VOTED: to accept the recommendation of the Special Committee established to review the Enrollment Management Strategy Proposal and approve the *Proposal for a Non-Resident Scholarship Plan: Out-of State Recruitment & Enrollment Incentive*.

Upon a motion made and seconded, it was

VOTED: to accept the recommendation of the Finance & Facilities Committee and approve the A-133 Audit Report and Financial Statements - FY'16

Upon a motion made and seconded, it was

VOTED: to accept the recommendation of the Finance & Facilities Committee and approve the "Gift Amounts" for the Naming Policy as submitted.

Upon a motion made and seconded, it was

VOTED: to adjourn the meeting at

**WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES**

June 6, 2017

PRESENT: Trustee George Albro, Chair
Trustee Craig Blais, Vice Chair
Trustee Aleta Fazzone
Trustee Maryanne Hammond, Vice Chair
Trustee Karen LaFond
Trustee Corey Laite
Trustee Stephen Madaus
Trustee Dina Nichols
Trustee Shirley Steele
Trustee Marina Taylor
Trustee David Tuttle
President Barry Maloney, Secretary
Ms. Judith St. Amand, Assistant Secretary
Ms. Nikki Kapurch, Special Assistant to the President

In accordance with the provisions of General Laws, Chapter 30A having been complied with, and a quorum present, a meeting of the Worcester State University Board of Trustees was held on June 6, 2017 in room C326 located in the Student Center. Chairman Albro called the meeting to order at 6:30 p.m.

WELCOME – Commissioner Santiago

- Chairman Albro welcomed Commissioner Santiago to WSU and thanked him for visiting the campus
- Commissioner's goal is to continue to visit each campus throughout the year to meet with members of the Board, staff and students
- He expressed his enjoyment with time spent with President Maloney's direct reports
- WSU continues to improve in areas of retention and is meeting goals set by the Vision Project
- Video – *100 Males to College* was viewed looking at the brotherhood with local colleges and the Worcester Public Schools for success after high school – male junior or senior students thinking about college are provided an opportunity to jumpstart the process through mentorships, workshops, math support and free early college courses. Program is sponsored in part by the WSU Latino Education Institute and partnership formed with WSU and QCC as part of the Commonwealth's initiative
- Commissioner encouraged WSU to continue on its path and looks forward to working with all as we move forward with our goals

APPROVAL OF MINUTES – April 11, 2017

Upon a motion by Trustee Blais and seconded by Trustee Tuttle, it was unanimously

VOTED: **to approve the minutes of April 11, 2017 as submitted.**

CHAIR OF THE BOARD UPDATE

- Chairman Albro reported to the Board that he had received a message from the students who were scheduled to provide a presentation on Fossil Fuel Divestment that they were not available to attend. Chairman extended an invitation to them to attend a meeting in the fall.
- Chairman Albro thanked Trustee Laite for his outstanding service to the Board and a special thank you for his willingness to extend his service to the trustees in the absence of the newly elected student trustee who will not be sworn in until sometime in August. Corey provided a great insight as to students' needs and concerns on various situations
- Many successful events held recently and Chairman Albro shared his compliments on many such as Scholarship Tea, Alumni Weekend, Academic Achievement Awards, Athletic Awards, to name a few
- Annual Scholarship Golf Tournament postponed until Monday, July 31st due to inclement weather.

APPROVAL OF 2017-2018 MEETING SCHEDULE

Upon a motion by Trustee Steele and seconded by Trustee Tuttle, it was unanimously

VOTED: **to approve the 2017-2018 meeting schedule as presented.**

PRESIDENT'S REPORT

- President's Update focused on the five goals of our Strategic Plan and previewed the Highlights for AY 2017-2018 for each area
- With a declining population of 18 to 24 year olds in Massachusetts we must all serve as ambassadors to make the case for what we have to offer: an excellent, affordable, four-year pathway to a bachelor's degree and beyond.

APPOINTMENT OF ASSOCIATE VICE PRESIDENT OF ACADEMIC AFFAIRS

Upon a motion by Trustee Blais and seconded by Trustee Hammond, it was unanimously

VOTED: **to approve the appointment of Dr. Henry Theriault as Associate Vice President of Academic Affairs per the terms described in his letter of appointment dated 05/23/2017.**

APPOINTMENT OF ASSISTANT VICE PRESIDENT OF ASSESSMENT AND PLANNING

Upon a motion by Trustee Blais and seconded by Trustee Hammond, it was unanimously

VOTED: to approve the appointment of Dr. Sarah Strout as Assistant Vice President of Assessment and Planning per the terms described in her letter of appointment dated 05/23/2017.

NOMINATING COMMITTEE REPORT

- Trustee Maryanne Hammond, Chair of the Nominating Committee, along with Trustees Aleta Fazzone and Stephen Madaus, met on June 6th to come up with a slate of officers for 2017/2018 as charged by Chairman Albro.

Hearing no additional nominations, a motion was made by Trustee LaFond, seconded by Trustee Taylor, and it was unanimously

VOTED: to accept the recommendation of the Nominating Committee and approve the following slate of officers as presented:

Chair	Craig Blais
Vice Chair	Maryanne Hammond/Stephen Madaus
Secretary	President Barry Maloney
Assistant Secretary	Judith St. Amand
(2) Foundation Board	Maryanne Hammond
	Stephen Madaus
Executive Committee	Shirley Steele
Alternate	Aleta Fazzone
MA State Colleges Presidents/ Trustees Association	Craig Blais
	Maryanne Hammond/Stephen Madaus

FINANCE & FACILITIES COMMITTEE REPORT

- Trustee Craig Blais, Chair of the Finance & Facilities Committee, reported that the group has been extremely busy meeting at least four times to review extensively matters pertaining to the FY 2018 Comprehensive University Budget.
- Since the final budget has not been approved by the State, the Committee is recommending approval based on information available at this time and will approve an amendment at a later date if needed.

Upon a motion by Trustee Blais and seconded by Trustee Steele, it was unanimously

VOTED: to accept the recommendation of the Finance & Facilities Committee and approve a fee reduction in the amount of \$100.00 to the annual mandatory student fee previously approved on April 11, 2017, providing that the state budget containing the requisite funding is approved and in place by July 10, 2017.

Upon a motion by Trustee Blais and seconded by Trustee LaFond, it was unanimously

VOTED: to accept the recommendation of the Finance & Facilities Committee and approve the FY 2018 Comprehensive University Budget as presented.

HUMAN RESOURCES COMMITTEE REPORT

Trustee Maryanne Hammond, Chair of the HR Committee, provided the following summary of the President's Evaluation conducted by the HR Committee on June 1, 2017.

- Committee met on June 1, 2017 and was attended by Trustee LaFond, Trustee Laite, Trustee Taylor, Chairman Albro, President Maloney and Ms. St. Amand. Trustee Albro who was out-of-state participated by remote access necessitating all votes to be taken by recorded roll call.
- Chairman Albro charged the HR Committee to conduct the evaluation and report to the full Board on June 6th.
- The Commissioner's guidelines call for the evaluation to be completed and filed with his office by June 30th.
- The process and various materials used in the evaluation were reviewed and the outcome of the evaluation was shared.
- President Maloney continues to serve in a very positive manner and his overall average rating for all eleven categories was a 4.6 with a 5.0 being the highest.
- With no compensation guidelines available, a monetary increase was not recommended. However, the HR Committee feels strongly that President Maloney is most deserving of a merit/salary adjustment and the matter will be re-visited at the appropriate time.
- Recommend forwarding evaluation to Commissioner Santiago.

Upon a motion by Trustee Taylor and seconded by Trustee Tuttle, it was unanimously

VOTED: to accept the report of the Human Resources Committee and approve the 2017 Annual Evaluation of President Barry Maloney as presented and to forward to Commissioner Santiago as requested with appropriate documents to meet June 30th deadline.

EXECUTIVE SESSION

Upon a motion by Trustee Albro and seconded by Trustee Blais, it was unanimously

VOTED: by recorded roll call to adjourn the June 6, 2017 Board of Trustees meeting at 7:45 p.m. and to enter into an Executive Session for the purpose of discussing legal issues with a Alison Little Sabatello, a member of counsel from Rubin Rudman LLC, and to reconvene in open session for the sole purpose of adjournment.

