

The next scheduled Worcester State University Board of Trustees Meeting will take place on:

Tuesday, March 12, 2019
Worcester State University

Finance and Facilities Sub Committee 4:30 p.m.
Wellness Center, Room 204

Dinner 5:30 p.m.
Wellness Center, Room 201

Board of Trustees Meeting 6:30 p.m.
Wellness Center, Room 204

Tuesday, March 12, 2019
Worcester State University

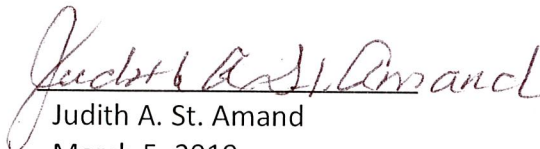
Finance and Facilities Sub-Committee Meeting 4:30 p.m.
Wellness 204



NOTICE

A MEETING OF THE WORCESTER STATE UNIVERSITY BOARD OF TRUSTEES FINANCE & FACILITIES COMMITTEE WILL BE HELD ON TUESDAY, MARCH 12, 2019 AT 4:30 P.M. IN ROOM 204 OF THE WELLNESS CENTER.

1. CALL TO ORDER – *Notice/Agenda
2. *VOTES
3. *APPROVAL OF MINUTES – November 13, 2018
4. *FY 2018 FEDERAL FUNDS DRAFT AUDIT REPORT
5. *RESOLUTION REGARDING FUTURE BOND PROCEEDS – May Street Building
6. STUDENT CENTER UPDATE
7. OTHER BUSINESS
8. ADJOURNMENT


Judith A. St. Amand
March 5, 2019

*Attachment

Finance & Facilities Committee

Trustee Madaus, Chair
Trustee Fazzone
Trustee Nichols
Trustee Steele
Trustee Taylor
Trustee Blais, Ex-Officio Voting Member
President Maloney, Ex-Officio Non-Voting Member

VOTES

Upon a motion made and seconded, it was

VOTED: to approve the ***minutes of November 13, 2018*** as submitted.

Upon a motion made and seconded, it was

VOTED: to recommend to the full Board the approval of the
FY 2018 Federal Funds Draft Audit Report as presented.

Upon a motion made and seconded, it was

VOTED: to recommend to the full Board the approval of the ***Declaration of Official Intent of Worcester State University to Reimburse Certain Expenditures from Proceeds of Indebtedness*** as presented for property located at 280 May Street.

VOTED: to ***adjourn the meeting at***

**WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES**

FINANCE & FACILITIES COMMITTEE

November 13, 2018

PRESENT: Trustee Stephen Madaus, Chair
Trustee Aleta Fazzone
Trustee Dina Nichols
Trustee Shirley Steele
Trustee Marina Taylor
Trustee Maryanne Hammond, Non-Voting
President Barry Maloney, Ex-Officio Non-Voting Member
Ms. Judith St. Amand, Assistant Secretary

ABSENT: Trustee Craig Blais, Ex-Officio Voting Member

The provisions of General Laws, Chapter 30A having been complied with, and a quorum present, a meeting of the Finance & Facilities Committee was held on Tuesday, November 13, 2018 in the Multi-Purpose Room located in Sheehan Hall. Trustee Madaus called the meeting to order at 3:30 p.m.

MINUTES – October 16, 2018

Trustee Madaus offered two friendly amendments as follows:

Page 1 under “FY 2018 DRAFT AUDIT REPORT” second to last bullet should read:

As noted to the financial statements, in 2017, the University was “**required**” to adopt GASB Statement No. 75.....

Page 5 under “535 CHANDLER STREET PROPERTY IMPROVEMENTS” second bullet to include Pavilion will provide a permanent structure for event to “**be**” held more frequently.....

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

VOTED: **to approve the minutes of October 16, 2018 with the friendly amendments offered.**

APPROVAL OF FY19 BUDGET AMENDMENT #1 AND RATE SETTING FOR FY 2020

- Amendment reflects a \$1,210,431 increase in total revenue for the year and a transfer of the same amount to the Capital Improvement Trust Fund
- The increased in State Appropriations (111) is allocated to the AA regular employee line and is offset by the same amount in the AA regular employee line in the General Purpose Trust Fund (400)

- The reduction in the AA line in the General Purpose Trust Fund (400) results in surplus spending capacity of \$1,210,431 that is budgeted as a transfer of funds to the Capital Improvement Trust Fund (405)
- The Capital Improvement Trust Fund (405) reflects the transfer in and an offsetting transfer out to the Capital Improvement Trust Fund Reserve
- As discussed in October, the Budget Amendment #1 is predicated on a commitment to not raise student rates for the coming AY 2019/2020
- Proposed tuition and fee schedule for 2019/2020 was reviewed
- Have not heard back from MSCBA relative to room rates, but recommendation by WSU is to hold them steady with no increase
- Only possible change could occur in the health insurance rate which is set by a third party insurance carrier following negotiations with a committee representing state universities – usually not set until the spring.

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

VOTED: to recommend to the full Board the approval of the FY19 Budget Amendment #1 that reflects a \$1,210,431 increase in total revenue from state appropriations for the year and a transfer of the same amount from the General Purpose Trust Fund to the Capital Improvement Trust Fund, and, the approval of the rate schedule for Worcester State University Tuition and Fees – 2019 – 2020 Statement as presented.

APPROVAL OF WELLNESS CENTER TRUST FUND

- VP Kathy Eichelrtoth shared with the group an oversight of the request to establish a Wellness Center Trust Fund
- Wellness Center has been operating since September 2016 and has established a history of net earnings
- Discussion was held during FY 2017 budget deliberations that the net earnings from operations would be documented with the intent of determining when it would be viable to establish a new trust fund
- Following first full year of operation and completion of the audit process and reconciliation of funds, net earnings during FY 2018 was \$126,837
- Operations appear stable and the administration is recommending the establishment of the Wellness Center Trust Fund with a beginning reserve balance of \$126,837
- Budget as presented for FY 2019 provides for an opportunity to increase the beginning reserve balance by \$81,528 at the close of the fiscal year
- Budgeted costs associated with recreational sports equipment and athletic equipment of \$45,309 will be removed from the general operating budget and will be funded by the Wellness Center Trust Fund
- The trust fund will be established according to the format used campus-wide for all trust funds

- Format includes Name, Date Established, Purpose of Fund, Sourced Number, Source of Revenue, Appropriate Expenditures, Inappropriate Expenditures, and whether Separate Bank Account is needed
- Auditors shared model used at WSU and the format has been adopted by many campuses
- Athletic Department will prepare and submit an annual budget for the Wellness Center Trust Fund as part of the comprehensive budget package that is approved by the Board of Trustees
- Trustee Steele inquired if there were any state regulations governing the establishment of trust funds and authority for trustees to do so.

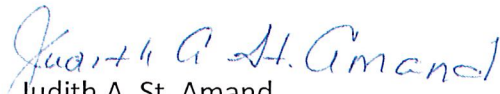
Upon a motion by Trustee Nichols and seconded by Trustees Fazzone, it was unanimously

VOTED: to recommend approval to the full Board the establishment of the Wellness Center Trust Fund for FY 2019 with a beginning reserve balance of \$126,837.

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

VOTED: to adjourn the meeting at 4:08 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, 2018 AND 2017
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, 2018 AND 2017

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 12
Financial Statements:	
Statements of Net Position	13
Statements of Revenues, Expenses and Changes in Net Position	14
Statements of Cash Flows	15 - 16
Notes to Financial Statements	17 - 42
Supplemental Schedule Pursuant to the Uniform Guidance:	
Schedule of Expenditures of Federal Awards	43
Notes to Schedule of Expenditures of Federal Awards	44 - 45
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>	46 - 47
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	48 - 49
Schedule of Findings and Questioned Costs	50 - 51
Summary Schedule of Prior Audit Findings	52

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, 2018 and 2017 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.

Opinion

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, 2018 and 2017, 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)

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 12 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 is 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 ____ __, 2018, 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 the effectiveness of Worcester State University's 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.

Worcester, Massachusetts
____ __, 2019

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, 2018. 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 "Commonwealth" or "State"). 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 5,495 full and part-time undergraduate students and 939 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 \$97,759,705, prior to posting of year end accruals related to the Commonwealth of Massachusetts Pension and Other Postemployment Benefits (OPEB) (net position). Subsequent to the posting of the University's share of the Commonwealth's year end accruals related for these pension and other postemployment obligations, total net position is reduced to \$57,456,102.
- Prior to posting of year end accruals related to the Commonwealth of Massachusetts Pension and Other Postemployment Benefits (OPEB), the University's total net position decreased by \$(2,086,345). Pension and insurance expense increased by \$2,907,012 as a result of recording the University's portion of the Commonwealth's pension and other postemployment benefits obligations, resulting in a larger decrease in net position of \$(4,993,357). Overall the revenues earned, when combined with non-operating revenues, exceeded operating expenses excluding depreciation expense (non-cash item) and the additional pension and other postemployment benefits accrual to reflect the University's portion of the Commonwealth's liability.
- The implementation of Government Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, for the fiscal year ended June 30, 2018 requires the posting of a prior period adjustment as of July 1, 2017 to record the University's allocation of the Commonwealth's net OPEB Liability. The prior period adjustment reduced the University's net position at the beginning of the fiscal year by \$37,396,591. This prior period adjustment is similar in nature to the GASB No. 68 adjustment made to the University's financial statements in FY 2015, except the OPEB adjustment is significantly larger.
- The University's net position as July 1, 2017, prior to implementation of GASB No. 75, was \$99,846,050. The net position, subsequent to the adjustment to bring on the University's allocation of the Commonwealth net OPEB liability at the start of the fiscal year, is \$62,449,459. Unrestricted net position from operations as of June 30, 2018 was \$35,831,022 with an offset related to the University's allocation of the Commonwealth's accumulated net retirement obligations of \$18,014,320 related to Pensions and \$39,627,832 related to OPEB, resulting in unrestricted net position of (\$21,811,130).
- Auxiliary Services, specifically Residence Life and Housing, closed the year with an operating surplus in excess of \$600,000, in contrast to a similar operating loss in FY 2017. The year closed in a favorable position, despite occupancy being below 100%, as the result of strict budget oversight that included budget adjustments to reduce spending as a result of a mid- year review

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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 present 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.

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 exceeded liabilities by \$57,456,102 at the close of Fiscal Year 2018.

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, 2018, with comparative data as of June 30, 2017**

	2018	2017
Current and other assets	\$ 53,513,360	\$ 51,803,517
Capital assets	102,366,458	107,486,081
Total assets	155,879,818	159,289,598
Deferred outflows of resources	11,785,378	7,714,625
Non-current outstanding liabilities	84,077,959	46,041,055
Other liabilities	12,953,007	12,939,451
Total liabilities	97,030,966	58,980,506
Deferred inflows of resources	13,178,128	8,117,667
Net position		
Invested in capital assets, net of related debt	79,046,212	83,469,474
Restricted	221,020	305,250
Unrestricted	(21,811,130)	16,071,326
Total net position	\$ 57,456,102	\$ 99,846,050

The following schedule presents an analysis of Worcester State University's net position as of June 30, 2018 and 2017, respectively:

	2018	2017
Invested in capital assets, net	\$ 79,046,212	\$ 83,469,474
Restricted reserves, expendable for:		
Other	90,205	178,233
Capital projects	130,815	127,017
Total restricted reserves, expendable	221,020	305,250
Unrestricted net position		
Accumulated Commonwealth of Massachusetts retirement obligations - Pension	(18,014,320)	(18,674,184)
Accumulated Commonwealth of Massachusetts retirement obligations - OPEB	(39,627,832)	-
Unrestricted reserves from operations	35,831,022	34,745,510
Total net unrestricted reserves	(21,811,130)	16,071,326
Total net position	\$ 57,456,102	\$ 99,846,050

WORCESTER STATE UNIVERSITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A portion of the Worcester State University's net position (less than 1.0%) as of June 30, 2018 represent funds that are subject to external restrictions on how they must be used. Unrestricted net reserves from operations of \$35,831,022 as of June 30, 2018 may be used to meet the University's ongoing obligations to its stakeholders. The University's net position decreased by \$4,993,357 during the year ended June 30, 2018. At the end of the current fiscal year, Worcester State University reports a positive balance in restricted reserves, a positive balance in unrestricted reserves from operations and accumulated net negative obligations for the allocated share of the Commonwealth of Massachusetts pension and OPEB plans.

The University's primary reserve ratio, calculated as expendable net position divided by total expenses, is 34.08% and 34.56%, respectively, for the years ended June 30, 2018 and June 30, 2017. 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.

The implementation of Government Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment benefits Other Than Pensions (OPEB)*, for the fiscal year ended June 30, 2018 requires the posting of a prior period adjustment as of July 1, 2017 to record the University's allocation of the Commonwealth's net OPEB liability. The prior period adjustment reduces University net position at the beginning of the fiscal year by \$37,396,591.

In FY 2014 GASB 68 was implemented which required the annual accrual of the University's allocation of the Commonwealth's net pension liability. In FY 2018, an additional accrual of pension and insurance expense of \$2,907,012 was recorded in order to reflect the University's allocation of the Commonwealth's accrued obligations of pension and OPEB liabilities.

The application of GASB 68 and GASB 75 requires certain reporting and disclosures with regard to the Massachusetts State Employees' Retirement System (MSERS). The authority for establishing and amending these provisions rests with the Massachusetts Legislature, Chapter 32A of the General Laws of the Commonwealth of Massachusetts. The allocation provided to the University from the Commonwealth of Massachusetts Comptroller's Office reflects the University's proportionate share of the net pension liability related to its participation in MSERS. The University's participation in MSERS is directly related to the share of annual payroll costs funded from campus based trust funds in contrast to payroll expended from annual operating appropriations allocated to the University from Commonwealth resources. In FY 2018 payroll funded from campus based trust funds was \$11,336,488, total payroll costs for FY 2018 were \$38,319,515.

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 (5.0)% and (4.25)%, respectively, for the years ended June 30, 2018 and June 30, 2017. This ratio measures total economic return including capital investment and positive operating results. An improving trend indicates increasing net position which provide for increased financial flexibility.

Construction of the Wellness Center was completed in FY 2017 and projects completed in FY 2018 were concentrated on repairs and deferred maintenance, the majority of which were expended as they did not extend the existing useful lives of the structures. While there were smaller scale projects completed during the year, the value of capitalized assets was down significantly compared to the previous years. 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The net operating revenue ratio, calculated as operating income plus non-operating revenue divided by operating revenue plus non-operating revenue, is (5.32)% and (4.64)%, respectively, for the years ended June 30, 2018 and 2017, respectively. The ratio measures whether an institution is living within its available resources. In FY 2018, the University experienced a net loss before other revenue, expenses, gains or losses of \$(5,346,076), including the net posting of year end accruals related to the Commonwealth of Massachusetts pension and other postemployment benefits (OPEB) of \$2,907,012. Overall the revenues generated, when reconciled to exclude the non-cash items (pension accruals, OPEB accruals and depreciation), reflect a cash surplus of \$2,086,345 as compared to the transfer to reserves planned for in the FY 2018 budget of \$2,443,827.

Net capital assets decreased by \$5,119,623 in FY 2018, while depreciation expense on capital assets was \$5,655,439. The University's viability ratio, calculated as expendable net position divided by long term debt, is 1 : 1.53 and 1 : 1.45 respectively, as of June 30, 2018 and June 30, 2017. The viability ratio measures the availability of expendable net position to cover debt as of the statement of net position date. A ratio of 1:1 or greater indicates an institution has sufficient expendable net position to satisfy its debt obligations as of the statement of net position date.

The University's results from operations for the year ended June 30, 2018 were in line with the approved budget for the year. The annual operating budget excludes accruals for depreciation expense and the allocation of Commonwealth of Massachusetts liabilities for pension and OPEB, which significantly impact the presentation of the University's operating results. As anticipated through the budget process the University ended the year with a planned operating surplus in the Capital Improvement Trust Fund and a modest operating surplus in the General Purpose Trust Fund. The results are also consistent with the University's five year capital financing plan which focuses on growth of unrestricted reserves from operations through net revenue accumulation in the Capital Improvement Trust Fund and a targeted annual operating surplus in the General Purpose Trust Fund. While net unrestricted reserves and total net position are significantly impacted by depreciation expense and the required allocation of retirement plan accruals to the University, we are progressing toward University goals with regard to the growth of unrestricted cash within the campus based trust funds.