<u>VOTING IN FAVOR</u>	<u>OPPOSED</u>
Trustee Albro	0
Trustee Blais	
Trustee Fazzone	
Trustee Hammond	
Trustee LaFond	
Trustee Laite	
Trustee Madaus	
Trustee Nichols	
Trustee Steele	
Trustee Taylor	
Trustee Tuttle	

The Board reconvened in open session at 8:40 p.m.

President Maloney thanked Trustee Albro for his dedication and commitment to the Board and to WSU during his tenure as Chairman. His extraordinary support to everyone is proof of his loyalty to Worcester State University. President Maloney presented him with a plaque and again thanked him for his service.

Upon a motion by Trustee Madaus and seconded by Trustee Nichols, it was unanimously

VOTED: by recorded roll call, to adjourn the meeting at 8:48 p.m.

<u>VOTING IN FAVOR</u>	<u>OPPOSED</u>
Trustee Albro	0
Trustee Blais	
Trustee Fazzone	
Trustee Hammond	
Trustee LaFond	
Trustee Laite	
Trustee Madaus	
Trustee Nichols	
Trustee Steele	
Trustee Taylor	
Trustee Tuttle	

Respectfully submitted,

Judith A. St. Amand
Assistant Secretary

President's Update

September 2017

President's Message



We will spend time this year determining the next thoughtful steps to ensure that ten years from now – and maybe even five years from now – Worcester State is known as an institution that “champions academic excellence in a diverse, student-centered environment that fosters

scholarship, creativity, and global awareness,” as our mission statement declares.

Toward that end, we kick off the 2017-2018 academic year with development of metrics to track our progress toward strategic goals, which each division will measure throughout the year. We also will continue to focus each issue of the Update on one strategic goal.

Today, there are many challenges facing higher education in Massachusetts. The traditional college-aged population is declining. Private liberal arts colleges are experiencing a market contraction, as many news stories attest. Neighboring states’ public systems are offering free community college and in-state tuition for out-of-state students. I believe that by rowing together, toward our shared strategic goals, Worcester State will steer clear of oncoming waves, and join the current that leads to more well-educated graduates, who are better prepared for graduate school, careers, and life.



WORCESTER
STATE
UNIVERSITY

Contents

President's Message	1
Overarching Goals	3
Ongoing Metrics	6
Fall 2017 Entering Class Profile.....	8
Charts, Graphs, Tables	9

PRESIDENT'S OFFICE

Worcester State University
486 Chandler Street
Worcester, MA 01602
508-929-8000
www.worcester.edu



Overarching Goals

Each issue of the **President's Update** will highlight the University's efforts to advance its Strategic Plan. September's focus is on:

Overarching Goal #3: Attract and enroll a diverse pool of highly motivated students and attach institution-wide priority to promoting their retention and success.

Enrollment and Retention

The University will work toward the following Fall 2018 student enrollment and retention goals:

- 5% increase first-time freshmen and transfer applications
- Enroll 800 first-time and 500 transfer students
- Enroll 100 out-of-state new students
- Enroll 14 international (F-1, J-1) new students
- Enroll 80 new first-year honors students
- Enroll 650 new residential students (or other number) to assure 100% resident hall occupancy)
- For Fall, 2018, realize a retention rate of 82% or higher for Fall 2017 full-time, first-time freshmen
- For Summer 2018, realize a six-year graduation rate of 60% or higher for Fall 2012 full-time, first-time freshmen



Scholarship Funds and Retention

Data from the pilot assessment of donor-funded scholarships on student retention and graduation completion rates demonstrates significant impact on the yield and retention of students who receive such scholarships over those who do not participate in the program. The University's scholarship program is available to all Worcester State University students.

Preliminary data indicate that the six-year graduation rate of students who receive scholarships is nearly 25% higher for the Fall 2007 cohort and 15.5% higher for the 2008 cohort than for those students who do not receive scholarships.

Data on the number of applicants, applications, and diversity of the pool of applicants will be supplied in a scholarship program dashboard.

Leveraging Academic Opportunities to Attract and Retain Students

The University will continue to leverage existing academic resources and develop new programming to address emerging opportunities. Such opportunities include: developing a Substance Abuse Counseling interdisciplinary minor/certificate program; implementing Graduate School scholarships to increase the diversification of student enrollment and the affordability of the University's graduate offerings; diversifying graduate assistantships; and offering additional evening advising resources for continuing education and non-matriculated students.

Significant attention will be focused on recruiting and retaining students across the University's majors; such efforts include luncheons with faculty, developing advising handbooks, expanding peer tutoring, and reaching out to Spanish language speakers for enriched coursework.

Co-curricular Programming for New Audiences

Co-curricular programming will be expanded and revamped to attract and help retain new sub-populations of students, including those from beyond Worcester County, those from out of state, and those from diverse backgrounds. This fall, we are launching the Provost's Series on Diplomacy and Democracy to supplement existing speakers' series like Latin Heritage Month and the Diversity Lecture Series.

Campus Climate and Organization

Assessment at the division- and department-level will continue, with special attention placed on improving organizational relationships to respond to campus climate initiatives. Additionally, the University will identify institutional barriers and plan initiatives that promote a more inclusive campus environment.



Ongoing Metrics

Each issue of the **President's Update** will track specific performance metrics throughout the academic year to provide greater insight into various aspects of the University. These ongoing metrics will form the basis of a dashboard that should help in the consideration of a wide range of issues. Additional ongoing metrics may be added in future **President's Updates**.

Metric #1: Capital Projects

This metric will track the balance in the Capital Improvement Trust Fund. The baseline is the reserve stabilization information that reflected the FY 2018 increase in the Capital Improvement fee. It was attached to the FY2018 budget package.

Metric #2: Enrollment Patterns

This metric will document longitudinal patterns of new student applications, acceptances, deposits, and matriculations for freshmen students, transfer students, and resident students. The data will be presented in a three-year timeframe, which will describe short-term trends in new student enrollment patterns.

Metric #3: Marketing and Outreach

This metric will measure the success of the University's marketing campaigns, based on analytic reports of various activities.

Metric #4: Private and Family Foundation Grants

This metric will track the acquisition of private and family foundation grants (non-state and non-federal grants). Such grants provide revenue for programming and capital that institutional funds would not otherwise be able to support.

Metric #5: Donors, Fundraising, and Endowment Performance

This metric will track the acquisition of donors and year-to-date fundraising, as well as provide updated year-to-date endowment numbers for the Worcester State Foundation.

Metric #6: Scholarship and Research

This metric will track faculty and student research, scholarly, and creative activity by support dollars provided by institutional resources, which helps delineate the impact of these activities based on the amount spent.

Metric #7: High Impact Educational Practices

This metric will document students engaged in experiential and integrated learning. High Impact Practices are those which are most correlated with students' persistence, success, achievement, graduation rates and employment after graduation/graduate school.

Metric #8, 9: Campus Life

- The Wellness Center's group fitness and recreational programming will be tracked, with the goal of establish more efficient future allocation of resources.
- Resident hall occupancy levels will be tracked, with a special focus on trends associated with specific populations, such as class standing and gender.



Fall 2017 Entering Class Profile

First-Time Students = 911 Currently Registered (30% Early Action)

Transfer Students = 515 Projected to be Registered

Total New Students = 1,426 Projected to be Registered

States represented = 19 (MA, CT, RI, FL, NH, ME, MI, NY, TX, PA, HI, WA, IL, CA, LA, MT, AZ, DE, NJ)

Out of State = 7% out-of-state

Worcester County = 51%

Students of Color = 35%

Ethnicity = 72% non-Hispanic; 15% Hispanic; 13% unknown

Race = 69% White; 11% African America/Black; 11% unknown; 7% Asian; 1% American/Alaskan Native

First Generation = 51%

Gender = 40% male / 60% female

On-campus residents = 633

First Year = 61%

Transfer = 18%

Overall = 44%

Average First Year GPA = 3.27

Average First Year SAT = 1075

Average First Year ACT = 22

Commonwealth Honors Program = 92

Most Popular Majors: Biology, Business Administration, Criminal Justice, Nursing, Psychology, Undeclared

Top Feeder High Schools of First Year: Worcester Technical, Doherty, Wachusett Regional, South, Shepherd Hill Regional, Shrewsbury, Leicester, North, Burncoat, Auburn

Top Feeder Colleges of Transfers: Quinsigamond, Mount Wachusett, Mass May, Becker, Westfield, UMASS – Amherst, Fitchburg State, Holyoke CC, Anna Maria, Framingham

Worcester Public Schools = 222 enrolled (24% of entering first year class)

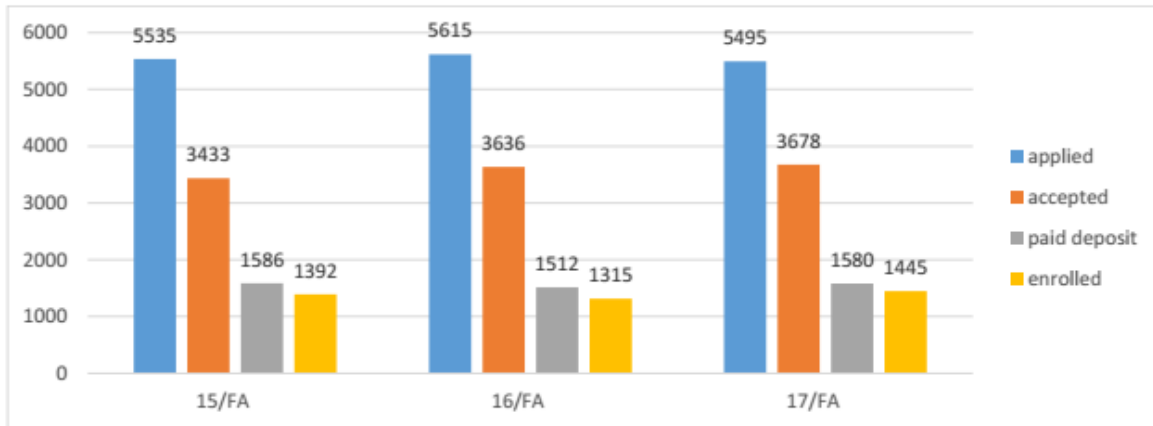
Worcester Tech = 61; Doherty = 59; South = 41; North = 31; Burncoat = 28; Claremont = 2

Charts, Graphs, Tables

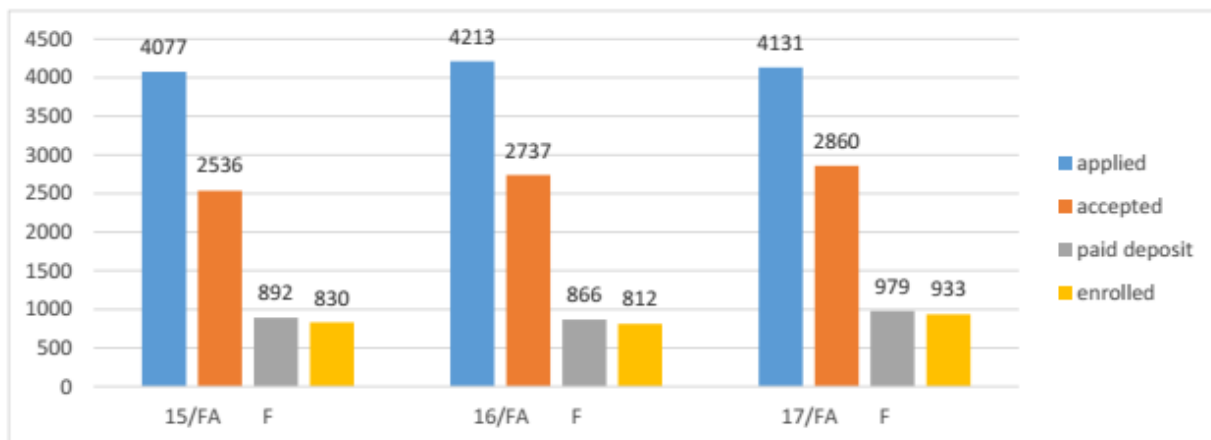
Metric: Enrollment Patterns

UNDERGRADUATE ADMISSIONS APPLICANT DATA SNAPSHOT
As of August 16, 2017

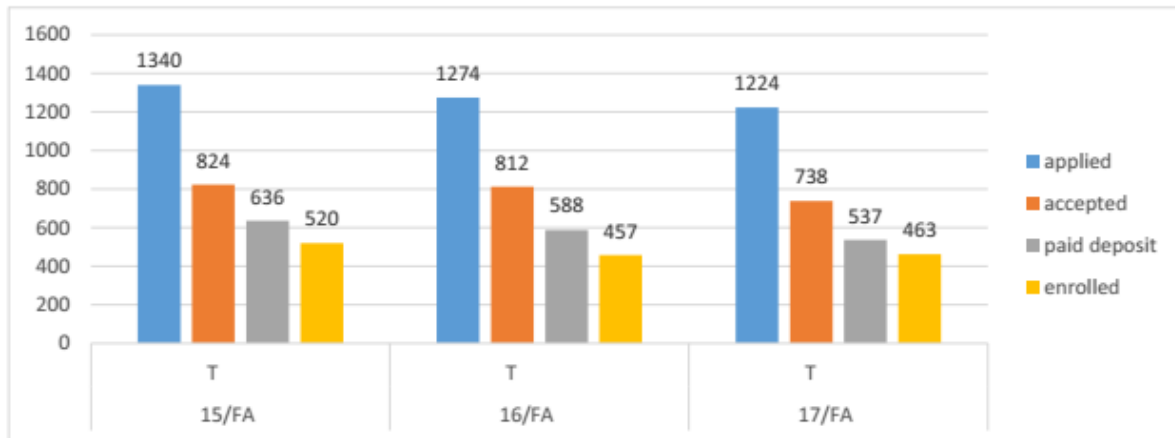
Total:



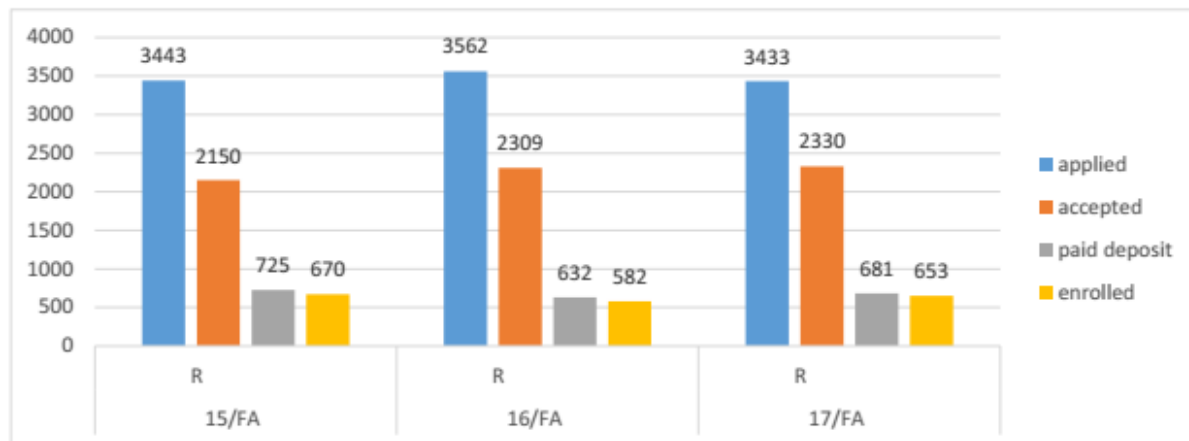
First-Year:



Transfers:

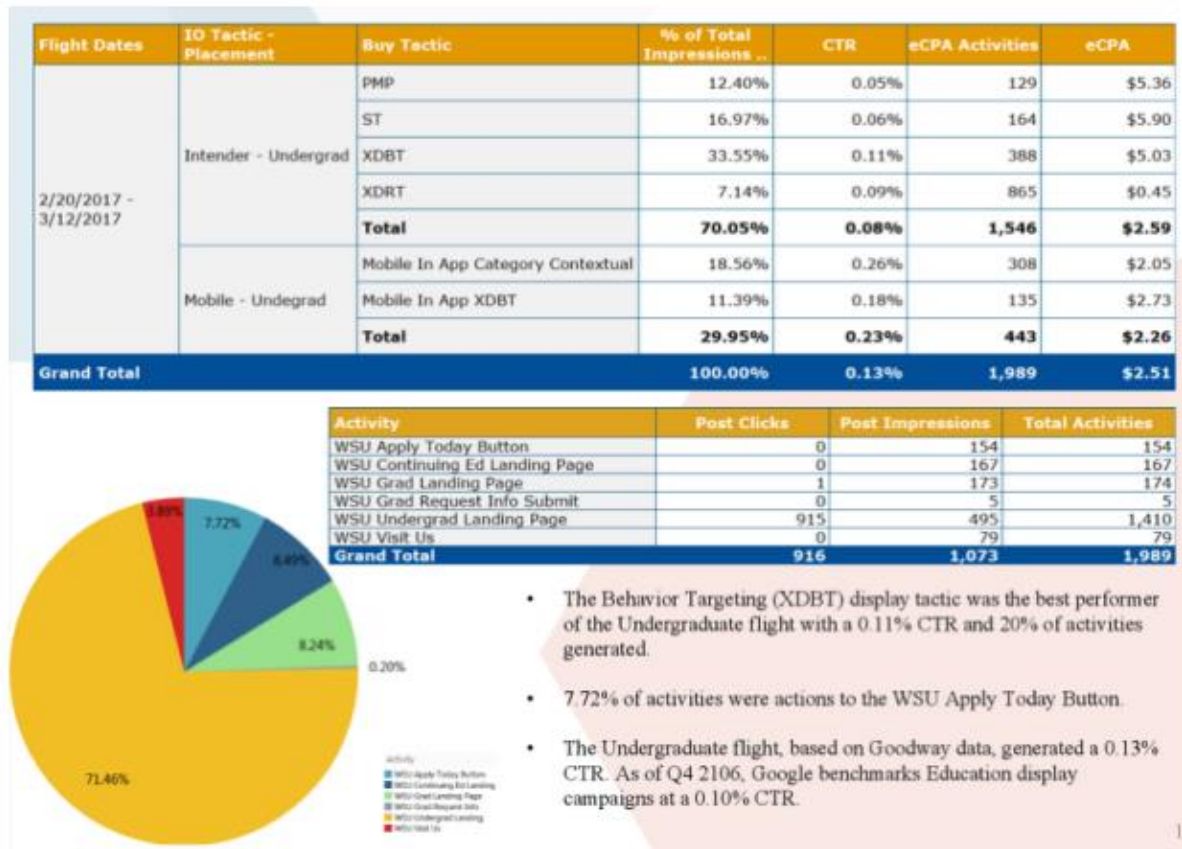


On Campus Resident:



Metric: Marketing and Outreach

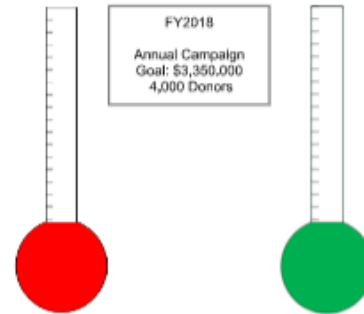
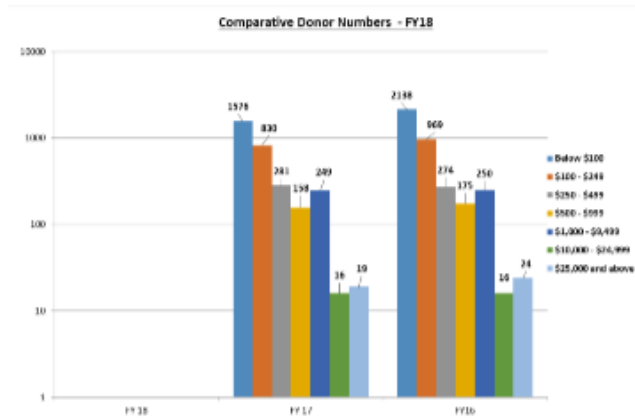
Example of Monthly Dashboard of Campaign Metrics



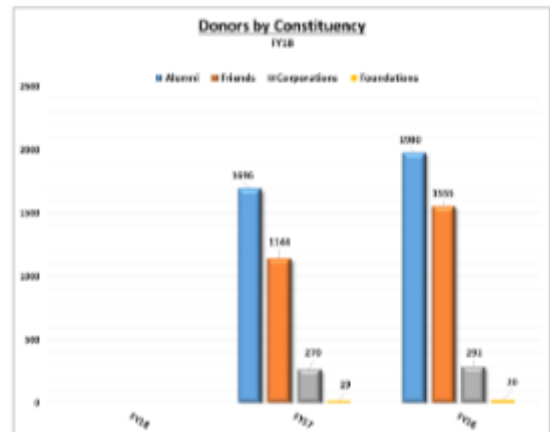
Metric: Donors, Fundraising, and Endowment Performance

Worcester State Foundation, Inc.
University Advancement Snapshot Report
FY18

Total Gifts & Pledges Received	FY18 Goals:	Goal Dollars	Goal Donors	Total Dollars	Number of Donors
Total Giving - WSU (non-grants)		\$3,350,000	4,000		
*Student Donors					
WSU Grants		\$1,000,000	25		
Total Giving - WCC					
Total Giving - WSU + WCC		\$4,350,000	4,025	\$0	0



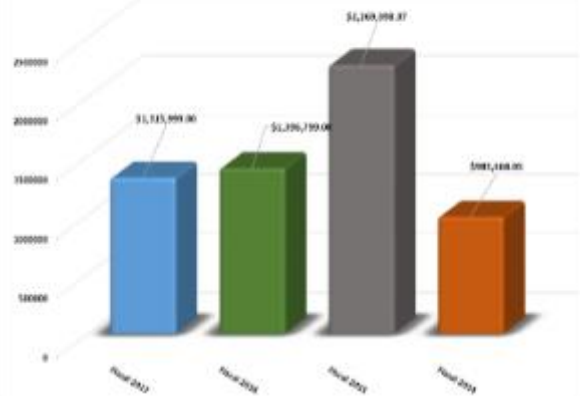
WSU Leadership and Board Giving FY18		
	FY18 Goal	Participation Rate
Foundation Board	100.0%	
Alumni Association's Advisory Board	100.0%	
Trustees	100.0%	
Cabinet	100.0%	
WSU Faculty and Staff Giving FY18		
	FY18 Goal	Participation Rate
Faculty	26.0%	
Staff	28.0%	
Professor Emeriti	27.0%	



GIFTS AT WORK: FY18



University Priorities



Metric	FY17 Total Dollars
Total Endowment Dollars (Total Net Assets Per Audit / Foundation Only) Shows endowment performance.	\$26,100,000

Metric: Scholarship and Research

Metric 1: Scholarly Impact

	Metric	October	November	January	March	April	June
Faculty/Student Scholarly Activity	Total Number						
Impact of Scholarly Activity	How many people reached						
WSU Funds Invested in Scholarly Activity	Total \$ Amount						
External Funds Invested in Scholarly Activity	Total \$ Amount						
Financial Return on Investment	Average cost per person reached						

Metric #2 Experiential and Integrative Learning

	Metric	October	November	January	March	April	June
Experiential and Integrative Learning Opportunities	Total # of Opportunities						
Student Involvement in Experiential and Integrative Learning Opportunities	Total Participation % of Degree-Seeking Students						
Experiential and Integrative Learning Participation Rate	Percentage of Opportunities Used by Students						