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, 2018 with comparative data for the year ended June 30, 2017

	2018	2017
Operating Revenues		
Tuition and fees, net of scholarships discounts and allowances	\$ 50,357,398	\$ 48,483,889
Operating grants and contributions	13,902,376	13,007,729
Sales and services of auxiliary enterprises and other sources	796,446	440,172
Total operating revenues	65,056,220	61,931,790
Operating Expenses		
Instruction	36,603,957	35,523,651
Public service	1,512,400	1,270,991
Academic support	7,514,332	7,072,401
Student service	11,253,631	11,153,602
Institutional support	13,849,274	14,397,858
Operations and maintenance of plant	14,219,747	11,230,348
Scholarships	2,634,749	2,763,487
Depreciation	5,655,439	5,328,423
Debt service	695,557	497,152
Auxiliary enterprises	11,839,524	12,170,935
Total operating expense	105,778,610	101,408,848
Net operating loss	(40,722,390)	(39,477,058)
Non-operating revenues (expenses)		
State appropriation, including fringe benefits provided to employees by the Commonwealth, net of tuition remitted to the Commonwealth	35,415,371	35,169,690
Investment income (loss)	(77,486)	(195,547)
Other and transfers	38,429	7,120
Total non-operating revenues	35,376,314	34,981,263
Loss before other revenues, expenses, gains or losses	(5,346,076)	(4,495,795)
Capital appropriations	352,719	62,652
Change in net position	(4,993,357)	(4,433,143)
Net position - July 1	99,846,050	104,279,193
Adoption of accounting principal	(37,396,591)	-
Net position - June 30	\$ 57,456,102	\$ 99,846,050

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

State appropriations for operations, including fringe benefits and net of tuition remission, experienced a net increase in during the year ended June 30, 2018.

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. 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 State appropriations received by the University for the years ending June 30, 2018 and June 30, 2017, respectively.

	2018	2017
State Appropriations	\$ 26,633,223	\$ 26,666,525
Appropriations to cover fringe benefits provided to employees of the Commonwealth	9,264,371	9,065,561
Tuition remitted back to the State	(482,223)	(562,396)
Net appropriations	35,415,371	35,169,690
Additional State capital appropriations	352,719	62,652
Total Appropriations	<u>\$ 35,768,090</u>	<u>\$ 35,232,342</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 State 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, 2018 and 2017, respectively:

	2018	2017	Change
Net Tuition and Fee Revenue	\$ 50,357,398	\$ 48,483,889	\$ 1,873,509
Other Revenue, net of Student Financial Aid	14,698,822	13,447,901	1,250,921
Operational Expenses	(105,778,610)	(101,408,848)	(4,369,762)
Operating loss	(40,722,390)	(39,477,058)	(1,245,332)
Direct State appropriations, fringe benefits for employees on the Commonwealth's payroll, net of remitted tuition to the Commonwealth	35,415,371	35,169,690	245,681
Investment and non-operating income	(39,057)	(188,427)	149,370
Capital appropriations	352,719	62,652	290,067
Change in net position	<u>\$ (4,993,357)</u>	<u>\$ (4,433,143)</u>	<u>\$ (560,214)</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, 2018 amounts to \$102,366,458 net of accumulated depreciation, compared to \$107,486,081 net of accumulated depreciation as of June 30, 2017. The University's investment in capital assets includes, land (including improvements), building (including improvements,) furnishings and equipment, and books. In FY 2018 gross capital assets increased by \$535,815. The increase was related to the replacement of the roof on the Student Center building.

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 \$20,667 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:

The FY 2019 budget cycle began with a detailed review of all accounts by department within each division. This review was conducted over a two day period with participation from division leadership and various budget managers from across the University. A detailed review of this nature has not been performed over the past ten years. The process provided a view into the overall financial framework of the University's operations and a clearer understanding of the manner in which resources are allocated and expended.

Budget discussions primarily focused on increasing demands on resources noting that financial pressures ebb and flow but more recently those pressures have escalated as they are coming from all aspects of the University's operations. It has been noted that 75% of the operating budget is comprised of fixed or semi-fixed costs. Discretionary spending of approximately \$11 million (25% of operating budget) has been subject to scrutiny over recent years and more so during this budget cycle.

The charge for the FY 2019 budget cycle was for each division to identify reductions in the range of 3% - 5% of the overall divisional budgets. The final budget for FY 2019 reflects a collective reduction in discretionary spending lines of 2.67%, as a result of division guided reductions across the University. The reductions achieved through this process have been re-allocated towards the Capital Adaptation and Renewal line to address increasing campus deferred maintenance needs.

Demands on resources to address campus infrastructure are two-fold. Deferred maintenance and adaption projects address the ongoing operational needs of the institution. It has become increasingly difficult to keep up with the cost associated with this work even at a minimal commitment of 5% of university revenues. The 5% figure is a benchmark established for the State University campuses by the Board of Higher Education years ago and requires an additional \$700,000 investment to maintain this level in FY 2019. Long term planning for campus infrastructure requires a multi-year strategy to build unrestricted reserves from operations. The University has a process in place to plan for and assess the results of stabilizing reserves by updating its capital financing plan on an annual basis and focusing on strict budget controls to ensure an annual operating surplus is returned to reserves to provide financial leverage for future large scale capital projects

In June of 2018 the Commonwealth announced a plan to address the backlog of infrastructure repairs on Massachusetts Higher Education campuses. The Governor's Capital Investment Plan includes \$250M over the next five years (FY 19-23) to address Critical Repairs. Critical Repairs projects are smaller scale, building-specific, and involve renewal, repair and replacement of equipment and systems. Critical Repairs projects are managed directly by the individual campuses. The five-year allocation represents a new approach that provides predictable discretionary funds, allows more autonomy in campus prioritization over five years, and addresses the highest priority needs as identified through an independent facility condition assessments. Worcester State University will be receiving \$12.4 million of critical repairs funds over the next five year. When combined with projected local funding of 5% capital adaptation and renewal funds, the University is on track to invest \$32.4 million in campus infrastructure repairs and improvements through 2023.

The most immediate and significant pressure on the budget is annual collective bargaining costs and fringe benefit costs. The increased costs to the FY 2019 operating budget due to these items is approximately \$2 million. While just recently ratified, FY2019 is year two of a three year contract for APA and MSCA members. AFSCME is still in negotiations. The Commonwealth will be funding the retroactive application of negotiated salary increases. The University Board of Trustees voted to fund the projected collective bargaining costs and related fringe benefits with an increase in student fees. A final 2% increase for FY 2020 will be effective July 1, 2019 and will need to be funded by the University in the FY 2020 operating budget.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The comprehensive budget reflects the actions taken by the Board of Trustees in April to fund expected increased costs in FY 2019. The annual increase in the General Fee of \$629 has been distributed to the Capital Adaptation and Renewal budget line at annual rate of increase of \$109 per full time student. The remainder of the annual General Fee increase of \$520 per full time student has been distributed to the Regular Employee (AA) and Staff Benefit Expenses (DD) lines.

The Commonwealth completed its FY 2019 budget process in August 2018. The State University incentive funds were approved as a 1% increase in base appropriation for the campuses. In addition, the cost of collective bargaining increases that went in to effect in the past (FY 2017), and are currently paid from campus resources, have been funded in our base appropriation in a prospective manner.

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.

DISCUSSION DRAFT 1/15/19

FINANCIAL STATEMENTS

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

STATEMENTS OF NET POSITION

JUNE 30, 2018 AND 2017

	Worcester State University		Component Unit Worcester State Foundation	
	2018	2017	2018	2017
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 18,222,388	\$ 16,134,966	\$ 1,464,949	\$ 1,119,146
Cash held by State Treasurer	5,354,491	5,202,770	-	-
Cash held by Foundation	82,004	125,004	-	-
Accounts receivable, net	1,234,089	1,174,544	2,036	2,000
Current portion of loans receivable	196,129	196,129	-	-
Current portion of contributions receivable	-	-	422,410	596,722
Inventories	35,465	34,593	70,540	60,884
Prepaid expenses and other current assets	207,136	180,585	17,017	29,816
Total current assets	<u>25,331,702</u>	<u>23,048,591</u>	<u>1,976,952</u>	<u>1,808,568</u>
Non-current assets:				
Investments	19,868,723	20,046,060	27,418,177	22,008,634
Deposits held with trustee	249,214	249,214	-	-
Loans receivable, less current portion	489,262	649,383	-	-
Contributions receivable, less current portion	-	-	965,109	1,149,939
Other non-current assets	7,574,459	7,810,269	348,747	320,421
Capital assets, net of accumulated depreciation	<u>102,366,458</u>	<u>107,486,081</u>	<u>4,259,184</u>	<u>4,403,923</u>
Total non-current assets	<u>130,548,116</u>	<u>136,241,007</u>	<u>32,991,217</u>	<u>27,882,917</u>
Total assets	<u>155,879,818</u>	<u>159,289,598</u>	<u>34,968,169</u>	<u>29,691,485</u>
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pension and OPEB obligations	11,697,668	7,621,068	-	-
Loss on refunding of long-term debt	87,710	93,557	-	-
Total deferred outflows of resources	<u>11,785,378</u>	<u>7,714,625</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Current portion of bonds payable	680,667	660,667	17,504	14,809
Current portion of capital lease obligation	115,923	412,606	-	-
Accounts payable	1,448,856	1,842,747	93,647	82,166
Accrued payroll and fringe benefits	4,989,805	4,269,045	-	-
Accrued interest and other liabilities	674,976	122,197	39,001	29,239
Funds held for others	-	-	108,446	156,221
Student deposits and unearned revenue	1,313,189	1,853,750	82,369	65,209
Current portion of split-interest agreements	-	-	49,536	49,536
Current portion of accrued workers' compensation	256,260	149,143	-	-
Current portion of accrued compensated absences	<u>3,473,331</u>	<u>3,629,296</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>12,953,007</u>	<u>12,939,451</u>	<u>390,503</u>	<u>397,180</u>
Non-current liabilities:				
Bonds payable, less current portion	22,733,135	23,449,497	2,709,528	2,641,073
Capital lease obligation, less current portion	40,211	115,572	-	-
Split-interest agreements, less current portion	-	-	32,518	77,518
Accrued workers' compensation, less current portion	734,091	640,790	-	-
Accrued compensated absences, less current portion	2,150,057	2,171,167	-	-
Accrued pension and OPEB obligations	57,642,152	18,674,184	-	-
Refundable grant - federal financial assistance program	<u>778,313</u>	<u>989,845</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>97,030,966</u>	<u>58,980,506</u>	<u>3,132,549</u>	<u>3,115,771</u>
DEFERRED INFLOWS OF RESOURCES				
Resources related to pension and OPEB obligations	7,876,600	2,464,365	-	-
Deferred service concession arrangements	<u>5,301,528</u>	<u>5,713,302</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>13,178,128</u>	<u>8,177,667</u>	<u>-</u>	<u>-</u>
NET POSITION				
Invested in capital assets, net	79,046,212	83,469,474	-	-
Restricted - Non-expendable	-	-	17,560,594	14,248,420
Restricted - Expendable	221,020	305,250	10,054,915	8,842,065
Unrestricted	<u>(21,811,130)</u>	<u>16,071,326</u>	<u>4,220,111</u>	<u>3,485,229</u>
Total net position	<u>\$ 57,456,102</u>	<u>\$ 99,846,050</u>	<u>\$ 31,835,620</u>	<u>\$ 26,575,714</u>

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, 2018 AND 2017

	Worcester State University		Component Unit Worcester State Foundation	
	2018	2017	2018	2017
REVENUES				
Operating Revenues:				
Student tuition and fees	\$ 47,455,790	\$ 45,060,846	\$ 408,874	\$ 387,205
Auxiliary enterprises, student housing	12,163,982	11,837,360	-	-
Less: Scholarship discounts and allowance	9,262,374	8,414,317	-	-
Net student tuition and fees	50,357,398	48,483,889	408,874	387,205
Contributions	-	-	2,402,945	2,694,998
Federal grants and contracts	8,133,879	7,144,353	-	-
State and local grants and contracts	1,340,704	1,328,165	-	-
Nongovernmental grants and contracts	3,162,615	3,502,787	-	-
Auxiliary enterprises, other	796,446	440,172	227,550	218,613
Other operating revenues	1,265,178	1,032,424	251,925	261,196
Total operating revenues	65,056,220	61,931,790	3,291,294	3,562,012
EXPENSES				
Operating expenses:				
Instruction	36,603,957	35,523,651	-	-
Public service	1,512,400	1,270,991	-	-
Academic support	7,514,332	7,072,401	-	-
Student services	11,253,631	11,153,602	-	-
Institutional support	13,849,274	14,397,858	1,267,637	1,229,821
Operation and maintenance of plant	14,219,747	11,230,348	137,070	134,189
Scholarship	2,634,749	2,763,487	520,698	524,103
Depreciation	5,655,439	5,328,423	207,874	212,506
Debt service	695,557	497,152	98,453	61,011
Auxiliary enterprises	11,839,524	12,170,935	-	-
Total operating expenses	105,778,610	101,408,848	2,231,732	2,161,630
Operating loss	(40,722,390)	(39,477,058)	1,059,562	1,400,382
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	35,415,371	35,169,690	-	-
Interest and investment income (loss)	(77,486)	(195,547)	1,928,480	2,590,431
Other payments to Worcester State University	-	-	(982,032)	(896,000)
Other non-operating revenues	38,429	7,120	-	-
Net non-operating revenues	35,376,314	34,981,263	946,448	1,694,431
Income (loss) before other revenues, expenses, gains, or losses	(5,346,076)	(4,495,795)	2,006,010	3,094,813
Capital appropriations	352,719	62,652	-	-
Additions to permanent endowments	-	-	3,253,896	1,213,605
Change in net position	(4,993,357)	(4,433,143)	5,259,906	4,308,418
NET POSITION				
Beginning of year	99,846,050	104,279,193	26,575,714	22,267,296
Adoption of accounting principle	(37,396,591)	-	-	-
End of year	\$ 57,456,102	\$ 99,846,050	\$ 31,835,620	\$ 26,575,714

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, 2018 AND 2017

	Primary Government	
	2018	2017
Cash flows from operating activities:		
Student tuition, fees and charges	\$ 47,617,572	\$ 46,805,606
Federal grants and contracts	8,133,879	7,144,353
State and local grants and contracts	1,340,704	1,328,165
Nongovernmental grants and contracts	3,162,615	3,502,787
Auxiliary enterprise charges	796,446	440,172
Employee compensation and fringe benefit payments	(61,594,717)	(63,187,831)
Payments to suppliers	(32,245,818)	(31,249,895)
Interest paid	(142,778)	(571,953)
Loans repaid by students	160,121	109,489
Other receipts	884,756	1,248,504
Net cash used in operating activities	<u>(31,887,220)</u>	<u>(34,430,603)</u>
Cash flows from noncapital financing activities:		
State appropriations	35,415,371	35,169,690
Net deposits	<u>(3,545)</u>	<u>352</u>
Net cash provided by noncapital financing activities	<u>35,411,826</u>	<u>35,170,042</u>
Cash flows from capital and related financing activities:		
Capital appropriations	352,719	62,652
Purchases of capital assets	(474,363)	(8,105,689)
Principal payments of bonds payable	(696,362)	(671,361)
Principal payments of capital lease obligation	(433,497)	(504,924)
Decrease in cash restricted for capital activities	-	-
Decrease in deferred loss on refunding of bonds payable	5,847	5,848
Perkins loan program, net funds paid	(211,532)	(3,933)
Other activities	<u>38,429</u>	<u>7,120</u>
Net cash used in capital and related financing activities	<u>(1,418,759)</u>	<u>(9,210,287)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	2,679,387	7,491,599
Purchases of investments	(3,023,347)	(7,774,380)
Interest and investment income	<u>434,256</u>	<u>519,641</u>
Net cash provided by investing activities	<u>90,296</u>	<u>236,860</u>
Net increase (decrease) in cash and cash equivalents	2,196,143	(8,233,988)
Cash and cash equivalents, beginning of year	<u>21,462,740</u>	<u>29,696,728</u>
Cash and cash equivalents, end of year	<u>\$ 23,658,883</u>	<u>\$ 21,462,740</u>

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, 2018 AND 2017
(Continued)

	Primary Government	
	2018	2017
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (40,722,390)	\$ (39,477,058)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	5,655,439	5,328,423
Amortization of other assets	235,810	235,810
Accretion of deferred service concession arrangements	(411,774)	(411,775)
(Increase) decrease in operating assets and deferred outflows:		
Accounts receivable, net	(59,545)	635,958
Loans receivable	160,121	109,489
Inventories	(872)	(704)
Prepaid expenses and other assets	(16,996)	55,879
Resources related to pension and OPEB obligations	2,907,012	1,543,489
Increase (decrease) in operating liabilities and deferred inflows:		
Accounts payable	(393,891)	(553,296)
Accrued payroll and fringe benefits	720,760	(2,725,940)
Accrued interest and other liabilities	552,779	(74,801)
Accrued workers' compensation	200,418	176,693
Student deposits and unearned revenue	(537,016)	366,570
Accrued compensated absences	(177,075)	360,660
Net cash used in operating activities	<u>\$ (31,887,220)</u>	<u>\$ (34,430,603)</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 under the discretion of the Massachusetts Department of Higher Education. 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, 2018 and 2017, the Foundation distributed \$1,502,730 and \$1,420,103, 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).

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 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.

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.

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 accounting standards. These non-operating activities include the University's operating and capital appropriations from the Commonwealth of Massachusetts, 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.

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.

Subsequent events

The University has evaluated the financial statement impact of subsequent events occurring through October 16, 2018, 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 both the State Treasurer and Worcester State Foundation, Inc. for the benefit of the University and all debt securities with a maturity of three months or less to be cash equivalents.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, temporary investments, and investments (continued)

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.

Fair value measurements

The University follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). This Statement defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements.

The University uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with GASB 72, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based on quoted market prices. However, in many instances, there may be no quoted market prices for the University's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

In accordance with GASB 72, the University groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1: Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurements (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The University's component unit utilizes a similar market approach which uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities

Allowance for doubtful accounts

Accounts receivable are reported at the amount management expects to collect in the future on balances outstanding at year end. Management estimates allowances for losses based on the history of collections and the knowledge acquired about specific items. Adjustments to the allowance are charged to bad debt expense. Interest is not charged on accounts receivable. Uncollectible amounts are written off against the reserve when deemed uncollectible; recoveries are recorded when received. An amount is considered uncollectible when reasonable efforts to collect the account have been exhausted.

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.

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. 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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

State appropriations

The University's unrestricted State appropriations amounted to \$35,897,594 and \$35,732,086 for the years ended June 30, 2018 and 2017, respectively. State supported tuition, in the amounts of \$482,223 and \$562,396 for the years ended June 30, 2018 and 2017, 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 \$57,404 and \$55,808 as of June 30, 2018 and 2017, respectively.

Pension plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related 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.

Other Postemployment benefits plan (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Commonwealth of Massachusetts Postemployment Benefits Other Than Pensions Plan and additions to/deductions from this plan's fiduciary net position have been determined on the same basis as they are reported by the Commonwealth of Massachusetts. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated absences

Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation leave is the amount earned by all eligible employees through June 30, 2018. 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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 83, *Accounting for Certain Asset Retirement Obligations*, is required for periods beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based in the guidance in this statement. Management is in the process of reviewing this statement and potential effects on their financial reporting.

GASB Statement No. 85, *Omnibus 2017*, is required for periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including goodwill, fair value measurements, and postemployment benefits (pensions and other postemployment benefits). Management is in the process of reviewing this statement and potential effects on their financial reporting.

GASB Statement No. 87, *Leases* is required for periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement established as single model for lease accounting based on the foundational principle that leases are financings of the right to use an underling asset. It requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Management is in the process of reviewing this statement and potential effects on their financial reporting.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - ADOPTION OF ACCOUNTING PRINCIPLE

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The objective of this Statement is to improve 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. GASB Statement No. 75 is effective for financial statements for periods beginning after June 15, 2017. 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 other post-employment benefits from which certain University employees receive benefits, along with related deferred inflows and outflows. The adoption of GASB Statement No. 75 resulted in a restatement of opening net position by (\$37,396,591) for the year ended June 30, 2018. As allowed by GASB 75, management has reviewed the available pension information and determined a full restatement of the 2017 financial statements to be impractical.

3 - CASH AND CASH EQUIVALENTS

The University's cash and temporary investments are as follows as of June 30, 2018 and 2017:

	2018	2017
Carrying amount	\$ 18,222,388	\$ 16,134,966
Bank balance	\$ 20,594,083	\$ 18,727,294
Less amounts		
Covered by depository insurance	1,523,204	1,523,204
Collateralized repurchase agreements	13,501,575	11,508,771
Remaining bank balance	\$ 5,569,304	\$ 5,695,319

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, 2018 and 2017, the University held \$228,757 and \$237,734 respectively, in money market funds maintained by its investment custodian.

As of June 30, 2018 and 2017, the University was party to a repurchase agreement with a bank. The value of this agreement was \$13,501,575 and \$11,508,771 as of June 30, 2018 and 2017, respectively.

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

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 \$940,391 and \$1,135,691 as of June 30, 2018 and 2017, respectively. In addition, the State Treasurer held cash for certain University trust funds in the amounts of \$4,414,100 and \$4,067,079 as of June 30, 2018 and 2017, respectively. None of these cash balances are insured or collateralized.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2018 and 2017 are as follows:

	Investment Maturities (in years)			
	Fair Value	Less Than 1	1 to 5	Greater than 5
<u>June 30, 2018</u>				
Investment type				
U.S. Treasuries	\$ 15,329,717	\$ 182,414	\$ 11,093,763	\$ 4,053,540
U.S. Agencies	4,539,006	1,328,709	2,900,542	309,755
Total	<u>\$ 19,868,723</u>	<u>\$ 1,511,123</u>	<u>\$ 13,994,305</u>	<u>\$ 4,363,295</u>
	Investment Maturities (in years)			
	Fair Value	Less Than 1	1 to 5	Greater than 5
<u>June 30, 2017</u>				
Investment type				
U.S. Treasuries	\$ 14,090,728	\$ -	\$ 8,672,573	\$ 5,418,155
U.S. Agencies	5,955,332	1,338,909	4,293,242	323,181
Total	<u>\$ 20,046,060</u>	<u>\$ 1,338,909</u>	<u>\$ 12,965,815</u>	<u>\$ 5,741,336</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 as of June 30, 2017 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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

Custodial Credit Risk (continued)

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

	2018	2017
Interest	\$ 443,811	\$ 485,315
Realized loss on investments	-	(93,223)
Unrealized loss on investments	(521,297)	(587,639)
	<u>\$ (77,486)</u>	<u>\$ (195,547)</u>

Component Unit

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

	2018		2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Money market funds	\$ 371,393	\$ 371,393	\$ 460,364	\$ 460,364
Mutual funds - equity based	12,273,521	15,254,046	10,179,765	12,289,594
Mutual funds - bonds based	6,849,863	6,618,181	4,508,450	4,418,893
Security based investment fund	5,086,768	4,738,805	4,450,575	4,432,437
Limited partnership interest	250,000	435,752	250,000	407,346
	<u>\$ 24,831,545</u>	<u>\$ 27,418,177</u>	<u>\$ 19,849,154</u>	<u>\$ 22,008,634</u>

6 - FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2018 and 2017.

U.S. treasury securities and U.S. agency securities: Valued at the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The University's financial assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy as of June 30, 2018 as follows:

	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Treasuries	\$ 15,329,717	\$ -	\$ -	\$ 15,329,717
U.S. Agencies	4,539,006	-	-	4,539,006
Total investments, at fair value	<u>\$ 19,868,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,868,723</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - FAIR VALUE MEASUREMENTS (Continued)

The University's financial assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy as of June 30, 2017 as follows:

	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Treasuries	\$ 14,090,728	\$ -	\$ -	\$ 14,090,728
U.S. Agencies	5,955,332	-	-	5,955,332
Total investments, at fair value	<u>\$ 20,046,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,046,060</u>

The University does not measure any liabilities at fair value on a recurring or non-recurring basis on the statement of net position.

7 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30, 2018 and 2017:

	2018	2017
Students	\$ 803,705	\$ 664,245
Other	729,741	758,449
	1,533,446	1,422,694
Less: Allowance for uncollectible accounts	299,357	248,150
	<u>\$ 1,234,089</u>	<u>\$ 1,174,544</u>

8 - CONTRIBUTIONS RECEIVABLE – COMPONENT UNIT

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

Payments of contributions receivable as of June 30, 2018 are expected to be received as follows:

2019	\$ 422,410
2020	205,157
2021	169,468
2022	202,905
2023	108,098
Thereafter	387,254
	1,495,292
Less: Discount on contributions receivable	107,773
	<u>\$ 1,387,519</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

9 - 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 as of June 30, 2018 and 2017.

10 - LOANS RECEIVABLE

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 \$685,391 and \$845,512 as of June 30, 2018 and 2017, respectively, represents student loans issued through the Perkins Loans program and consists of the following as of June 30, 2018 and 2017:

	2018	2017
Enrolled students	\$ 139,424	\$ 380,768
Repayment on schedule	234,793	128,047
In default	311,174	336,697
	<u>\$ 685,391</u>	<u>\$ 845,512</u>

11 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 188,650	\$ -	\$ -	\$ 188,650
Construction in process	1,066,764	-	1,066,764	-
Capital assets, being depreciated				
Land improvements	5,273,909	-	-	5,273,909
Buildings, including improvements	153,632,580	1,541,126	-	155,173,706
Furnishings and equipment	13,624,845	61,453	-	13,686,298
Books	-	-	-	-
Total capital assets	<u>173,786,748</u>	<u>1,602,579</u>	<u>1,066,764</u>	<u>174,322,563</u>
Less accumulated depreciation for				
Land improvements	3,899,563	242,348	-	4,141,911
Buildings, including improvements	51,905,634	4,647,895	-	56,553,529
Furnishings and equipment	10,495,470	765,195	-	11,260,665
Total accumulated depreciation	<u>66,300,667</u>	<u>5,655,438</u>	<u>-</u>	<u>71,956,105</u>
Capital assets, net	<u>\$107,486,081</u>	<u>\$ (4,052,859)</u>	<u>\$ 1,066,764</u>	<u>\$102,366,458</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 188,650	\$ -	\$ -	\$ 188,650
Construction in process	48,474,306	14,278,897	61,686,439	1,066,764
Capital assets, being depreciated				
Land improvements	5,273,909	-	-	5,273,909
Buildings, including improvements	100,241,213	53,391,367	-	153,632,580
Furnishings and equipment	11,316,890	2,307,955	-	13,624,845
Books	235,704	-	235,704	-
Total capital assets	165,730,672	69,978,219	61,922,143	173,786,748
Less accumulated depreciation for				
Land improvements	3,657,214	242,349	-	3,899,563
Buildings, including improvements	47,728,335	4,177,299	-	51,905,634
Furnishings and equipment	9,822,398	673,072	-	10,495,470
Total accumulated depreciation	61,207,947	5,092,720	-	66,300,667
Capital assets, net	\$104,522,725	\$ 64,885,499	\$ 61,922,143	\$107,486,081

12 - 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 and 2022 and 2026. 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, 2018 and 2017, in the amounts of \$8,971,063 and \$8,734,911, 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)

13 - DEFERRED SERVICE CONCESSION ARRANGEMENTS

Deferred service concession arrangements as of June 30, 2018 and 2017 in the amounts of \$5,301,528 and \$5,713,302, 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 for the years ended June 2018 and 2017.

14 - LONG-TERM LIABILITIES

Long-term liabilities of the university as of June 30, 2018 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	\$ 24,110,164	\$ -	\$ 696,362	\$ 23,413,802	\$ 680,667
Capital lease obligations	528,178	61,453	433,497	156,134	115,923
Accrued workers' compensation	789,933	200,418	-	990,351	256,260
Accrued compensated absences	5,800,463	-	177,075	5,623,388	3,473,331
Accrued pension and OPEB obligations	18,674,184	38,967,968	-	57,642,152	-
Refundable grant	989,845	-	211,532	778,313	-
	<u>\$ 50,892,767</u>	<u>\$ 39,229,839</u>	<u>\$ 1,518,466</u>	<u>\$ 88,604,140</u>	<u>\$ 4,526,181</u>

Long-term liabilities of the university as of June 30, 2017 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	\$ 24,781,525	\$ -	\$ 671,361	\$ 24,110,164	\$ 660,667
Capital lease obligations	918,614	114,488	504,924	528,178	412,606
Accrued workers' compensation	613,240	368,125	191,432	789,933	149,143
Accrued compensated absences	5,439,803	360,660	-	5,800,463	3,629,296
Accrued pension obligations	18,901,770	-	227,586	18,674,184	-
Refundable grant	993,778	-	3,933	989,845	-
	<u>\$ 51,648,730</u>	<u>\$ 843,273</u>	<u>\$ 1,599,236</u>	<u>\$ 50,892,767</u>	<u>\$ 4,851,712</u>

15 - BONDS PAYABLE

(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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

15 - BOND PAYABLE (Continued)

(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 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, 2018, was \$5,848. The remaining loss to be amortized as June 30, 2018 is \$87,709.

(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, 2018 is as follows:

	2018	2017
(A) Bond payable, MDFA 2007 Series	\$ 82,667	\$ 103,333
(B) Bond payable, MDFA 2012 Series	9,489,342	9,784,965
(C) Bond payable, MSCBA	13,841,793	14,221,866
	23,413,802	24,110,164
Less: Current maturities	680,667	660,667
	<u>\$ 22,733,135</u>	<u>\$ 23,449,497</u>

Debt service requirements as of June 30, 2018 are as follows:

Year Ended June 30	Principal	Interest
2019	\$ 680,667	\$ 705,948
2020	705,667	679,088
2021	730,667	654,488
2022	760,667	623,363
2023	770,000	593,563
2024 - 2028	5,985,000	2,434,233
2029 - 2033	6,910,000	1,492,125
2034 - 2038	3,205,000	733,650
2039 - 2043	2,930,000	223,050
	22,677,668	8,139,508
Unamortized premium	736,134	-
	<u>\$ 23,413,802</u>	<u>\$ 8,139,508</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

16 - 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 \$6,420 for 2018 and 2017, respectively.

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

	2018	2017
Buildings, including improvements	\$ 789,809	\$ 789,809
Furnishings and equipment	1,019,371	957,918
Total capital assets	1,809,180	1,747,727
Less: Accumulated depreciation	1,250,496	990,365
	<u>\$ 558,684</u>	<u>\$ 757,362</u>

Future minimum lease payments under leases, together with the present value of future minimum lease payments as of June 30, 2018 are as follows:

Year Ending	Capital Lease	Operating Lease
2019	\$ 118,459	\$ 51,235
2020	39,316	6,420
2021	1,535	1,070
Total minimum lease payments	159,310	<u>\$ 58,725</u>
Less: Amount representing interest	3,176	
Present value of minimum lease payments	<u>\$ 156,134</u>	

17 - NET POSITION

Unrestricted net position from operations is not subject to externally imposed stipulations; however, it may be subject to internal restrictions. For example, unrestricted net position from operations 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, 2018 and 2017, unrestricted net position from operations of \$18,020,120 and \$15,967,165, respectively, has been internally designated by the University for future capital investments. Undesignated unrestricted net position from operations was \$35,831,022 and \$34,745,510 as of June 30, 2018 and 2017, 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 as of June 30:

	2018	2017
Restricted - expendable		
Capital projects	\$ 130,815	\$ 127,017
Scholarships and other grants	90,205	178,233
	<u>\$ 221,020</u>	<u>\$ 305,250</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

17 - NET POSITION (Continued)

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.

18 - 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, 2018 and 2017 of \$2,658,463 and \$2,540,363 respectively, has been recorded as accrued payroll in the financial statements.

19 - 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, 2018 and 2017. Based upon the Commonwealth's analyses, accrued workers' compensation in the amount of \$990,351 and \$789,933 as of June 30, 2018 and 2017, respectively have been recorded in the unrestricted current fund. Workers' compensation expense charged to operations was \$601,826 and \$368,125 in 2018 and 2017, respectively. The actual workers' compensation paid by the University was \$391,868 and \$194,479 in 2018 and 2017, respectively.

20 - ACCRUED COMPENSATED ABSENCES

Included in accrued compensated absences are \$2,921,378 for accrued vacation time and \$2,702,010 for accrued sick time as of June 30, 2018 and \$3,011,553 for accrued vacation time and \$2,788,910 for accrued sick time as of June 30, 2017. Of these balances, \$262,485 and \$257,059 for June 30, 2018 and 2017, respectively, represent obligations due to employees funded through sources other than State appropriations, and \$5,360,903 and \$5,543,404 as of June 30, 2018 and 2017, 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.

21 - 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 2018, the University reimbursed the State a total of \$4,712,200 (\$1,730,320 for pensions and \$2,981,880 for health care premiums). For 2017, the University reimbursed the State a total of \$4,925,072 (\$1,586,119 for pensions and \$3,338,953 for health care premiums).

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

22 - RETIREMENT PLAN

The University reports a liability, deferred outflows and 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:

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 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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

22 - RETIREMENT PLAN (Continued)

Contributions (continued)

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 11.78% and 9.95% of annual covered payroll for the fiscal years ended June 30, 2018 and June 30, 2017, respectively. The University contributed \$1,421,424 and \$1,098,173 for the fiscal years ended June 30, 2018 and June 30, 2017, equal to 100% of the required contributions for the year.

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

As of June 30, 2018 and 2017, the University reported a net pension liability of \$18,014,320 and \$18,674,184 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, 2017, 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 2017 and 2016. The Commonwealth's proportionate share was based on actual employer contributions to the MSERS for fiscal years 2017 and 2016 relative to total contributions of all participating employers for each respective fiscal year. As of June 30, 2017 and 2016, the University's proportion was 0.153% and 0.147% respectively. For the year end June 30, 2018 and 2017, the University recognized pension expense of \$2,435,838 and \$2,655,639, respectively.