Metric: Scholarships

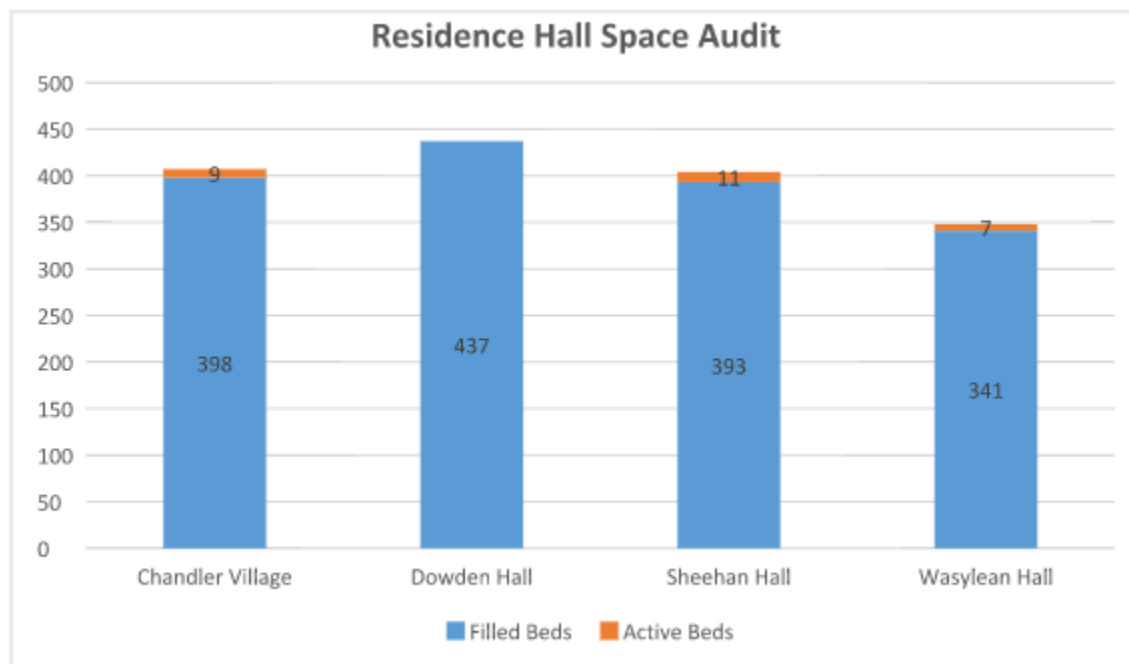
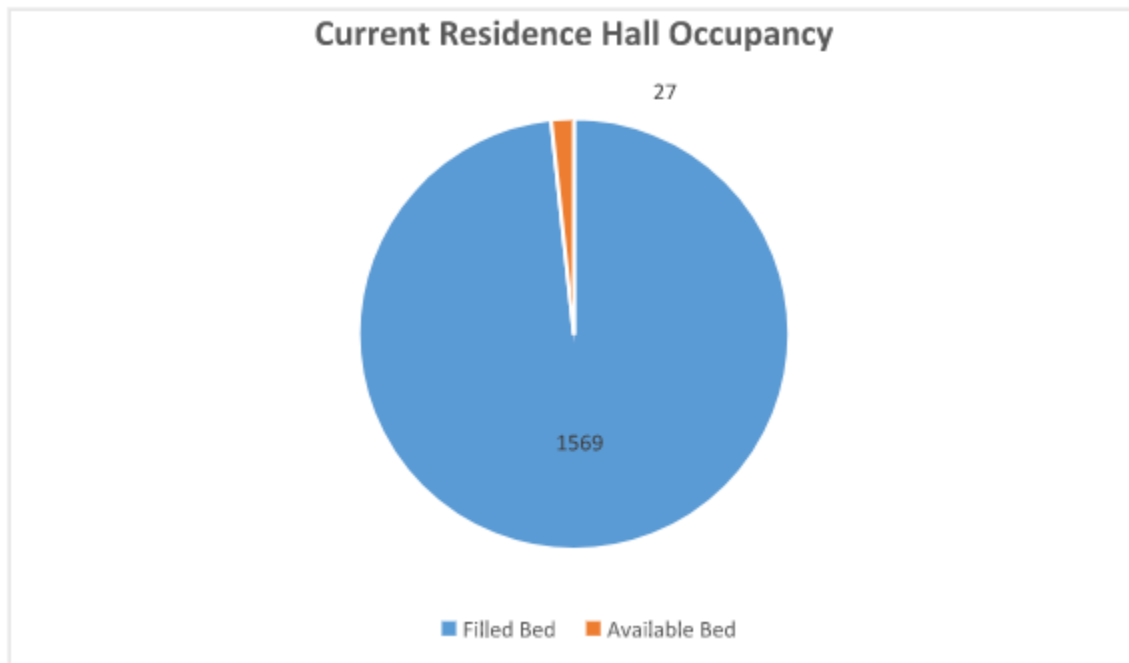
2017-2018 Academic Year Scholarship Recipient Data			
# of Applicants	Total		
Total	726		
# of Awards	Total		
Total	323		
Fall 2017 Retained	INFORMATION to come from Enrollment Management after Add/ Drop		
Spring 2018 Retained	INFORMATION to come from Enrollment Management after Add/ Drop		
Applicant Gender Breakout			
Gender	Total	% of Total	
Female	197	74%	
Male	69	26%	
Grand Total	266	100%	
Race/Ethnicity Breakout			
Race/Ethnicity	Total	% of Total	
Caucasian	182	68.4%	
African/African American	19	7.1%	
Hispanic	14	5.3%	
Hispanic, Latino/a	6	2.3%	
Middle Eastern	4	1.5%	
Native American	1	0.4%	
Native Pacific Islander	1	0.4%	
African/African American, Caucasian	1	0.4%	
African/African American, Caucasian, Native American, Indian	1	0.4%	
African/African American, Caucasian, Other	1	0.4%	
Asian/Asian American	9	3.4%	
Asian/Asian American, Caucasian	1	0.4%	
Asian/Asian American, Hispanic	1	0.4%	
Caucasian, Hispanic	2	0.8%	
Caucasian, Latino/a, Other	1	0.4%	
Caucasian, Middle Eastern	2	0.8%	
Caucasian, Middle Eastern, Other	1	0.4%	

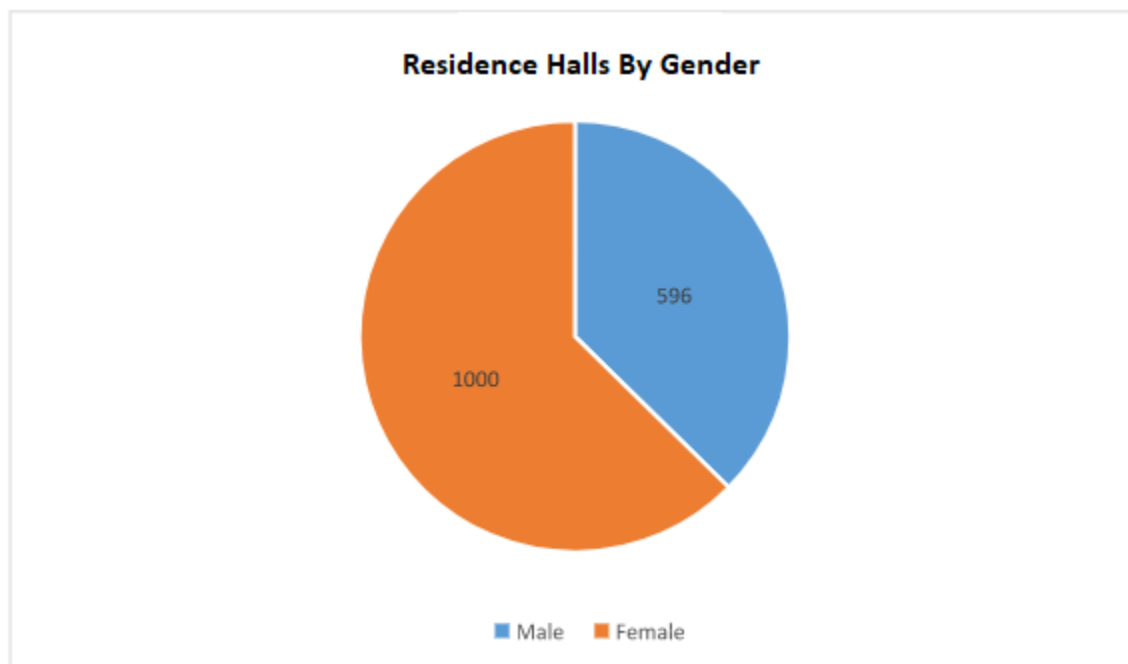
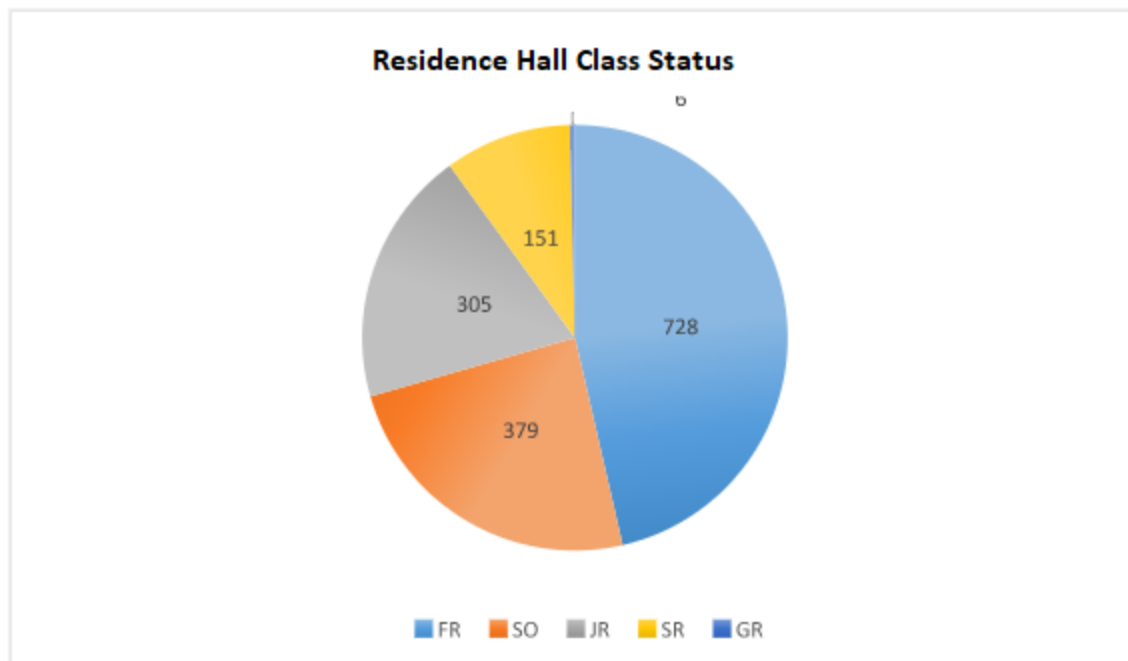
President's Update