As of June 30, 2018 and 2017, the University reported in the statement of net position deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2018	2017
Deferred outflows of resources:		
Change in plan actuarial assumptions	\$ 1,874,665	\$ 2,070,843
Differences between expected and actual experience	696,507	886,974
Changes in proportion from Commonwealth of due to internal allocation	2,091,868	2,311,515
Differences between projected and actual earnings on plan investments	-	1,253,563
Contributions subsequent to the measurement date	1,421,424	1,098,173
	<u>\$ 6,084,464</u>	<u>\$ 7,621,068</u>
Deferred inflows of resources:		
Differences between projected and actual earnings on plan investments	\$ 214,641	\$ -
Differences between expected and actual experience	490,124	-
Changes in proportion from Commonwealth of due to internal allocation	1,897,273	2,464,365
	<u>\$ 2,602,038</u>	<u>\$ 2,464,365</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

22 - RETIREMENT PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources (continued)

Contributions of \$1,421,424 and \$1,098,173, respectively, are reported as deferred outflows of resources related to pensions resulting from the University contributions in fiscal year 2018 and 2017 subsequent to the measurement date, which will be recognized as a reduction of the net pension liability for the year ended June 30, 2019 and 2018. 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:

2019	\$ 889,572
2020	1,375,745
2021	17,456
2022	(219,043)
2023	(2,728)
	<u>\$ 2,061,002</u>

Actuarial Assumptions

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

	<u>2017</u>	<u>2016</u>
Cost of living increases (on the first \$13,000 per year for 2017)	3.0%	3.0%
Salary increases	4.0 to 9.0%	4.0% to 9.0%
Investment rate of return	7.5%	7.5%
Interest rate credit to the annuity savings fund	3.5%	3.5%

Pre-retirement mortality rates reflect the RP-2014 Blue Collar Employees Table, projected generationally with Scale MP-2016 and set forward one year for females. Post-retirement mortality rates reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward one year for females. Mortality rates for disability were assumed to be in accordance with the RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2015 (gender distinct).

Experience studies were performed as of February 27, 2014, encompassing the period January 1, 2006 to December 31, 2011.

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, 2017 and 2016 are summarized in the following table:

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

22 - RETIREMENT PLAN (Continued)

Actuarial Assumptions (continued)

Asset Class	Target allocation	Long-term expected real Rate of return	
		2017	2016
Global equity	40%	5.00%	6.90%
Core fixed income	12%	1.10%	1.60%
Hedge funds	0%	3.60%	4.00%
Private equity	11%	6.60%	8.70%
Real estate	10%	3.60%	4.60%
Value added fixed income	10%	3.80%	4.80%
Portfolio completion strategies	13%	3.60%	3.60%
Timber/natural resources	4%	3.20%	5.40%
Total	100%		

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for 2017 and 2016. 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.

Sensitivity Analysis

The following illustrates the sensitivity of the net pension liability to changes in the discount rate as of June 30, 2017 and 2016. In particular, the table presents the MSERS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one percentage-point higher than the current discount rate:

	2017	2016
1% decrease to 6.5%	\$ 24,534,754	\$ 23,957,506
Current discount rate 7.5%	18,014,320	18,674,184
1% increase to 8.5%	12,761,954	13,876,123

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The University reports a liability, deferred outflows and inflows of resources, and expense as a result of its statutory requirement to contribute to the Commonwealth of Massachusetts Postemployment Benefits Other than Pensions (OPEB) Plan. The following information is about the OPEB Plan:

Plan Description

The Commonwealth of Massachusetts Postemployment Benefits Other than Pensions (OPEB) Plan covers 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 Commonwealth of Massachusetts. Under the cost-sharing plan, certain benefits for retired 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 obligations to the plan. The plan provides health care and life insurance to plan members and beneficiaries.

Benefit Provisions

Chapter 32A of the General Laws of the Commonwealth (MGL), requires the Commonwealth of Massachusetts to provide certain health care and life insurance benefits for retired employees. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care/benefit costs, which are compatible to contributions required from employees.

Contributions

Employer and employee contribution rates are set in MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2017 and 2016 and as of the valuation date (January 1, 2017), Commonwealth participants contributed 0% to 20% of premium costs, depending on the date of hire and whether the participant is active, retiree, or survivor status. As part of the FY10 General Appropriation Act, all active employees pay an additional 5% of premium costs.

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

As of June 30, 2018 the University reported a net OPEB liability of \$39,627,832 for its proportionate share of the net OPEB liability related to its participation in the OPEB Plan. At July 1, 2017 the University had a net OPEB liability of \$38,278,622 for its proportionate share of the net OPEB liability related to its participation in the OPEB Plan. The net OPEB liability was measured as of June 30, 2017, the measurement date, as determined by an actuarial valuation. The University's proportion of the net OPEB liability was based on its share of the Commonwealth of Massachusetts' collective OPEB amounts allocated on the basis of actual fringe benefit charges assessed the University for the fiscal years 2017 and 2016. The Commonwealth's proportionate share was based on actual employer contributions to the OPEB Plan for fiscal years 2017 relative to total contributions of all participating employers for each respective fiscal year. As of June 30, 2017 and 2016, the University's proportion was 0.210% and 0.184% respectively. For the year end June 30, 2018, the University recognized OPEB expense of \$2,968,787.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources (continued)

As of June 30, 2018, the University reported in the statement of net position deferred outflows and deferred inflows of resources related to postemployment benefits other than pensions from the following sources:

Deferred outflows of resources:

Changes in proportion from Commonwealth of due to internal allocation	\$ 4,537,016
Contributions subsequent to the measurement date	<u>1,076,188</u>
	<u>\$ 5,613,204</u>

Deferred inflows of resources:

Change in plan actuarial assumptions	\$ 5,106,724
Differences between expected and actual experience	103,768
Differences between projected and actual earnings on plan investments	<u>64,070</u>
	<u>\$ 5,274,562</u>

Contributions of \$1,076,188 are reported as deferred outflows of resources related to pensions resulting from the University contributions in fiscal year 2018 subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability for the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction in OPEB expense as follows:

2019	\$ 30,451
2020	30,451
2021	30,451
2022	30,451
2023	<u>(859,350)</u>
	<u>\$ (737,546)</u>

Actuarial Assumptions

The total OPEB liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of January 1, 2017 rolled back to June 30, 2016. The total OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017. This valuation used the following assumptions:

1. The following annual healthcare cost trend rates: (1) 8.5%, decreasing by 0.5% each year to an ultimate rate of 5.0% in 2024 for medical, (2) 5.0% for EGWP and (3) 5.0% for administration costs.
2. The mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2016 from the central year, with females set forward one year.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Actuarial Assumptions (continued)

1. Participation rates:

- a. 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over age 65 with POS/PPO coverage switch to HMO.
- b. All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- c. 80% of current and future contingent eligible participants will elect health care benefits at age 65, or current age if later.
- d. Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	Retirement Age	
	Under 65	Age 65+
Indemnity	40.0%	85.0%
POS/PPO	50.0%	0.0%
HMO	10.0%	15.0%

Investment assets of the Plan are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on OPEB 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 asset allocation as of June 30, 2017 and 2016 are summarized in the following table:

Asset Class	Target allocation	Long-term expected real Rate of return	
		2017	2016
Global equity	40%	5.00%	6.90%
Portfolio completion strategies	13%	3.60%	3.60%
Core fixed income	12%	1.11%	1.60%
Private equity	11%	6.60%	8.70%
Value added fixed income	10%	3.80%	4.80%
Real Estate	10%	3.60%	4.60%
Timber/natural resources	4%	3.20%	5.40%
Hedge funds	0%	3.60%	4.00%
Total	100%		

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Discount Rate

The discount rates used to measure the OPEB liability as of June 30, 2017 was 3.63. This rate was based on a blend of the Bond Buyer Index rates of 3.58% respectively as of the measurement date of June 30, 2017 and the expected rates of return. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2023. Therefore, the long-term expected rate of return on plan investments of 7.50% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2017.

Sensitivity Analysis

The following presents the net OPEB liability of the University calculated the discount rate we as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one percentage-point higher than the current discount rate:

	2017
1% decrease to 2.63%	\$ 43,603,875
Current discount rate 3.63%	39,627,832
1% increase to 4.63%	29,950,842

The following presents the net OPEB liability of the University, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rate:

	2017
1% decrease to 8.0% for Medical and 4% for EGWP and Administrative costs	\$ 29,517,335
Current discount rate 9.0% for Medical and 5% for EGWP and Administrative costs	39,627,832
1% increase to 10.0% for Medical and 6% for EGWP and Administrative costs	44,457,462

24 - 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 2018 were \$3,401,877 and \$5,862,495, respectively. The estimated amounts of funding attributable for the State retirement system contribution and the employer's share of health care premiums for 2017 were \$2,919,554 and \$6,145,977, respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

25 - 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.

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

	2018	2017
Direct unrestricted appropriations	\$ 26,633,223	\$ 26,666,525
Fringe benefits for benefitted employees on state payroll	9,264,372	9,065,561
Tuition remitted	(482,224)	(562,396)
Total appropriations	<u>\$ 35,415,371</u>	<u>\$ 35,169,690</u>

A reconciliation between the University and MMARS fund 901 activity as of June 30, 2018 is as follows:

Revenue per MMARS	\$ 74,570,160
Revenue per University	<u>74,716,927</u>
Net reporting classification and differences	<u>\$ (146,767)</u>

26 - 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, 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, 2018 and 2017. 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 \$329,178 and \$318,841 for the years ended June 30, 2018 and 2017 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 \$122,296 and \$92,775 during the years ended June 30, 2018 and 2017, respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

27 - 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, 2018 and 2017 are as follows:

	2018		2017	
	Residence Life and Housing	Health Services	Residence Life and Housing	Health Services
Total revenue	\$ 12,514,466	\$ 447,962	\$ 11,837,360	\$ 440,172
Total expenses	11,884,854	477,507	12,398,177	483,289
Increase (decrease) in net position before transfers	<u>\$ 629,612</u>	<u>\$ (29,545)</u>	<u>\$ (560,817)</u>	<u>\$ (43,117)</u>

28 - 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.

29 - RECLASSIFICATIONS

Certain reclassifications have been made to the 2017 financial statements, with no effect on change in net position, to conform to the 2018 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, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U. S. Department of Education:				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	\$ 349,544
Federal Work Study Program	84.033	N/A	N/A	145,986
Federal Perkins Loans	84.038	N/A	N/A	955,001
Federal Pell Grant Program	84.063	N/A	N/A	7,390,920
Federal Direct Student Loans	84.268	N/A	N/A	<u>22,401,926</u>
Total Student Financial Assistance Cluster				31,243,377
Passed through Worcester Public Schools				
Higher Education - Institutional Aid	84.031	50S35617/50512317	N/A	118,404
21st Century Community Learning Centers	84.287	50S16818	N/A	<u>15,000</u>
Total Passed through Worcester Public Schools				133,404
Passed through the Massachusetts Department of Elementary and Secondary Education				
Career and Technical Education - Basic Grants to States	84.048	N/A	N/A	29,388
Passed through the Massachusetts Department of Higher Education				
Improving Teacher Quality State Grants	84.367	ISARGT70661574WOR15A	N/A	470,893
Passed through U.S. Department of Education Institute of Education Sciences				
Education Research Grants	84.305A	IESANGGORO00	N/A	123,919
Total U. S. Department of Education				<u>32,000,981</u>
National Science Foundation				
Geosciences	47.050	N/A	N/A	<u>39,735</u>
Office of Personnel Management				
Intergovernmental Personnel Act (IPA) Mobility Program	27.011	N/A	N/A	<u>108,151</u>
Human Resource Services Administration				
Passed through Quinsigamond Community College Nursing Workforce Diversity	93.178	1D19HP30851-01-00	N/A	<u>41,751</u>
U.S. Department of the Treasury				
Passed through Worcester Community Action Council, Inc. VITA Matching Grant Program	21.009	5500	N/A	<u>4,505</u>
				<u>\$ 32,195,123</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

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, 2018. 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 position, 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 University 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 are limited as to reimbursement. 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.

Indirect cost rate

The University 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 \$750,000 to be Type A programs. Type A programs with expenditures that, in the aggregate, encompass at least twenty 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 percent of total expenditures. Accordingly, certain Type B programs may be identified as major programs.

3 - FEDERAL STUDENT LOAN PROGRAMS

The federal student loan programs listed subsequently are 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 University did not make any new loans during 2018. The balance of loans outstanding at June 30, 2018 consists of:

	Outstanding Balance as of June 30, 2018
CFDA Number 84.038	
Perkins Loan Program	\$ 685,391

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

3 - FEDERAL STUDENT LOAN PROGRAMS (Continued)

Federally-guaranteed loans issued to students of the University during the year ended June 30, 2018 are summarized as follows:

	Disbursements for the year ended <u>June 30, 2018</u>
CFDA Number 84.268	
Federal Direct Student Loans	\$ 22,401,926

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, 2018.

4 - ADMINISTRATIVE COST ALLOWANCES

The Student Financial Aid Administrative Cost Allowances for the year ended June 30, 2018 are as follows:

Pell	\$ 9,420
------	----------

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

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, 2018, 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 _____, 2019.

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.

Worcester, Massachusetts
_____, 2019

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

Report on Compliance for each Major Federal Program

We have audited Worcester State University's, an agency of the Commonwealth of Massachusetts, and Worcester State Foundation, Inc.'s, 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, 2018. The University's major federal programs are identified in the summary of 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, 2018.

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.

Worcester, Massachusetts

_____, 2019

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes X No

Significant deficiency(ies) identified?

Yes X None Reported

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?

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:

CFDA Number(s)

Name of Federal Program or Cluster

Student Financial Assistance Cluster:

84.007

Federal Supplemental Educational Opportunity Grant

84.033

Federal Work Study Program

84.038

Federal Perkins Loans

84.063

Federal Pell Grant Program

84.268

Federal Direct Student Loans

Dollar threshold used to distinguish between type A and type B programs

\$750,000

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, 2018
(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, 2018, 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 financial statements of Worcester State University as of and for the year ended June 30, 2018.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Internal Control Over Compliance

No matters were reported as of and for the year ended June 30, 2018.

B. Compliance Findings

No matters were reported as of and for the year ended June 30, 2018.

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2018

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.

DISCUSSION DRAFT 1/15/19

**DECLARATION OF OFFICIAL INTENT OF WORCESTER STATE UNIVERSITY TO REIMBURSE CERTAIN
EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS**

WHEREAS, Worcester State University (the "Borrower") intends to acquire by purchase the property known as and located at 280 May Street in Worcester, Massachusetts with buildings thereon (the "Property") and to design and construct improvements on the Property, including but not limited to the abatement of hazardous materials, the demolition and/or renovation of existing buildings, the construction of new buildings, the furnishing and equipping of the existing building(s) and/or new building(s), and all other costs incidental or related thereto (the "Project").

WHEREAS, the Borrower expects to pay certain capital expenditures (the "Reimbursement Expenditures") in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis;

WHEREAS, the Borrower reasonably expects that debt obligations in an amount not expected to exceed \$40,000,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Borrower to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing:

NOW, THEREFORE, the Borrower declares:

Section 1. The Borrower finds and determines that the foregoing recitals are true and correct.

Section 2. This declaration is made solely for the purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Borrower to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. The Borrower hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.

Section 4. This declaration shall take effect from and after its adoption.

The undersigned, Chair of the Board of Trustees of the Borrower, hereby certifies that the foregoing is a full, true and correct copy of the declaration of said Borrower duly made by vote at a meeting of the Board of Trustees thereof, held on the date specified below or otherwise duly adopted by the undersigned as of the date specified below.

Dated: _____, 2019

[Name]

[Title]

Memorandum

DATE: February 25, 2019

TO: Barry M. Maloney, President

FROM: Kathleen Eichelroth, Vice President for Administration and Finance



RE: RESOLUTION REGARDING FUTURE BOND PROCEEDS

The University has engaged the MSCBA to oversee the initial planning study for the property located at 280 May Street currently owned by Worcester State Foundation. As we embark on this process we are looking toward the possibility of the University funding the project, partially, or in whole, through the issuance of tax-exempt bonds. It is in the University's best interest to capture all project related costs that meet eligibility criteria for tax-exempt financing including expenditures made prior to the development and approval of a complete financing plan.

The attached resolution provides for the capture of all eligible expenditures related to the property located at 280 May Street referred to as the "Project". Expenditures deemed eligible under tax exempt financing regulations incurred by the University subsequent to the approval of this resolution could be reimbursed through a future tax exempt bond issue. This strategy was deployed in the past when tax-exempt bonds were issued in 2002 to finance the renovations of the Sullivan Building.

The resolution indicates a bond issue ceiling of \$40M. While we are uncertain at this time how much of this project would be financed through the issuance of tax-exempt bonds, the strategy is to provide a generous ceiling. Once a financing plan has been developed for the project, the terms surrounding any tax-exempt financing would be presented to the Board and require a series of votes at which time the maximum borrowing for the project would be approved.