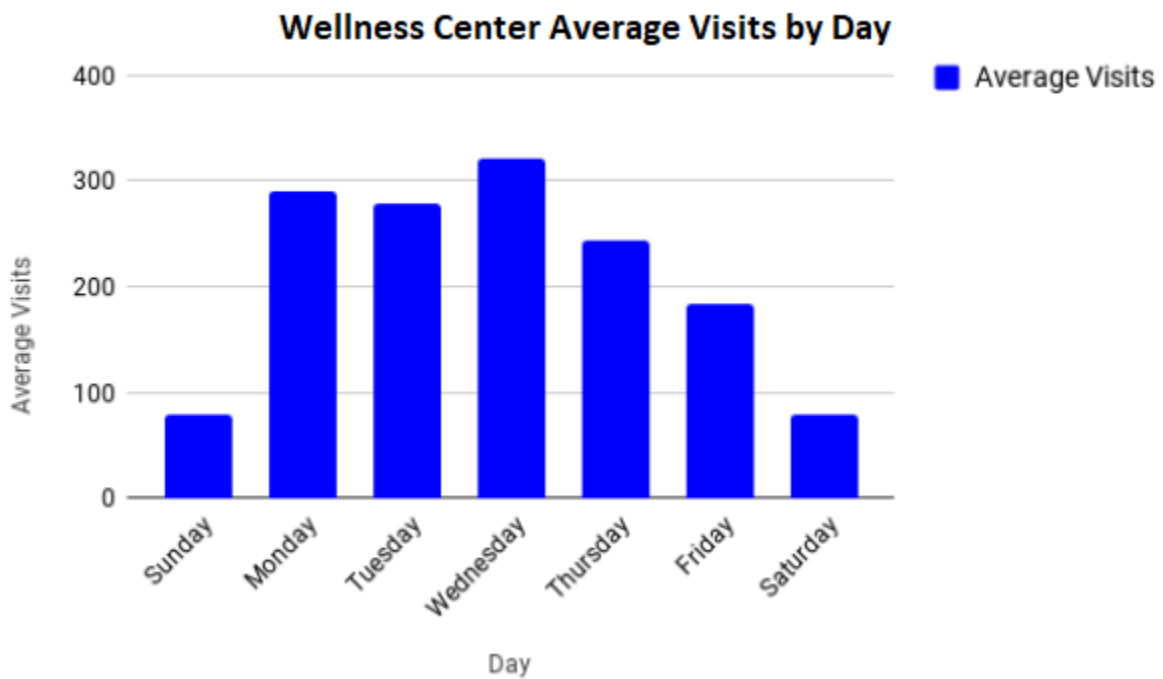
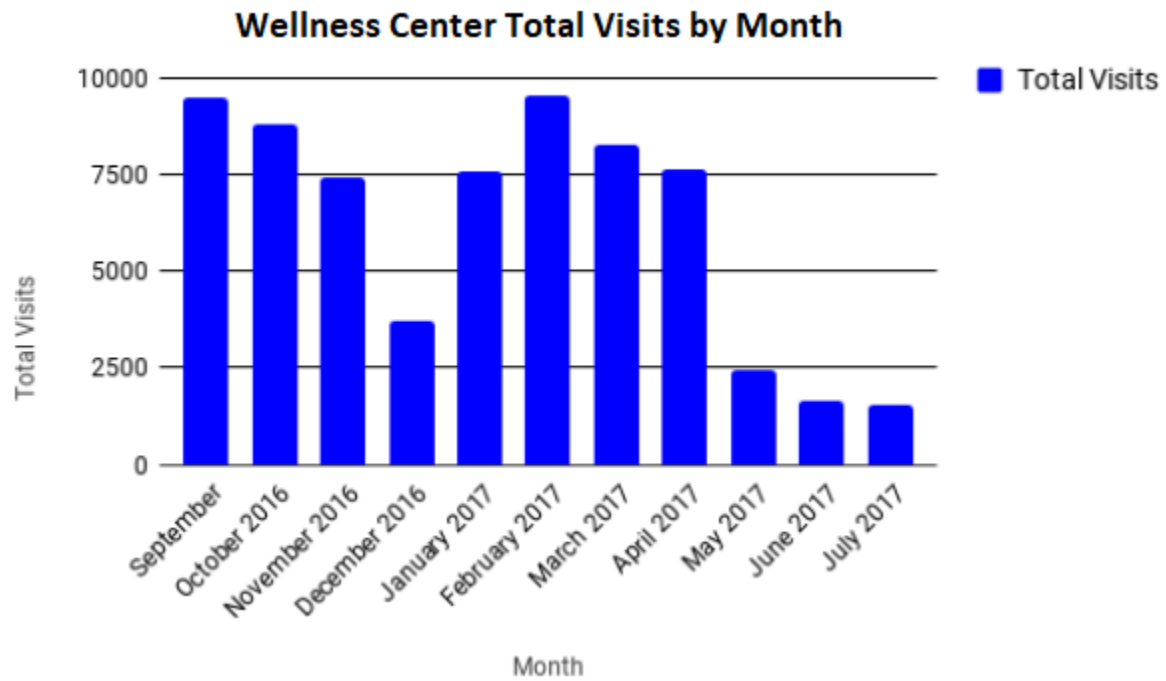
Latino/a	7	2.6%	
Latino/a, Other	1	0.4%	
Other	4	1.5%	
(blank)	6	2.3%	
Grand Total	266	100.0%	
<i>*Total Minority percentage is 31.6% vs. The WSU total student population of 26.4 % (fall 2016 snapshot data)</i>			
Year in School Breakout			
What is your expected classification for the next academic year?	Total	% of Total	
Freshman	7	3%	
Sophomore	62	23%	
Junior	105	39%	
Senior	87	33%	
Graduate	5	2%	
Grand Total	266	100%	
Expected Graduation Year Breakout			
Years	Total	% of Total	
<5/13/2017	4	2%	
2017	15	6%	
2018	95	36%	
2019	88	33%	
2020	59	22%	
2021	5	2%	
Grand Total	266	100%	
Working While Attending School Breakout			
Are you currently working while attending WSU?	Total	% of Total	
Unemployed	51	19%	
Working Full-Time	35	13%	
Working Part-Time	180	68%	
Grand Total	266	100%	

Activity Participation Breakout			
Involved in an Activity	Total	% of Total	
No	94	35%	
Yes	172	65%	
Grand Total	266	100%	
Service Participation Breakout	Total	% of Total	
No	141	53%	
Yes	125	47%	
Grand Total	266	100%	
"Non-traditional" Student - Yes or No	Total	% of Total	
No	217	82%	
Yes	49	18%	
Grand Total	266	100%	
Resident or Commuter Breakout	Total	% of Total	
Commuter	144	54%	
Resident	122	46%	
Grand Total	266	100%	

Metric: Campus Life Metrics







MEMORANDUM

To: Ryan Forsythe

From: Courtney Connor
David Strauss

Subject: A&S Strategy and Positioning Study: Summary and Timeline

Date: August 22, 2017

All of us at Art & Science Group look forward to our collaboration with Worcester State University. This project is designed to help WSU move forward with institutional strategy that will strengthen further its market position and expand its reach. Our firm has pioneered the most advanced research and planning methodologies for helping institutions refine their identities and strengthen their competitive positions. We are committed to the notion that efforts such as these must be rooted firmly in the institution, not imposed from the outside. At the same time, they must have a tangible impact on the behaviors of key constituencies. Our approach is to identify an array of valid thrusts and facets of Worcester State's identity, plans, and strategic options, to vet them internally, and then to subject them to highly rigorous testing through research with key constituencies, before helping to make decisions about the most effective ways to proceed.