Also attached is a summary of the "Requirements for Reimbursement of Expenditures from Proceeds of Tax-Exempt Bonds" that was provided to the University by a partner at Hinckley Allen whom the administration has worked with in the past on the 2002 bond refunding that occurred in 2012.

Declaration of Official Intent

A declaration of official intent may be in any reasonable form, but must meet the following requirements:

(1) The declaration must contain either a general description of the project to which the reimbursement relates or identify by name and function the fund or account from which the expenditure is to be paid; and

(2) The declaration must state the maximum principal amount of bonds expected to be issued for the project.

The regulations do permit "reasonable deviations" between the project described and the facility actually acquired or constructed, but it is always important to take care in crafting the project description in the declaration.

The issuer (or the 501(c)(3) organization) may designate the person or person authorized to declare the reasonable official intent.

In addition to these two more or less specific requirements, a declaration of official intent must be reasonable. That is, there must be a reasonable expectation that the expenditures in question actually will be reimbursed from the proceeds of a borrowing. Under the regulations, whether an expectation to reimburse is reasonable is based on all relevant facts and circumstances. Declarations of official intent adopted as a matter of course or in consistently excessive amounts may be treated under the regulations as unreasonable and therefore may not support reimbursement allocations from bond proceeds.

The official intent requirement is not applicable to preliminary project

expenditures (such as architectural, engineering or bond issuance costs) not exceeding 20% of the portion of the issue financing the project. A de minimis rule also permits reimbursements in amounts up to the lesser of 5% of the bond proceeds or \$100,000 without a declaration of official intent.

Declarations of official intent may be documented in any reasonable form. Attached hereto as Appendix A is a "paint-by-numbers" form for documenting a declaration of official intent. This form can be used by governmental users and 501(c)(3) organizations. As a practical matter, this form may be most useful to those who may not have rigorously documented such declarations in the past.

Of course, the precise form of any declaration of official intent will depend in part on applicable state and local laws, charters and bylaws, and on the facts and circumstances affecting a particular issuer or borrower. Care should be taken to ensure, however, that all of the essential elements required by the reimbursement regulations are present.

Allocation Procedure

In order for reimbursement bond proceeds to be considered spent, the proceeds must be allocated to a previously-incurred expenditure. This is accomplished by entering on the books or records of the issuer an allocation of bond proceeds either (i) to an actual prior expenditure to be reimbursed, or (ii) in the case of a reimbursement of a fund or account, to the fund or account from which the expenditure was paid. In most cases this can be done in the section of the bond indenture describing the initial application of bond proceeds or in a closing certificate.

Refundings of Taxable Debt

Where the proceeds of a tax-exempt bond issue are used to refinance taxable debt, the expenditure of the proceeds of the taxable debt must be scrutinized. If the proceeds of the taxable debt were themselves used to reimburse prior expenditures, those expenditures themselves must be tested for compliance with the reimbursement rules. Accordingly, issuers and 501(c)(3) borrowers generally may borrow on a taxable basis for future expenditures or prior expenditures for which a proper official intent was declared and refund the taxable debt with tax-exempt bonds at any reasonable time in the future.

Prepared by:

Antonio D. Martini
amartini@hinkleyallen.com

Hinkley Allen & Snyder LLP
28 State Street
Boston, MA 02109
(617) 345-9000

Notice of Forthcoming Design Study for May Street Building

1 message

President's Office <presidentsoffice@worchester.edu>

Tue, Jan 29, 2019 at 4:34 PM

Cc: Barry Maloney <bmaloney@worchester.edu>, Carl Herrin <caherrin@worchester.edu>, Julie Kazarian <jkazarian@worchester.edu>, Kathleen Eichelroth <keichelroth@worchester.edu>, Lois Wims <lwims@worchester.edu>, Maureen Stokes <mstokes@worchester.edu>, Nicole Kapurch <nkapurch@worchester.edu>, Renae Lias Claffey <rliasclaffey@worchester.edu>, Ryan Forsythe <rforsythe@worchester.edu>, Stacey Luster <sluster@worchester.edu>, Thomas McNamara <tmcnamara@worchester.edu>, Camilla Caffrey <camilla.caffrey@worchester.edu>, Tara Hancock <thancock@worchester.edu>, Louise Taylor <ltaylor1@worchester.edu>, "Judith St. Amand" <jstamand@worchester.edu>

Dear Members of the WSU Board of Trustees, Foundation Board, and Alumni Association's Advisory Board:

Through an agreement with the Massachusetts State College Building Authority (MSCBA), Worcester State University is this week seeking to engage an architectural firm to provide design services that will focus on programming, site development and test fit options for the May Street Building property ([280 May Street](#), formerly the Temple Emanuel). This Wednesday, the MSCBA is expected to publicly issue a Request for Quote (RFQ), seeking a firm to undertake this project. Following the RFQ process, we expect the chosen firm to commence work later this semester, with a target to present its study results in September.

This effort to engage an architectural firm is the next step in our plans to provide new, multi-use and multi-functional classroom and other academic and co-curricular space in the May Street Building to augment existing capacity, with a particular objective of permitting the University to provide expanded specialized laboratory space in the Ghosh Science and Technology Building. As you may recall, the University received an initial report from Rickes Associates in March 2017 ("Focused Departmental and Functional Space Needs Analysis") that outlined preliminary options to address academic space needs through utilization of space that would be available from a renovated May Street Building.

This design stage builds on the Rickes study and follows deliberations involving key senior staff and a working group of trustees and foundation board members. The consultation process reflects that the property is owned by the Worcester State Foundation, and that the construction project represents a significant new capital commitment for the University. We expect that working group to remain engaged throughout this next stage in bringing a refreshed May Street Building on-line for our students and faculty.

The intensive period of design work will result in a formal plan for development of the May Street Building site -- which may involve a combination of demolition, renovation, and new construction. The actual construction work follows this process, and decisions on the scope of the project, its costs and financing, and the creation of a construction plan all remain to be determined. It is expected to be more than a year before a shovel is put in the ground.

The *Telegram and Gazette* recently covered a forthcoming MSCBA study on Chandler Village, and, about a year ago, the initiation of the study of the Student Center project. Additionally, the University has been studying additional parking options, as this persists as a student and neighborhood concern.

Media coverage may fuel speculation that we are embarking upon a period of major construction and consequent disruption. Let me assure you that these projects will be phased to ensure smooth operations on campus, and the impact is likely to be far less than was experienced when we were constructing

Sheehan Hall and the Wellness Center. That said, the University is a prudent steward of its and the Commonwealth's capital assets, and is committed to providing facilities that enable a high-quality educational experience for its students.

Please don't hesitate to contact Kathy Eichelroth, Vice President of Administration and Finance (keichelroth@worchester.edu), if you have any questions or concerns about this project. Matters involving the media -- including press calls requesting comments -- should be directed to Maureen Stokes, Assistant Vice President for Communications and Marketing (mstokes@worchester.edu).

As always, thank you for your ongoing support of Worcester State University.

Sincerely,

Barry

Tuesday, March 12, 2019
Worcester State University

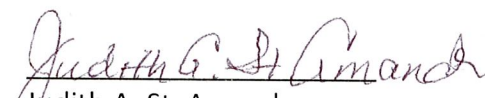
Board of Trustees Meeting 6:30 p.m.
Wellness Center, Room 204



AMENDED (3-6-19)
NOTICE

THE WORCESTER STATE UNIVERSITY BOARD OF TRUSTEES WILL MEET ON TUESDAY,
MARCH 12, 2019 AT 6:30 P.M. IN ROOM 204 OF THE WELLNESS CENTER.

1. CALL TO ORDER
2. *VOTES
3. APPROVAL OF MINUTES – *November 13, 2018
4. CHAIR OF THE BOARD UPDATE
5. *PRESIDENT'S REPORT
 - 5A) *Master of Public Management
 - 5B) *Homeless Student Housing
 - 5C) *Title IX Update
 - *COP Comments on Proposed Title IX Changes
 - 5D) *Institutional Advancement Update
 - 5E) Enrollment Update
 - 5F) Art & Science Report of Findings
 - 5G) *Research Report: *Consequences of State Disinvestment in Public Higher Education: Lessons for New England States*
6. FINANCE & FACILITIES COMMITTEE REPORT
7. *APPROVAL OF NOMINEES FOR SPEAKER/AWARDS POOL
8. *APPROVAL OF 2019 COMMENCEMENT SPEAKER AND **APPROVAL OF COMMUNITY SERVICE AWARD – Renee King, Class of 2012**
9. OTHER BUSINESS
10. ADJOURNMENT


Judith A. St. Amand
March 5, 2019

VOTES
Amended (3-6-19)

Upon a motion made and seconded, it was

VOTED: to approve the *minutes of November 13, 2018* as submitted.

Upon a motion made and seconded, it was

VOTED: to accept the report of the Finance & Facilities Committee and approve *the FY 2018 Federal Funds Draft Audit Report as presented.*

Upon a motion made and seconded, it was

VOTED: to accept the report of the Finance & Facilities Committee and approve *The Declaration of Official Intent of Worcester State University to Reimburse Certain Expenditures from Proceeds of Indebtedness as presented* for property located at 280 May Street.

Upon a motion made and seconded, it was

VOTED: to approve *the following nominees for inclusion in the Speaker/Awards pool:*

Commencement Speaker:

Noam Chomsky

Neil Degrasse Tyson

Maura Healy

Roald Hoffmann

Renee King

Dominique Morisseau

Steven Pinker

Billy Starr

Commencement Speaker and Community Service Award

Navyn Salem

WSU Board of Trustees

March 12, 2019

VOTES

Upon a motion made and seconded, it was

VOTED: ***to approve Renee King, Class of 2012, as the 2019 Undergraduate Commencement Speaker and to award her the Community Service Award.***

Upon a motion made and seconded, it was

VOTED: to ***adjourn the meeting at***

**WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES**

November 13, 2018

PRESENT: Trustee Craig Blais, Chair
Trustee Maryanne Hammond, Vice-Chair
Trustee Stephen Madaus, Vice-Chair
Trustee Lisa Colombo
Trustee Aleta Fazzone
Trustee Manasseh Konadu
Trustee Dina Nichols
Trustee Shirley Steele
Trustee David Tuttle
President Barry Maloney, Ex-Officio Non-Voting Member
Ms. Judith St. Amand, Assistant Secretary

ABSENT: Trustee Karen LaFond

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 Tuesday, November 13, 2018 in the Multi-Purpose room in Sheehan Hall. Trustee Blais called the meeting to order at 6:30 p.m.

WOMEN'S CROSS COUNTRY TEAM – MSCAC Champions

- President Maloney introduced Mike Mudd, Athletic Director, who proudly announced that the 2018 Women's Cross Country Team, led by first year coach DJ Raboin, won their second consecutive MASCAC Team Champions this past fall season
- He introduced Coach Raboin who was joined by team members Kelsey Beard, Mia Rogers and Elisabeth Olson:
 - Kelsey Bedard*** – a senior Elementary major and team co-captain, is an 8-time member of the MASCAC All-Academic Team and carries a 3.75 cumulative GPA – she finished 10th overall
 - Mia Rogers*** - a senior Computer Science major is also a team co-captain and a 5-time member of the MASCAC All- Academic Team and carries a 3.70 cumulative GPA. She studied abroad during spring of 2018 and recently finished 3rd overall in MASCAC Championship and 14th in Northeast Regionals. She is WSU's first ever women's cross country runner to participate in the NCAA Championships scheduled for this weekend in Wisconsin
 - Elisabeth Olson*** – a junior Public Health major and 6-time member of the MASCAC All-Academic Team and carries a 3.42 GPA. Recently became WSU's second ever winner of the MASCAC Women's Individual Cross Country Championship and first since 2004
- The Board congratulated the group and thanked them for their hard work both on and off the track.

SABBATICAL PRESENTATION – Dr. Christine Bebas, Education Department

- Dr. Bebas Kaniu provided a very informative presentation relative to her Spring 2018 Sabbatical Leave
- Her proposal was to examine attrition of early-career teachers using a model exploring Professional Development Schools which rely on partnerships between universities and local schools such as we have at WSU
- Her trip to Kenya was extremely interesting and trustees look forward to hearing more about potential partnerships such as the *Kenya Library Project*.

APPROVAL OF MINUTES – October 16, 2018

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

VOTED: **to approve the minutes of October 16, 2018 as submitted.**

CHAIR OF THE BOARD UPDATE

Chairman Blais reported that he had no items to report at this time.

PRESIDENT'S REPORT

- President Maloney reported that the Executive Director of the Worcester Craft Center, Honee Hess, has announced her retirement
- Presently the Craft Center Board and WSU's HR department are working to develop a job description and PR department will assist in advertising position
- Position will remain a WSU employee
- Target date for filling position will hopefully be in sync with the retirement of Ms. Hess in the Spring
- Representatives from Academic Partnerships have been on campus meeting with different university constituencies
- Goal of site visit is to formulate a plan to develop the processes needed to support new online programs BOT approved an agreement with Academic Partnerships for two fully online master's programs in Nursing and Education
- Projected completion is July 2019 (initial review); Spring 2020 (launch graduate programs)

Fall 2018 Enrollment Trends

<https://public.tableau.com/profile/sarah.mealey#!/vizhome/Fall2018EnrollmentTrends/Story?publish=yes>

President Maloney called upon Dr. Ryan Forsythe, Vice President for Enrollment Management, to provide an overview of the information provided

REPORT OF FINANCE & FACILITIES COMMITTEE

- Trustee Madaus, Chair, reported that the F&F Committee met today at 3:30 p.m. and acted upon proposals to approve the recommended Budget Amendment #1 and Rate Setting for FY 2020, and the establishment of a Wellness Center Trust Fund
- Both items were thoroughly vetted
- A question was raised relative to policy for establishing trust funds - VP Eichelroth shared with the group that WSU's policy for establishing trust funds was adopted by many campuses and received positive review by the auditors
- Trustee Steele requested a copy of any guidelines/policy we have relative to the establishment of trust funds

- The Committee amended the vote to approve the FY19 Budget Amendment #1 and approval of the rate schedule

FY19 Budget Amendment #1 and Rate Setting for FY2020

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

VOTED: to accept the recommendation of the Finance and Facilities Committee and approve the amended wording as follows:

to approve the FY 19 Budget Amendment #1 that reflects a \$1,210,431 increase in total revenue *from state appropriations* for the year and the transfer of the same amount *from the General Purpose Trust Fund* to the Capital Improvement Trust Fund, and, the approval of the rate schedule for Worcester State University Tuition and Fees – Fall 2019-2020 Statement as presented.

Establishment of Wellness Center Trust Fund

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

VOTED: to accept the recommendation of the Finance and Facilities Committee to approve the establishment of the Wellness Center Trust Fund for FY2019 with a beginning reserve balance of \$126,837.

ACADEMIC AFFAIRS/STUDENT DEVELOPMENT COMMITTEE

- Trustee Shirley Steele, Chair, reported that the Committee met today and reviewed recommendations for sabbatical leaves for the AY 2019-2020
- Twenty-one proposals received, approving six for Fall Semester 2019 and twelve for Spring Semester 2020
- Provost Wims provided a very informative summary of all of the proposals
- President Maloney concurred with the recommendation of the Provost and forwarded sabbatical requests through committee to the BOT for approval

Following discussion, a motion was made by Trustee Taylor, seconded by Trustee Colombo and it was unanimously

VOTED: to recommend to the full Board the approval of the following ay 2019-2020 Sabbatical Leaves:

Fall September 2019 at full salary

Dr. Robert Brooks	Criminal Justice
Dr. Francisco Lamelas	Earth, Environment & Physics
Dr. Joseph Quattrucci	Chemistry
Dr. Mary Fowler	Mathematics
Dr. Syamak Moattari	Health Sciences
Dr. Mary Lynn Saul	English

Spring Semester 2020 at full salary

Dr. Jeremy Andreatta	Chemistry
Dr. Daron Barnard	Biology
Dr. Daniel Hunt	Communication
Dr. Collen Sullivan	Psychology
Dr. Erika Briesacher	History
Dr. Michelle Corbin	Sociology
Dr. John Tahiliani	Criminal Justice
Prof. Stacey Parker	Visual & Performing Arts
Dr. Charlotte Haller	History
Dr. Najib Saliba	History
Dr. Sudha Swaminathan	Earth, Environment & Physics
Dr. Michael Winders	Mathematics


OTHER BUSINESS

- President Maloney was proud to announce that our Student Trustee Manasseh Konadu just informed him that he has been accepted into the 3+3 law degree program at UMass School of Law
- This program is an agreement between WSU and the University of Massachusetts School of Law – Dartmouth
- Dean Pottle who was present at the meeting was thanked for his efforts in bringing this agreement to fruition
- Manasseh will earn a baccalaureate degree from Worcester State as well as a juris doctor from UMass Law
- Everyone congratulated Manasseh and wished him well.