During this project, we will work closely with a small working group of University faculty and staff to answer the following questions:

- What would the WSU community like to say about the undergraduate experience it offers, and how does that message compare with how WSU is currently perceived?
- Within what competitive context is the University trying to be heard? What perceptual obstacles must it overcome?
- What can the University say and do that will resonate and actually change the behaviors and satisfaction of prospective students?

- How should Worcester State position itself in its prospective undergraduate student markets?
- How can WSU effectively dovetail the outcomes of its strategic planning to provide a substantive basis for a strengthened market position among prospective undergraduates?
- How does all of this relate to Worcester State's ability to generate net revenue from undergraduate students?

To achieve these goals, the project will begin with an internal strategic analysis, including a two-day campus visit spent interviewing leadership, faculty, staff, and students and a review of background data and communications materials. We will then conduct market research with three key domestic prospective student groups: in-state SAT-takers, out-of-state SAT takers, and students admitted to WSU. We will analyze and present the findings of this research as it is completed, evaluate and present a summary of research findings and their implications, and, finally, present our recommendations for WSU's institutional strategy. Community presentations and/or implementation activities, to be determined together based on the University's needs, will conclude the project.

PRELIMINARY TIMELINE

October 2017

Strategic assessment, including two-day campus visit (Oct 3 – 4)

November-December 2017

Develop research instruments in collaboration with the working group

February-April 2018

Fielding of research with inquiring students

June-July 2018

Presentation of findings from research with inquiring students

Fielding of research with admitted students

August 2018

Presentation of findings from research with admitted students

September/October 2018

Presentation of research implications for discussion

October/November 2018

Presentation of strategic recommendations

November/December 2018

Community presentations and/or implementation activities, to be determined based on the University's needs

ON-SITE PROJECT TEAM

David Strauss and Courtney Connor will lead all phases of the project and are supported by Art & Science Group's research team.

DAVID STRAUSS

Principal

David Strauss's work focuses on institutional positioning, enrollment interests, and advancement, including: market research and analysis, integration of market positioning and strategic planning, development of marketing and communications strategies and tactics, analysis and planning of pricing and financial aid strategies. Consulting to higher education since 1985, Mr. Strauss has been instrumental in developing survey research-based modeling techniques to inform strategic planning initiatives, and to analyze and plan tuition pricing, as well as econometric modeling techniques to assist colleges and universities in optimizing their use of financial aid. His work on promotional communications has won a number of major national awards. Prior to co-founding Art & Science Group in 1994, David was senior vice president of The Barton-Gillet Company. Previously he served on the staff of Lawton Chiles when Chiles was a United States Senator from Florida.

Education

- B.S. in political science, Massachusetts Institute of Technology (MIT)
- B.S. in mechanical engineering, MIT
- M.B.A. in management and marketing, Wharton School, University of Pennsylvania

COURTNEY CONNOR

Managing Associate

Courtney Connor provides strong skills and experience in project management, data analysis, research design, survey development, and data interpretation and presentation. Before moving into her role as Managing Associate, Ms. Connor wrote questionnaires and supervised fielding for all research projects, including positioning and strategic planning studies conducted for independent schools nationwide as well as large-scale pricing and positioning studies for private and

public colleges and universities across the country. She has played an especially active and integral part in much of the firm's work for independent school clients, from developing questionnaire and conducting interviews to analyzing findings and presenting conclusions to clients.

Prior to joining A&S, Ms. Connor worked in the Research and Evaluation Department at the Georgetown University Center for Child and Human Development. She worked on a variety of projects and was responsible for the qualitative component of a comprehensive study funded by the Maryland State Department of Education's Childhood Development Division. Her work at Georgetown contributed to the development of strategies to identify at-risk children, teach families how to advocate for children with special needs, and improve pre-school retention.

Education

- B.A. in psychology, Georgetown University
- M.A. in organizational leadership, Gonzaga University

Presidential Goals for Barry M. Maloney – 2017 - 2019

I write to present my goals for approval for the period beginning September 1, 2017 and ending June 30, 2019. The goals are in alignment with both the recently approved Worcester State University Strategic Plan and the Department of Higher Education's Vision Report.

In addition to providing metrics to support each of the five strategic goals, there are overarching objectives that must also be addressed and kept in sync with the newly created plan. These objectives include increasing **revenues**, improving **customer service**, continuing to improve **retention** and graduation rates towards established goals, enhancing and expanding current programs and piloting new ones to advance the model of **transformative change** in students and continuing to improve campus lines of **communication and overall climate**.

Academic Program and Excellence

1. Enhance the undergraduate academic program and expand graduate programs in a community of learning that promotes academic excellence and innovation

METRICS:

- Key Staffing needs
 - Successfully hire a new Director of Academic Administrative Support and continue to review the structure of academic affairs division
- Student Learning
 - Increase 6-year graduation rate, moving toward Vision benchmark of 62% by 2020
 - Improve acceptance rate to graduate programs
 - Create a structure to encourage/facilitate team-taught courses, cross-listed courses, and interdisciplinary work.
 - Change class scheduling to better accommodate working and commuting students; embrace expanded-hour/more flexible teaching schedule
 - Continue to improve two-year developmental math success rate
 - Establish criteria to evaluate new academic program proposals
- Workforce alignment
 - Number of degrees conferred overall
 - Review and begin implementation of the recommendations provided by upcoming academic positioning study
 - Expand the scope and number of internships offered at WSU
 - Strengthen articulation agreements – Early College and 100 Males to College - with area community colleges
- Civic engagement
 - Increase participation in community service and/or civic engagement activities and integrate such activities into the campus academic culture
 - Expand student research
 - Launch two online graduate programs by September 2018
 - Improve internal communication; convene cross-divisional committee to address communications issues

Differentiation and Impact in the Wider World

2. Leverage WSU's distinctive strengths, both to enhance the University's reputation and to prepare students to lead, serve, and make a difference in the world

METRICS:

- Pilot ways to promote student leadership, preparing them to make a difference in the world
- Strengthen existing advisory boards and develop new ones
- Encourage and facilitate a greater alumni presence on campus; introduce/strengthen/expand alumni mentorship programs
- Working off our successful alumni giving rate, focus our energies solely on the expansion of scholarship
- Grow the endowment to \$30 million by 2019
- Increase study away and study abroad participation and develop a staffing plan
- Increase internship opportunities

Enrollment, Retention, and Student Success

3. Attract and enroll a diverse pool of highly motivated students and attach institution-wide priority to promoting their retention and success

METRICS:

- College participation
 - Outperform demographic trends in order to maintain stable enrollment
 - Increase annual graduate enrollment
- College completion (Show improvement in key statistical categories)
 - Two-year developmental math success rate
 - Degrees conferred
 - Fall-fall retention of first-time freshmen
 - Persistence rates
 - 6-year graduation rate first-time freshmen
 - 6-year graduation rate transfers in and out
- Achievement gap
 - Improve 6-year graduation rates of African-American and Latino vs White students, Male vs Female, Pell-eligible vs non-Pell eligible
 - Pilot (perhaps in the CJ department) a program to augment advising in our largest/most popular (in terms of enrollment) majors
 - Develop 2nd-year programming to help with retention goals
- Student learning
 - Pass rates on licensure exams (Nursing, OT, Speech, MTEL & CPA)
 - Acceptance to graduate programs
- Innovative curriculum
 - Develop campus-wide definition of (and standards for) academic internships
 - Start to explore integrating civic engagement/civic learning into LASC
 - Institutionalize opportunities for dialogue about high impact teaching and learning practices

- Review and begin implementation of the recommendations provided by upcoming academic positioning study

Community and Campus Life

4. Cultivate a vibrant campus life and a collaborative work and learning environment in which all members of the WSU community feel welcomed, included, respected, empowered, and valued