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

VOTED: **to adjourn the meeting at 7:48 p.m.**

Respectfully submitted


Judith A. St. Amand
Assistant Secretary

President's Update

March 2019

President's Message



At a time when many universities are staring down dismal financials and some are merging or closing, Worcester State is on firm footing and preparing for a vibrant future.

We have outperformed our state university peers in recent years, meeting enrollment targets amidst a demographic decline in traditionally aged college students, meeting our fundraising targets,

and efficiently managing our institution. These successes meant we were able to freeze student fees for 2019-2020 at this year's level and that we were able to undertake a comprehensive positioning study to thoughtfully - rather than frantically - plan to meet the "demographic tsunami," as Prof. Nathan Grawe refers to it.

This year's new initiatives include:

- An agreement with Academic Partnerships to launch fully online graduate programs;
- Board of Higher Education approval for masters' degree programs in Public Administration and Policy and the other in Public Management;
- Governance approval for a minor and certificate in Addictions Counseling;
- Via the MSCBA, architectural firm selection for the May Street Building's redevelopment and for the Chandler Village residence hall;
- With DCAMM, initial planning for a reconfigured Student Center and Learning Resource Center; and
- Implementation of technology upgrades in our classrooms and university-wide.

Next, the hard work begins, as we consider and act upon recommendations for institutional change that arise from the comprehensive positioning study recently completed by Art and Science Group. We are positioning Worcester State for a future that will be different, but I believe, bright, as we strategically adapt in order to meet the needs of the students we aim to attract. I am looking to our board members to join with me as the campus begins this journey.



**WORCESTER
STATE
UNIVERSITY**

Contents

President's Message	1
Learning Outcomes	2
Positioning Study	4
Leadership	5
Course Scheduling	7
Academic Advising	9
Orientation & Registration	11
Campus Climate	12
Program Support	14
Online Learning	16
Data and Information	17

PRESIDENT'S OFFICE

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

Learning Outcomes

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

Initiative: The university will develop its first institutional learning outcomes (ILO). These ILOs will provide a foundation for future strategic planning, accreditation self-studies, and integration of university operations and services with Worcester State's overall academic mission.

Initiative's Lead: Sarah Strout

Projected Completion: May 2019

March's Status

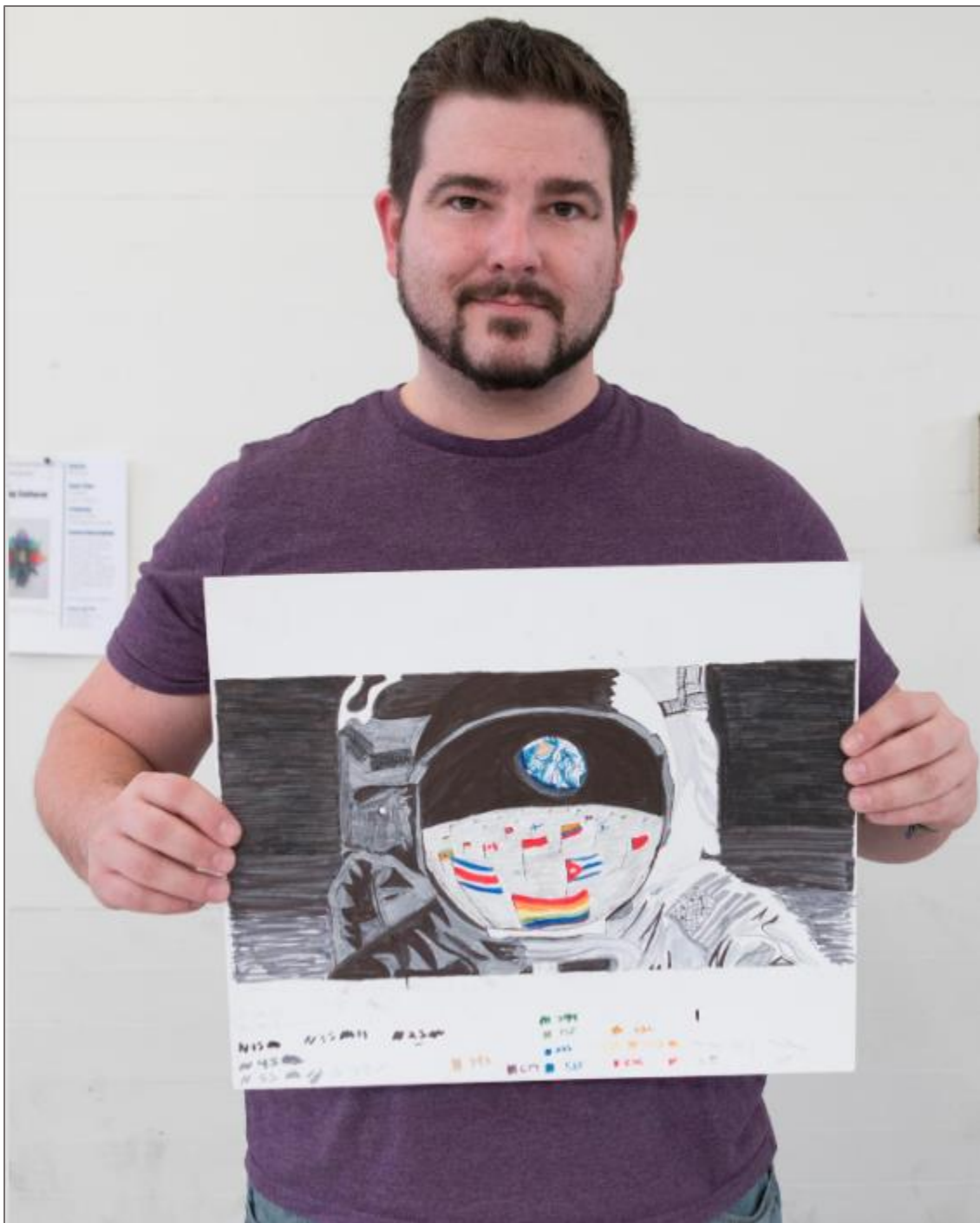
The Institutional Learning Outcomes were presented to the President's Cabinet for discussion. They will be voted on at the February 27, 2019 Cabinet meeting.

November's Status

The first survey was sent out that asked participants to rank list institutional learning outcomes (ILO) in order of importance and suggest changes. A second survey incorporating this feedback was distributed on October 18, which asks faculty and staff to rate each ILO on a 1-5 scale of importance. This survey will close by November 2.

October's Status

The Learning Outcomes Survey was created and distributed students, faculty, staff and trustees during the last week of September. Additionally, alumni who are currently involved with programs also will be encouraged to respond to the survey. The survey will conclude on October 12, 2018.



Positioning Study

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

Initiative: The university will share the findings of the Art & Science Group's Positioning Study and consult with academic programs concerning any changes to the programs that might be suggested by the study's findings.

Initiative's Lead: Lois Wims

Projected Completion: 2019 - 2020

March's Status

Representatives of Art and Science Group presented their data and recommendations for Worcester State's Positioning Study. Members of the Positioning Study's working group had reviewed these materials during December 2018. During February 2019, Art and Science Group presented their findings in five open sessions for faculty, staff, and students, and one more focused session for academic chairs. The university is collecting feedback (<https://www.worcester.edu/FP-Positioning-Study/>, requires login credentials to access), which will be used in determining the initiative's next steps.

November's Status

The Positioning Study Steering Committee met with representatives from Arts and Sciences (the consultancy engaged to facilitate this project) to review timelines and initial findings.

October's Status

Because the Positioning Study has not yet been issued, no implementation activities have been scheduled to date. Academic Affairs has been addressing inquiries from faculty and other constituencies about the future process associated with the Positioning Study, indicating that they will be inclusive once the study has been issued.



Leadership

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

Initiative: The university will increase development and leadership opportunities for Worcester State students by bringing in alumni from different professional fields and graduate programs.

Initiative's Lead: Jillian Anderson

Action Items

1. Integrate technology modules (LancerLink, Big Interview, etc.) to improve student service delivery.
2. Enhance career exploration, internships, and professional opportunities by connecting students with employers, alumni networks, and academic departments.
3. Connect employers with students in meaningful, personalized ways throughout their Worcester State experiences.

Assessment

1. Establish baseline metrics for use of LancerLink software by both students and employers.
2. Establish a central database for academic and non-academic internships.
3. Expand academic department participation each semester that offers career networking opportunities.
4. Establish baseline metrics for the number of new employers added to LancerLink for full-time student employment opportunities across all disciplines.

March's Status

LancerLink is a database that enables Career Services to connect intern/job seeking students and alumni with potential employers. It is in the final stages of campus wide integration and currently lists 2,919 employers and 11,334 undergraduate and graduate students. Supplemental career development programming was developed for students pursuing Biology, Business, Computer Science and Criminal Justice, featuring targeted collaborations with UMASS (IT & Business Division), ArcBest, U.S. Secret Service, Bristol Myers Squibb, Hanscom Air Force Base and The National Organization on Disability.

By the end of the Spring 2019 semester, the goal is to increase student use of LancerLink by 20% and add approximately 15 new employers each month.



Course Scheduling

Goal #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.

Initiative: The university will leverage its course scheduling software to increase efficiency across departments and maximize student scheduling options.

Initiative's Lead: Ryan Forsythe

Projected Completion: March 2019

March's Status

In January 2019, Worcester State implemented the university's new course scheduling software. The software is fully installed, training has been conducted with appropriate users, and it is being used to develop the Spring 2020 course schedule. The software features functionality that gives faculty chairs information about other departments' course schedules, which will improve overall scheduling efficiency. The Registrar's Office will utilize the data collected by the new software to produce the first draft of the Spring 2020 semester.

November's Status

During October 2018, the Registrar worked with the course scheduling software team to finalize system configuration and to install the software. Next, the university will train users and plan for the system to go live in Spring 2019 to produce the Spring 2020 course schedule.

October's Status

A representative group of university administrators met with the course scheduling software team to establish campus priorities and rules relative to the functionality of the software. The Registrar then met with the academic deans to share the progress and next steps in the project, discuss connecting data from the university's student information system, and garner feedback on the project's status to date. Next, the Registrar will work with the course scheduling software team to finalize system configurations and determine the remaining project schedule.



Academic Advising

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

Initiative: The university will strengthen academic advising through assessing current Worcester State practices and researching academic advising best practices.

Initiative's Lead: Henry Theriault

Projected Completion: June 2019

March's Status

The "Information for Faculty Advisors" webpage has been completed in anticipation of the Spring 2019 preregistration period. Based on feedback, a section on "Holds, Probation, and Other Special Circumstances" was added. The webpage is accessible to faculty members through their "MyWSU" login, at <https://www.worcester.edu/FP-Faculty-Advisors>. Content for the "Information on Advising for Students" webpage is under construction.

November's Status

The faculty advising landing page is available on the Academic Affairs website via the myWSU portal. This page includes suggested meeting agendas and timelines for advising, as well as various other resources for academic advisers. A parallel student landing webpage is being developed for spring implementation.

October's Status

Faculty advising webpage content has been developed that includes outcome objectives, general tips, a suggested meeting schedule, agendas for meetings keyed to student class status/semester, and a "Find It Fast" set of links. This content was presented to chairs and others in Academic Affairs for feedback, and suggestions have been incorporated. Final content, plus an advising landing page for faculty and students, has been submitted to Marketing for inclusion in the Worcester State website; the faculty advising materials will go live by the beginning of the Fall 2019 advising period. A similar advising site for students currently is under development.



Orientation & Registration

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

Initiative: The university will respond to the changing demographics and needs of incoming students by enhancing orientation and registration processes for families and new students.

Initiative's Lead: Ryan Forsythe

Projected Completion: July 2019

March's Status

In January 2019, an evaluation of personnel and financial resources associated with new student orientation and registration processes was conducted. It was determined that significant financial resources, which currently have not been identified, would be necessary to implement the Spring 2019 Student Outcome and Achievement (SOAR) proposal. Consideration will be given to other options to respond to the changing demographics and needs of incoming students.

November's Status

The university has engaged key stakeholders, including the Director of the Office of Student Leadership and the Assistant Dean in the Academic Success Center. The Spring 2019 Student Outcome and Achievement (SOAR) proposal form was examined as part of a broader effort to develop a new strategic direction for registration and orientation. As part of this process, an evaluation of personnel and financial resources will be conducted.

October's Status

Recommendations from a cross-divisional group of faculty and staff have been reviewed and plans are in process to engage key stakeholders, including the Office of Student Involvement and Leadership Development and the Academic Success Center. Work has begun on developing a new strategic direction for future registration and orientation activities, including an evaluation of human and financial resources.



Campus Climate

Goal #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.

Initiative: The university will continue implementing suggestions from the Campus Climate Report to determine inequalities that may exist in student academic experiences (e.g., changing majors or failing classes at higher than average rates).

Initiative's Lead: Stacey Luster

Projected Completion: July 2019

March's Status

Mary Jo Marion will serve as interim co-chair of the Campus Climate Committee as the university searches for a new Equal Opportunity Officer. This spring's faculty focus group and staff climate surveys are in final design, and diversity mini-grants are available to the Worcester State community. Worcester State's 2017-2018 Affirmative Action Report reveals that women continue to exceed the 48.8% labor market goal, while minorities continue to lag behind the 20.7% labor market goal. The Affirmative Action Advisory Committee has been re-established and is preparing recommendations to improve outcomes for minority hiring; the Bias Incident Response Team will host two educational forums each semester, beginning with a March 7 session on anti-Semitism and hate symbols, facilitated by the Anti-Defamation League (ADL).

November's Status

The Campus Climate Committee is preparing to conduct focus group interviews with faculty and is updating recommendations centered on student success. The Bias Incident Response Team and the Executive Cabinet is engaging in dialogue and training facilitated by university counsel, Rubin and Rudman. The Advisory Committee for Equal Opportunity, Diversity, & Affirmative Action is: updating the diversity mini-grant application; enhancing University affirmative action reports; exploring the composition of national discipline-specific conferences; exploring free national discipline-specific job posting sites; identifying women and minority-focused affinity groups.

October's Status

During Opening Day breakout sessions, the university community received updates on the implementation of the Campus Climate Study and a review of the data collected from the Spring '18 Campus Climate survey. The Campus Climate Committee recommendations have been implemented and the committee is developing protocols for faculty focus groups, which will provide information for additional recommendations. The Advisory Committee for Equal Opportunity, Diversity, and Affirmative Action and the Campus Climate Committee have been appointed and will launch in October.

Program Support

Goal #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.

Initiative: The university will use the results of its analysis of Worcester State Foundation funds during the 2017-2018 academic year and work directly with the Deans of the two schools to identify alternative or supplemental resources to support various academic and programmatic activities for the year.

Initiative's Lead: Louise Taylor

Projected Completion: June 2019

March's Status

University Advancement will inform departments, centers, teams and university organizations which receive donor funds the approximate dollar amount available to them in any given fiscal year by late March, which is well before the budgeting process begins. As of the end of February 2019, a minimum of 41 individual funds, representing a minimum of \$140,000, have been identified as being available to various departments.

November's Status

A grants consultant worked with Academic Affairs to review the private grants process, strategies for supporting faculty research needs, and hosting joint grants research and writing workshops. STEM program planning and prioritizing was examined to support the expansion of the summer STEM Connections program for local high-school students and to continue the STEM Bridge to Excellence Retention program. Planning was held with members of the President's Gender Identity Campus Education working group to evaluate grant readiness for external support and to facilitate access to Foundation funds that would support workshops that promote a campus culture in which people of all genders are welcomed and respected.

October's Status

The FY2019 review of institutional priorities (research, scholarship, programs, and capital) was held in September to create stronger communication about private grants processes and ways to engage faculty and staff. Additionally, cross-department meetings were held to review acceptance, processing, and expenditure of Foundation funds; protocols for student and faculty research and grant support expenditures also were reviewed.

During Summer 2018, conversations on project planning and goals were held with those who work within the School of Humanities and Social Sciences, Interdisciplinary Programs, the Worcester Center for Crafts, the School of Education, Health, and Natural Sciences, Worcester State's teaching, research, and partnership centers, and the Latino Education Institute.



Online Learning

Goal #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.

Initiative: The university will expand undergraduate and graduate online offerings that will reach underserved and non-traditional student populations.

Initiative's Lead: Lois Wims

Projected Completion: July 2019 (initial review); Spring 2020 (launch graduate programs)

March's Status

A team of Education and Nursing faculty attended two days of training with Academic Partnerships to facilitate the development of their respective curriculums. Worcester State's administration team has continued to develop the necessary infrastructure for online graduate student admission and support.

November's Status

Academic Partnerships will conduct a three-day site visit to meet with different university constituencies, including Academic Affairs, Information Technologies, Admissions, Marketing, and faculty program leaders. The goal of the site visit is to formulate a plan to develop the processes needed to support the new online programs. In addition, a team has been formed to write Worcester State's application to join the State Authorization Reciprocity Agreements (SARA) program, which will support the new online programs and other online course offerings.

October's Status

Worcester State has signed an agreement with Academic Partnerships to offer selected master's programs in Nursing and Education fully online; project implementation is under way. In non-online degree programs, Worcester State currently offers 65 Day and 56 DGCE fully online undergraduate courses, 36 Day and 18 DGCE hybrid/blended undergraduate course, and 10 fully online and 24 hybrid/blended graduate courses. To support development of high-quality online and hybrid/blended offerings across its curriculum, Worcester State has become active with Mass Colleges Online, and has joined Quality Matters, an organization that provides support in measuring the quality of online courses. Faculty members have begun going through Quality Matters training in online and hybrid/blended course best practices, some of whom later will train their colleagues through programs organized by academic departments and the Center for Teaching and Learning (CTL).

University Advancement Dashboard

[View March's University Dashboard here.](#)

January Highlights

Alumni Engagement

- 50th Anniversary of the Hockey Program: 56
- Men's Basketball Alumni Game: 26
- YA Presidents Circle: 46 (27% increase from previous year)
- Birthday Brunch: 91 (35% increase from previous brunch)
- E-newsletter open rate: 14.1%
- Birthday open rate: 25%

Major Gifts

- \$20,000 gift from Joan Merrill '67 to create The Joan M. Merrill Scholarship
- \$4,000 gift from the Khyentse Foundation to the English Department fund in support of Lopons for Lancer campaign
- \$36,000 from the Nellie Mae Education Department in support of the LEI
- \$25,000 from the estate of Kai Hekker in support of the Geraldine Condon Memorial Scholarship
- \$5,000 gift from James and Sharon Ricciardi to be split between their family scholarship fund and the WSU Wellness Center fund

Advancement Update

- The student scholarship portal opened in January and to date 429 students have entered the portal and have begun the application process

Annual Giving Update

- WSU hosted the Massachusetts State University/College Association of Annual Giving Professionals for their bi-annual meeting
- Sent out our first March Madness Days of Giving email teasing the March 19 & March 20 event
- Continuing to receive excellent donor response from the new and improved holiday mailer
- The Alumni Advocate Council finished up their inaugural calendar year with over 200 direct alumni solicitation connections



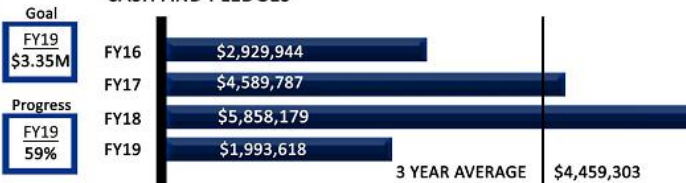
WORCESTER
STATE
FOUNDATION

UNIVERSITY ADVANCEMENT

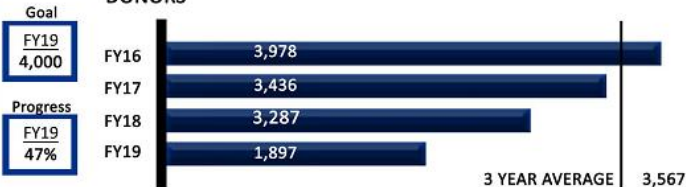
Dashboard

July 1, 2018 - January 31, 2019

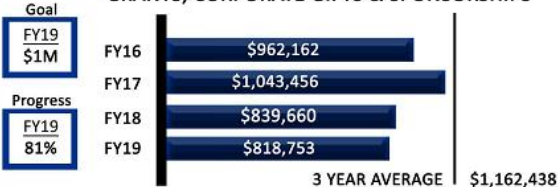
CASH AND PLEDGES



DONORS

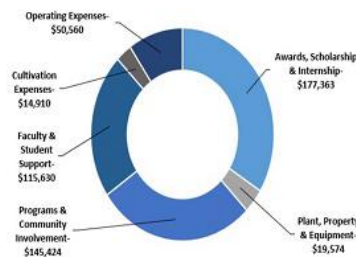


GRANTS, CORPORATE GIFTS & SPONSORSHIPS



FOUNDATION FUNDING OF UNIVERSITY PRIORITIES

\$523,461



ALUMNI DONORS



FY19 Board Giving	Cash and Pledges	Cash	Participation
Trustees	\$11,065.23	\$ 11,065.23	90.00%
Foundation Board	\$37,333.00	\$ 32,333.00	63.16%
Alumni Association	\$43,206.00	\$ 18,690.10	100%
Cabinet	\$9,862.30	\$9,862.30	62.07%

Diversity Mini Grant Application

[View application here.](#)



STUDENTS, FACULTY AND STAFF

Do you have an idea to increase **equity, diversity, and inclusion** on campus?

NEED SOME FUNDS?

The Office of Diversity, Inclusion, Affirmative Action, and Equal Opportunity plays a leading role in the creation of a campus climate that promotes the intellectual examination of experiences, perspectives, and contributions of the various cultures and groups that make up the Worcester State University community. We help foster diversity of thought, gender, race, ethnicity, nationality, age, socio-economic background, ability, sexual orientation, and gender identity or expression, and religious belief.

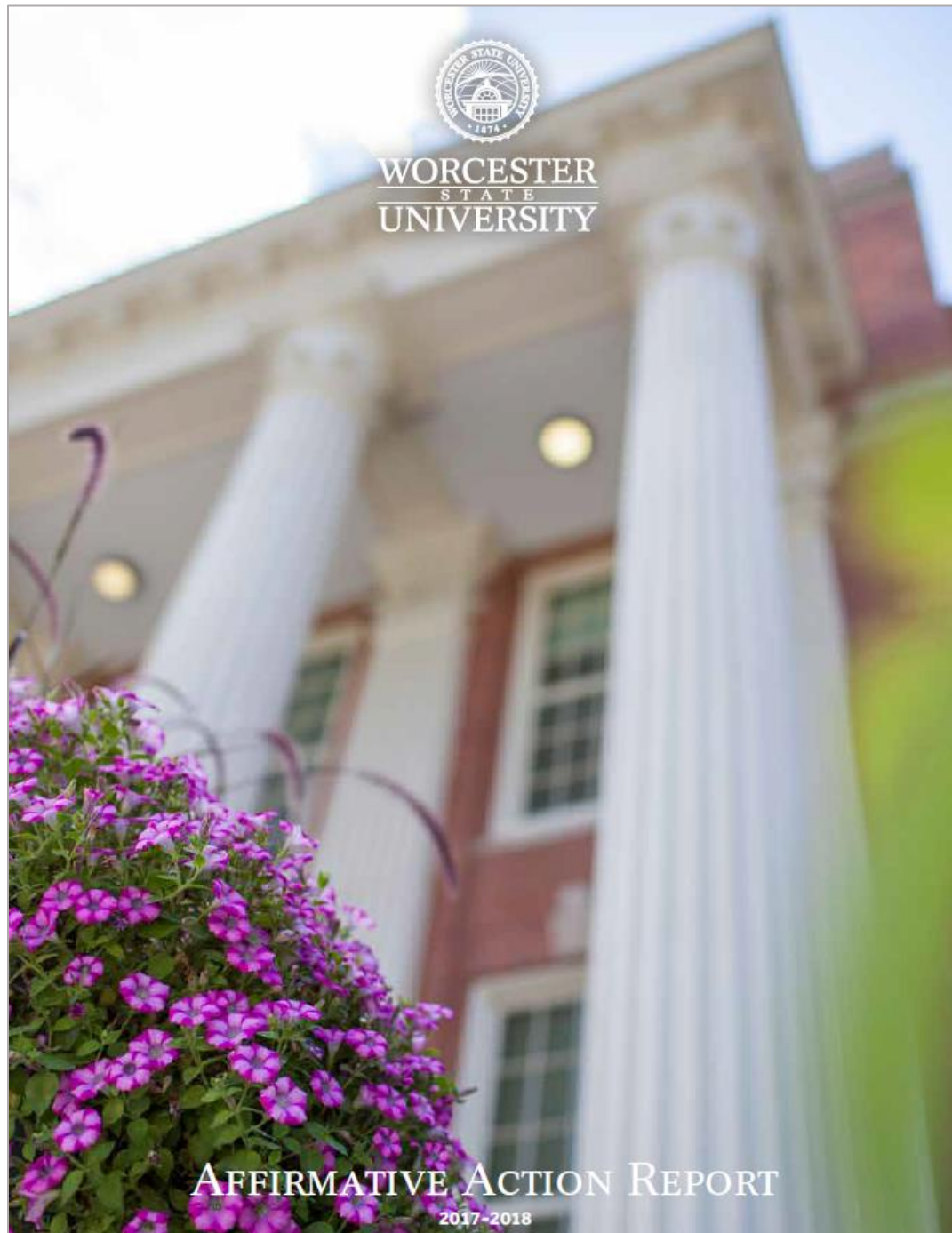
APPLY FOR A MINI GRANT TO FUND YOUR IDEA!

Grants will be made available to students and employees whose efforts incorporate at least one element of each of the following pieces:

- 1. Protected Categories**
 - ☐ Race
 - ☐ Color
 - ☐ Religion
 - ☐ National Origin
 - ☐ Persons of Color
 - ☐ Age
 - ☐ Disability
 - ☐ Gender Identity
 - ☐ Gender Expression
 - ☐ Sexual Orientation
 - ☐ Genetic Information
 - ☐ Marital/Parental Status
 - ☐ Veteran Status
- 2. The 5 Point Plan of Action**
 - ☐ Student Engagement
 - ☐ Classroom Context
 - ☐ Cultural Competence
 - ☐ Diversity in Hiring
 - ☐ Cross-Racial Interaction
- 3. The Campus Climate Dimensions**
 - ☐ **Student, Faculty, Staff Support** (i.e., Knowledge and awareness, Opportunities, Involvement and engagement, Leadership, Incentives and rewards)
 - ☐ **Administrative Leadership** (Policies, Coordination, Commitment and participation, Hiring and retention, Diversity-focused positions, Professional development, etc.)
 - ☐ **Philosophy & Mission** (Definitions understood, Strategic plan alignment, Mission alignment, Education reforms alignment, Accreditation, etc.)
 - ☐ **Curriculum** (Knowledge & awareness in relation to different disciplines, Faculty teaching and learning strategies/methods, Student learning outcomes and assessment)

Affirmative Action Report 2017 - 2018

[View report here.](#)





Massachusetts Department of Higher Education

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One Ashburton Place, Room 1401
Boston, MA 02108
TEL (617) 994-6950
WEB www.mass.edu

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75 Pleasant Street
Malden, MA 02148
TEL (617) 391-6070
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Carlos E. Santiago
Commissioner
Chris Gabrieli
Board Chairman

January 23, 2019

PRESIDENT'S OFFICE

Mr. Barry Maloney
President
Worcester State University
486 Chandler Street
Worcester, MA 01602

WORCESTER STATE UNIVERSITY


Dear President Maloney:

I am writing to inform you that at its meeting on Tuesday, January 22, 2019, the Board of Higher Education approved the application of **Worcester State University** to award the **Master of Public Management**.

Upon graduating the first class for this program, the University shall submit to the Board a status report addressing its success in reaching program goals as stated in the application and in the areas of enrollment, curriculum, faculty resources, and program effectiveness.

I wish you much success with this new program.

Sincerely,



Carlos E. Santiago, Ph.D.
Commissioner

BOARD OF HIGHER EDUCATION

REQUEST FOR COMMITTEE AND BOARD ACTION

COMMITTEE: Academic Affairs

NO: AAC 19-09

COMMITTEE DATE: January 15, 2019

BOARD DATE: January 22, 2019

APPLICATION OF WORCESTER STATE UNIVERSITY TO AWARD THE MASTER of PUBLIC MANAGEMENT

MOVED: The Board of Higher Education hereby approves the application of the **Worcester State University** to award the **Master of Public Management**.

Upon graduating the first class for each program, the University shall submit to the Board a status report addressing its success in reaching program goals as stated in the application and in the areas of enrollment, curriculum, faculty resources, and program effectiveness.

Authority: Massachusetts General Laws Chapter 15A, Section 9(b)

Contact: Winifred M. Hagan, Ed.D., Associate Commissioner for Academic Affairs and Student Success

Worcester State, QCC team up to provide housing for homeless students

By **Scott O'Connell**

Telegram & Gazette Staff

Posted Jan 31, 2019 at 6:49 PM

Updated Jan 31, 2019 at 7:01 PM

FRAMINGHAM – Equipped with a new grant from the state, Worcester State University and Quinsigamond Community College have partnered to provide housing and meals to homeless students on both campuses.

Worcester's Student Housing Security Pilot is one of four such homeless lodging programs launching at public colleges and universities this year that were announced by Gov. Charlie Baker at an event Thursday at Framingham State University. The governor said his administration also has awarded \$3 million in grants to 10 community organizations across the state to provide a range of services to homeless youth in their regions.

The initiative was prompted in part by mounting evidence of widespread hunger and homelessness at the state's universities and community colleges. A recent survey of Massachusetts public college students, released a year ago by the Wisconsin HOPE Lab, found that at community colleges specifically, nearly two-thirds of students reported being unable to secure regular meals or housing.

At Thursday's news conference, Mr. Baker said many of those students are succeeding despite their difficult circumstances, but they need help.

"There are a lot of special individuals involved in this," he said. "We need to figure out how to get them to the next act."

The campus housing program will help by reserving up to five free beds at each of the participating four-year universities for homeless students. Worcester State and Quinsigamond already have identified the students to reach that cap – two are at the state university while the other three are at the community college – and are setting them up in their new dorm rooms.

Dilon Mastrorio, a student at Quinsigamond Community College who is studying to

become a nurse, is one of them, and on Thursday he said he had just moved into his unit at Worcester State. Mr. Mastrorio, who went to high school in Auburn, said he has been homeless since age 16, a situation that made it difficult for him to do well in school.

“I had to focus on sleeping, eating and staying warm. School wasn’t always a concern,” he said, adding that the option of housing at Worcester State came just in time. “I was just about ready to drop out (of QCC) to find a place to live.”

Mr. Baker said there may be 500 to 1,000 young people in the state like Mr. Mastrorio, who has had to rely on couch-surfing to find places to live while attending college. But the governor and other state officials said existing estimates of the number of homeless students are probably underreporting the extent of the problem.

Some students may be like Marylou Sudders, now the state’s Secretary of Health and Human Services, who said she was an “emancipated minor” in college, but likely wouldn’t have reported herself as being homeless. But without reliable housing at the time, she said, she was essentially in the same position as today’s homeless youth.

“I learned the art of couch-surfing, borrowing people’s cars to stay in, and working in food services so I’d always have something to eat,” she said, adding that one of her biggest problems was finding a place to stay when her campus – and its dorms – shut down for holiday breaks.

In addition to providing lodging for homeless students, the Worcester campus housing pilot will also give them free meals, according to Quinsigamond’s president, Luis Pedraja. He said the two schools are splitting the costs, which are not entirely covered by their roughly \$130,000 grant – Worcester State is waiving some fees for the students, while the community college is paying for its students’ food – after having discussed the idea to tackle the homeless issue even before the state grant came into play.

That funding was “the catalyst” for the project, Mr. Pedraja said, adding, “We hope this is the start of something that will be expanded greatly” in the future.

The rest of the grant funding coming to the region through the initiative, meanwhile, will be spent by the LUK Crisis Center, which received a \$325,000 award. That will help the social service agency expand its services to homeless young people older than 22, according to Maurie Bergeron, LUK’s director of transition to independent living services. She said a big benefit of the state funding is that it

doesn't come with many restrictions.

"The flexibility of the funding allows us to do more with it," she said, adding that LUK helps homeless youth with everything from housing, nutrition and employment services to providing them with new sheets for their beds.

The Massachusetts Student Housing Security Pilot

Background

Across the U.S. and here in Massachusetts, rising costs and declining public support of higher education coupled with record levels of income inequality have created unprecedented financial insecurity for students. While the student debt crisis has been well publicized, less attention has been paid to the growing problem of student housing and food insecurity. Responding to a 2017 HOPE Lab survey administered at 24 Massachusetts public colleges and universities, 13% of community college students and 10% of state university and University of Massachusetts students stated that they had become homeless in the past year, including one-quarter of all students transitioning out of foster care. Even greater percentages of students said they had experienced housing insecurity, such as the risk of imminent eviction, or hunger.

The Commonwealth's public campuses have invested staff time and resources to address student hunger issues in particular - opening pantries and mobile markets, helping students apply for SNAP benefits, and partnering with local service providers to provide fresh food. Now, campuses are partnering with the Department of Higher Education and other state agencies to address the similarly urgent crisis of student homelessness.