METRICS:

- College participation
 - Analyze Wellness Center usage, group fitness participation, and recreational programming to meet the needs of the campus community
 - Foster an environment of new and innovative student leadership that offers engagement and programming opportunities throughout the semester including late night and weekends.
- Achievement gap
 - Improve college participation rates among growing sub-populations
 - 6-year graduation rates of African-American and Latino vs White students, Male vs Female, Pell-eligible vs non-Pell eligible
- Communication
 - Promote our success stories (e.g., website, PR pitches to media, etc.) in order to reach and inspire external audiences
 - Develop mechanisms to coordinate community outreach and create an integrated, University-wide community outreach plan (for expanded visibility, connections, student opportunities, etc.)
- Cultural awareness and respect
 - Implement a solution-oriented customer service mindset and commitment; include a statement in every job description
 - Implement the findings and recommendations from the recent New England Resource Center for Higher Education (NERCHE) study
 - Implement new state-wide Title IX policy and help facilitate mandatory reporter trainings

Resources, Revenues, and Organizational Sustainability

5. Promote financial strength and organizational sustainability while continuing to secure and invest the resources required to maintain WSU's reputation for excellence and value

METRICS:

- Revenue retention/cost containment
 - Continue to plan for, and realize, surplus contributions to the University's unrestricted reserve balance providing financial stability and flexibility as we plan for large-scale infrastructure improvements
 - Review of past practices and procedures across all departments in an effort to create increased efficiencies and achieve cost avoidance allowing for the distribution of budget capacity to areas of high priority

- Revenue enhancement
 - Prepare and support a financing strategy designed to raise revenue for Temple Emanuel project
 - Develop and implement a multi-year transparent budget process
 - Develop a plan for implementation of the space utilization findings and recommendations
 - Engage with DCAMM to develop a plan to meet our deferred maintenance needs within the new strategic framework for Higher Education Capital Funding
 - Expand interaction with community constituents, including: City of Worcester, Chamber of Commerce, Worcester Consortium, alumni and prospective new students and faculty
 - Evaluate and implement strategies to re-align tuition rates among day courses and continuing education, inclusive of waiver policies not regulated by the state/DHE/collective bargaining agreements
 - Increase out-of-state enrollment and put support systems in place to enable this growth
 - Put systems in place to record and benchmark enterprise-based programs in DGCE and grow net revenue by 3% annually
 - Review existing administrative policies and set in place the process by which new policies are created, approved and archived
 - Assess adequacy of the classroom technology infrastructure and furnishings, creating a plan for replacement
 - Implement an Enterprise Risk Management approach to address risk exposures across the institution

Media Policy

Policy Relative to Board Members Speaking With the Press:

It is important that there be one spokesperson for the Board of Trustees. The Chair of the Board serves in this capacity and if you are contacted by the media you should refer them to Craig Blais.

**WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES**

SPECIAL MEETING

August 25, 2017

PRESENT: Trustee Maryanne Hammond, Chair
Trustee George Albro
Trustee Dina Nichols
Trustee Karen LaFond, Non-Voting Member
Trustee Stephen Madaus, Non-Voting Member
Dr. Lois Wims, Provost and VP for Academic Affairs
Dr. Ryan Forsythe, VP for Enrollment Management
Carl Herrin, Asst. to President for International, Community and Government Affairs
Judith St. Amand, Asst. Secretary to Board of Trustees

ABSENT: President Barry Maloney
VP Kathy Eichelroth, VP for Administration & Finance

In accordance with the provisions of General Laws, Chapter 30A having been complied with, and a quorum present, a special meeting of the Worcester State University Board of Trustees was held on Friday, August 25, 2017 at twelve noon in the President's Conference Room. Trustee Hammond called the meeting to order at 12:10 p.m.

An *Enrollment Management Strategy Proposal* was presented to the Finance & Facilities Committee of the Board at the June 6th meeting. It was agreed that a special committee be established to review the proposal and report back to the Board. President Maloney invited Trustee Hammond to lead the group along with any trustees willing to volunteer to serve.

The group reviewed the information given to the F & F committee as follows:

- WSU would establish an undergraduate recruitment and enrollment scholarship incentive to grow out-of-state student population among matriculating undergraduate students
- Incentive would be structured as a partial waiver of mandatory fees for qualified undergraduate first-time applicants enrolled in the undergraduate day program and matriculating in full-time status
- The awarding of the incentive to qualifying students shall be renewable and subject to academic and other conditions set by the President
- President shall report annually (or more frequently as needed) to the Board of Trustees on the number of such incentives awarded and other information deemed informative to the Board
- College-aged population in New England, including Massachusetts, is declining and is creating pressure on recruitment and admissions

- Out-of-state enrollment growth is one key strategy to address this applicant shortfall
- Out-of-state students, currently 4% at WSU, including 1% that are international, provide the benefit of diversifying student population and increasing net revenue
- WSU's overall out-of-state residential student full-cost estimate is around \$27,000 and is competitive on a list-price basis; our position in the marketplace requires us to be aggressive in attracting students
- Our recruitment efforts would benefit from a scholarship model that would speak to out-of-state students and their families
- Many private US higher education institutions provide a model with aggressive use of discounting, packaged as scholarships to attract students
- The scholarship incentive is framed through reductions in the fee controlled locally by WSU – its mandatory general fee (currently set at \$7,534.00 per year)
- Out of-state students pay a separate effective surcharge in tuition – which WSU retains upon payment – of \$7,050
- The scholarship incentive proposed here is structured as a reduction in the general fee, it operates as a discount off of the out-of-state tuition cost
- Reduction proposed is set not to exceed half of the annual general fee and is designed to be set by the University to target the incentive in ways that grow enrollment
- Might use a sliding scale where larger incentives could be offered to students who meet specific recruitment goals and academic standards
- International students have a reputation of higher rates of successful progression and completion

In addition, the trustees were provided with an article, *INSIDE HIGHER ED*, a memorandum regarding – *Out-of-State Student Enrollments* and an *Overview of international Students and Scholars at WSU* (all of which are posted on the website for the 8-25-17 meeting).

Highly competitive programs (with strong academic draw) are considered the most in demand, i.e., nursing, communication disorders, and occupational therapy. These programs have robust application rates, well beyond the enrollment targets. This proposal would probably not affect this pool of applicants. Instead, this proposal would permit the University to target those who are considering WSU but not fully committed.

Ryan Forsythe reviewed the existing policy that permits a New England Board of Higher Education waiver for out-of-state tuition rates: this policy is very specific to proximity to a state university for cross-border out-of-state students, or is tied to specialized academic programs that may not exist in a neighboring state's public institutions. This proposal will not undercut the NEBHE scheme because those qualified students will not be considered for this tuition incentive. The benefits of this proposal would be seen in the revenue generated and would assist in residence occupancy rates.

For international students, English language requirements would remain the same under this proposal and regular academic admission requirements would need to be met. Additionally,

the University will need to closely monitor the use of this enrollment incentive with regard to prospective college athletes so as not to violate NCAA rules. The University has an existing policy that requires only the Admissions Office to oversee scholarship offers to any applicant overseen by the Director of Admission Joseph DiCarlo.

The Massachusetts Department of Higher Education administers all state financial aid programs in Massachusetts and establishes minimum admission criteria for all state universities, including Worcester State University. All admission requirements would continue to be enforced for all applicants and the most qualified student would be admitted – as is the existing practice. Financial benefit would continue to not be considered in the admission process.

The University's objective is not looking to dramatically enlarge the out-of-state student population. If the present 4% were to increase over a period of time to 8-10% it would be considered most successful, and well below the national norm at public institutions of our type.

Important to note that there is no cost to the university for this program and it is considered as an enrollment diversification and revenue generating strategy.

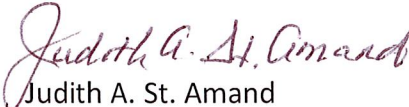
Upon a motion by Trustee Albro and seconded by Trustee Nichols, it was

VOTED: **to recommend approval to the Board the *Proposal for a non-Resident Scholarship Plan: Out-of-State Recruitment & Enrollment Incentive.***

Upon a motion by Trustee Albro and seconded by Trustee Nichols, it was

VOTED: **to adjourn the meeting at 2:15 p.m.**

Respectfully submitted,


Judith A. St. Amand
Assistant Secretary