Housing Pilot Overview

The Massachusetts Student Housing Security Pilot, funded by a grant from the Massachusetts Commission on Unaccompanied Homeless Youth, will launch at four campus sites in January 2019. Participating campuses in the following regions include:

- South Coast: Bridgewater State University & Massasoit Community College
- MetroWest: Framingham State University & MassBay Community College
- Central Mass: Worcester State University & Quinsigamond Community College
- Merrimack Valley: UMass Lowell & Middlesex Community College

Each of the four-year institutions, in partnership with a local community college, will make up to five beds available for students identified by campus staff or local service providers as experiencing homelessness (identified as lacking an appropriate place to live, often residing in a shelter, automobile, abandoned building or outside) or housing insecurity (identified as poor housing quality, crowding and/or frequent moves). Campuses will be reimbursed by the state for the cost of the dorm bed occupancy for an 18-month period, for the remainder of fiscal year 2019 through fiscal year 2020, including all summer and semester breaks. Campuses will cover the cost of providing meals and snacks for students, with support from local service providers where available. Community service providers, receiving additional grant funding from the Massachusetts Commission on Unaccompanied Homeless Youth, will work with pilot participants in each region to provide counseling, financial literacy, and support for the search for permanent affordable housing after graduation. The pilot will be rigorously evaluated for measures of effectiveness regarding student well-being, retention and college completion.

Eligibility & Requirements

Students must be:

- Enrolled full-time in a public college or university participating in the pilot.
- Degree-seeking and in good academic standing as defined by home institution.
- Age 26 or younger.
- Referred by campus staff or community service provider, or self-applied.

Contact

Massachusetts Department of Higher Education: Katy Abel | kabel@dhe.mass.edu



**WORCESTER
STATE
UNIVERSITY**



QUINSIGAMOND
Community College

Housing Pilot Program Memorandum of Agreement

Between
Worcester State University (WSU)
And
Quinsigamond Community College (QCC)

The Parties agree to the following:

I. Purpose and Scope

WSU and QCC, the two Massachusetts public higher education organizations in the Worcester area, agree to collaborate to serve students by providing student housing and related services at WSU for enrolled QCC students who have met the requirements for participation in this Housing Pilot Program and remain in compliance with all stated standards.

II. Conditions and Arrangements

A. Housing Locations for QCC Students in 2019-2020

- i. QCC students living at WSU will be assigned to live in Chandler Village, Sheehan Hall or Wasylean Hall. All rooms are double-occupancy. Whenever possible, a QCC student will be assigned to live with another QCC student as a roommate.
- ii. Room Charges. The standard double-occupancy annual room rate is \$7,778.
- iii. QCC students seeking reasonable accommodations for disabilities must register with and submit documentation to the WSU Student Accessibility Services Coordinator. For further information please visit <https://www.worcester.edu/Student-Accessibility-Services/>

B. Full Academic Year Contract

- i. The term of the Residence Hall License Agreement for QCC Students is for the spring 2019, summer 2019, fall 2019, and spring 2020 semesters.
- ii. Special permission must be granted by WSU and QCC for modifications to the academic year license agreement. Additional charges will apply when extensions of occupancy periods are granted.
- iii. To maintain housing eligibility, QCC students must be enrolled in three (3) or more classes each fall and spring semester (not the summer semester) at QCC during the period of occupancy.
- iv. QCC staff will notify the WSU Dean of Students' Office if a student's enrollment status changes with QCC during the occupancy period.
- v. Residents must be in good financial standing with both institutions prior to return for the spring 2020 semester.
- vi. QCC students eligible for housing at WSU are scheduled to move in according to the dates established annually and mutually agreed upon by WSU and QCC.

C. Transportation

- i. The Worcester Regional Transportation Authority (WRTA) offers public transportation at a cost to the student to/from area destinations, including both WSU and QCC.
- ii. Parking
 - a. Students who wish to have a vehicle while living at WSU may apply for WSU residential parking privileges, following the instructions provided on the WSU Parking and Transportation website
<https://www.worcester.edu/Parking/>
 - b. Please note that additional charges will apply for student parking. The off-site lot is \$50 per semester/\$100 per academic year.
 - c. The WSU parking tag does not provide parking privileges at QCC. Parking requirements for QCC may be found at:
<https://www.qcc.edu/campus-police/parking-rules-regulations>.

D. Dining Services

- i. QCC students living at WSU are required to enroll in one of WSU's resident meal plans. QCC students living in the residence halls are required to enroll in a minimum meal plan at a cost of \$1,250.00 per semester. Additional summer meals plans are also available for resident students.
- ii. See the WSU Web site for more Information on dining services:
<https://www.worcester.edu/Dining-Services/>.

E. Health Services

- i. QCC students who wish to access the WSU Health Services Office must pay an additional \$55.00 per semester/\$110 per academic year.
- ii. All QCC students residing at WSU are required to submit a completed health form prior to moving on campus.

F. Student Accounts and Financial Aid

- i. QCC students who participate in this Housing Pilot Program incur charges through a student account at WSU.
- ii. QCC students who apply and qualify for financial aid must do so through QCC.
- iii. Awarded aid is not applied to the student's WSU account.
- iv. Independent of their QCC account, students must have their WSU account in good financial standing, defined as paid in full, or payment plan approved by WSU, prior to taking occupancy at WSU.

G. WSU Student Behavior Standards and Requirements

- i. QCC students residing at WSU must be in good standing at QCC and are required to uphold the behavioral expectations outlined in QCC's student conduct code and WSU student code of conduct.
- ii. QCC students must also sign a residence hall living occupancy license and abide by those requirements.
- iii. QCC students residing at WSU are expected to complete the Alcohol Edu and Sexual Assault Prevention on-line courses. WSU will establish the deadline (at the start of the semester) to complete the courses based on the vendor's recommended timeframe.

H. WSU OneCard

- i. The WSU Student OneCard provides access to various facilities and events (residence halls, library services, exercise facilities, etc.) on the WSU campus.
- ii. QCC students will receive a WSU OneCard designating them as a QCC resident student when they move into their WSU residence hall or after completing the process to receive the ID.
- iii. WSU OneCards must be presented to the Security Desk Attendant each time they enter a residence hall.
- iv. WSU will charge QCC students residing at WSU the same \$25.00 fee to replace their OneCard.

I. Student Services

- i. With certain exceptions, QCC students will use the services available through QCC, including counseling, career services, veteran services, academic advising, athletics, etc.
- ii. QCC students should notify WSU Police Department for after-hours emergency assistance.
- iii. QCC students will receive a WSU email address and should check that email regularly for notices.
- iv. QCC students residing on the WSU campus and with a WSU email may sign up for WSU Alert to receive WSU related emergency notices.
- v. QCC students living at WSU are encouraged to participate fully in residence halls programs and events.
- vi. QCC students may:
 - a. Participate in WSU on-campus events and programs that are listed as open to the community;
 - b. Utilize the WSU library; and
 - c. Utilize the WSU fitness center.
- vii. QCC living at WSU may not:
 - a. Participate in WSU varsity athletics;
 - b. Participate in certain social programs that travel off-campus;
 - c. Attend WSU activities outside of the residence halls that are not open to the community;
 - d. Hold office/elected leadership in WSU clubs/organizations;
 - e. Utilize WSU Counseling Services.

J. Additional Waivers

- i. QCC will request that students involved in this Housing Pilot Program execute an appropriate FERPA-compliant release through which the student authorizes QCC and WSU to share information to best support the QCC students while residing at WSU.
- ii. WSU will request that the QCC students residing at WSU execute an appropriate FERPA-compliant release through which the student authorizes QCC and WSU to share housing and other related concerns to best support the student's experience.

III. Duration and Review

This Agreement will be in place for a period commencing in January 2019 and concluding at the end of the 2018-2019 academic year, on or about June 30, 2019. Pending sufficient funding, the

Agreement will continue through May 24, 2020. Subsequently, the Agreement may be renewed annually upon the review and then subsequent written agreement of the parties.

IV. Relationship of the Parties

- A. WSU and QCC are acting herein as independent contractors and independent employers. Nothing herein shall create or be construed as creating a partnership, joint venture or agency relationship between any of the parties and no party shall have the authority to bind the other in any respect.
- B. No debts, liabilities, obligations or contracts of whatever kind made or incurred by either of the parties hereto or any person employed by or conducting business with said party shall be in the name or upon the credit of the other party, and the other party shall not be liable or responsible therefor.
- C. Nothing in this Agreement shall be construed to create any rights or obligations except between the Parties, and no other person or entity shall be regarded as a third-party beneficiary of this Agreement.

V. Assignment

To the extent permitted by law, this Agreement shall be binding upon and inure to the benefit of WSU and QCC and their respective successors and permitted assigns. Neither party may subcontract or assign its rights or obligations under this Agreement to any other entity or person without the express written consent of the other, which consent may be withheld at its sole discretion. No waiver by any party of any default or non-performance shall be deemed a waiver of any subsequent default or non-performance.

VI. Governing Law

This Agreement shall be construed in accordance with the laws of the Commonwealth of Massachusetts.

VII. Severability

If any provision of this Agreement is found to be invalid or unenforceable for any reason, the remaining provisions will continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision will be deemed to be written, construed, and enforced as so limited.

VIII. Entire Agreement

- A. This document is intended by the parties as the final and binding expression of their agreement and is a complete and exclusive statement of the terms thereof and supersedes all prior negotiations, representations, and agreements and no representations, understandings, or agreements have been made or relied upon in the making of this Agreement other than those specifically set forth herein.
- B. None of the provisions of this Agreement may be waived, modified or amended except expressly in writing and signed by both parties. However, failure of either party to require the performance of any term in this Agreement or the waiver by either party of any breach thereof shall not prevent subsequent enforcement of such term nor be deemed a waiver of any subsequent breach.
- C. This Agreement may be executed in a number of duplicate originals, and each duplicate original shall be deemed to be an original.

The affixing of our signatures below demonstrate our agreement to the specifications described in this agreement and our ongoing commitment to the education of students enrolled in our institutions of public higher education.

Signature: _____

Printed Name: Barry M. Maloney

Title: President

Worcester State University

Date: _____

Signature: _____

Printed Name: Luis G. Pedraja, Ph.D.

Title: President

Quinsigamond Community College

Date: _____

DOE PUBLISHES PROPOSED TITLE IX REGULATIONS

Today, November 16, 2018, the Department of Education issued its proposed regulations under Title IX. The proposed regulations are subject to a 60-day "notice and comment" period. The DOE may or may not change or alter the proposed regulations upon receipt of comments. Once the DOE issues the final regulations, the state universities will become subject to them upon their effective date.

Below is a preliminary review of the major regulatory changes from current practice based on DOE guidance and an initial assessment of the relative impact on the EO Plan. While there are very few regulatory provisions of meaningful concern, one proposed new requirement – live hearings with cross-examination by advisors or attorneys of the accused – poses a serious change in the manner in which the universities handle complaints of sexual harassment and sexual assault.

NEW REGULATORY REQUIREMENT	IMPACT ON 2018 EO PLAN
<p>Narrowed Definition Of Harassment.</p> <p>Whereas the Obama Administration's guidelines defined sexual harassment was "unwelcome conduct of a sexual nature," the proposed regulation defines it as "unwelcome conduct on the basis of sex that is so severe, pervasive and objectively offensive that it denies a person access to the school's education program or activity."</p>	<p>None.</p> <p>The EO Plan has used a similar definition for sexual harassment for many years.</p>
<p>Narrowed Circumstances Mandating A Response.</p> <p>(a) A college or university is not required to respond to incidents unless it has "actual knowledge" of the allegations. This means the incident must have been reported to "an official with authority to take corrective action," including the Title IX Coordinator and other Responsible Employees.</p> <p>(b) In addition, a school is not required to respond to incidents that have not occurred within its own programs or activities, such as an off-campus incident in a building owned by the school, or at an event that the school funded,</p>	<p>None.</p> <p>The universities have the authority to address incidents that may fall outside of this narrowed definition. What the regulation would ostensibly do is absolve the universities from liability for investigations of incidents that occurred outside of the regulation's definition.</p> <p>In other words, the universities may still investigate incidents occurring off-campus on non-affiliated properties if it chose to do so; it simply is no longer required to do so.</p>

sponsored, promoted or endorsed.	
<p>Narrowed Liability for Content of Response.</p> <p>Once a college or university has actual knowledge of an allegation, it is required to take it seriously, but the school will only be punished by the DOE if its actions are “clearly unreasonable in light of the known circumstances.”</p>	None.
<p>Supportive Measures as a Safe Harbor.</p> <p>The regulations specifies that even if no formal complaint is filed, a college or university must offer the accuser supportive measures. School that do so have a “safe harbor” from a later finding that they had failed to act.</p>	<p>None.</p> <p>The EO Plan already provides for interim measures and support resources in the absence of a complaint or investigation.</p>
<p>Presumption of Innocence.</p> <p>Accused students are presumed innocent until proven otherwise.</p>	None.
<p>Opportunity to Present Witnesses and Evidence.</p>	<p>None.</p> <p>The EO Plan already provides this protection.</p>
<p>Right to an Adviser or Attorney at all Phases of The Process.</p>	<p>None.</p> <p>The EO Plan already provides this protection.</p>
<p>Choice Between the “Preponderance of the Evidence” Standard of Proof or the Higher “Clear and Convincing Evidence” Standard.</p> <p>Colleges and universities may not use the preponderance of the evidence standard if a higher standard of proof is required in other proceedings, including those against employees and faculty, or pursuant to any collective bargaining agreement. In other words, if a union contract mandates the use of the higher “clear and convincing” standard, a school would be forced to apply the same higher bar for student complaints.</p>	<p>None.</p> <p>The EO Plan utilizes the preponderance of the evidence standard. No other conduct process or collective bargaining agreement requires proof of misconduct by a higher standard. The CBAs uniformly apply a “just cause” standard, which means that there must be satisfactory proof that the employee engaged in the act upon which the discipline is based.</p>

<p>Mediation and Informal Resolution may be Used in Sexual Harassment and Assault Investigations.</p>	<p>None.</p> <p>As the DOE had announced this change in 2017 when it rescinded the 2011 Dear Colleague Letter, the 2018 EO Plan already incorporates this change.</p>
<p>No Final Determination by Investigators.</p> <p>The regulation requires that the final determination in a case be made by someone who did not conduct the investigation, which nullifies a process in which a single investigator does both.</p>	<p>None.</p> <p>The EO Plan includes an Administrative Review Process as a due process check. Investigators do not have the authority to determine fault without the approval of Administrative Review. Investigators have no authority to impose discipline.</p>
<p>Appeals by Any Party.</p> <p>All parties have a right to appeal an adverse ruling, and not just the accused.</p>	<p>None.</p> <p>The EO Plan already provides this protection.</p>
<p>Live Hearings and Cross Examination of the Accuser.</p> <ul style="list-style-type: none"> (a) All colleges and universities must include live hearings in their grievance process. (b) The accused have the right to cross-examine their accusers and witnesses in the live hearing. <ul style="list-style-type: none"> - Cross-examination would be conducted by advisers or attorneys for the parties. - If requested, either party may also request to be separated, placed different rooms, with a video feed for the live hearing. - During cross-examination, questions about either party's sexual history cannot be asked. (c) Accused students would be entitled to lawyers and cross-examination. 	<p>SIGNIFICANT.</p> <p>The EO Plan was purposely designed to avoid live hearings.</p> <p>To minimize re-traumatizing victims, the EO Plan bars party-to-party confrontations, but allows parties to submit questions to be asked by the investigator.</p> <p>The EO Plan limits the role of an advisor, who may be an attorney, to that of a support person as opposed to a representative of a party.</p>

No Mention of Definition of Gender.

The proposed regulation does not address the recent controversy involving the Department of Health and Human Services' position defining gender as someone's biological sex at birth.

That said, it is possible that DOE could later issue a Dear Colleague Letter or Fact Sheet asserting that sex discrimination does not include complaints related to gender identity.



State Universities
of Massachusetts

January 30, 2019

Dear Secretary DeVos,

We, the presidents of the nine Massachusetts State Universities: Bridgewater State University, Fitchburg State University, Framingham State University, Massachusetts College of Art and Design, Massachusetts College of Liberal Arts, Massachusetts Maritime Academy, Salem State University, Westfield State University and Worcester State University, write to provide our comments in response to the US Department of Education's November 29, 2018, Notice of Proposed Rulemaking ("NPRM") amending regulations implementing Title IX of the Education Amendments of 1972 (Title IX"), Docket ID ED-2018-OCR-0064. Thank you for the opportunity to share our views on the proposed "Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance" regulatory changes.

In 2011, the nine universities began a process to re-examine the antidiscrimination, harassment and retaliation policies and procedures on our nine member campuses. Through that effort, the universities created a single Sexual Violence Policy to address all forms of sex-based harassment and violence, including rape, sexual assault, stalking, domestic and dating violence, and sexual harassment. We unified our various student and employee complaint processes into an agreed-upon, system wide Complaint Investigation and Resolution Process. This process is open to any member of the campus community, including faculty, staff, students and others who believe they have been subjected to any form of discrimination or harassment based on membership in any protected class, including gender, as well as any gender-based violence or retaliation. Following U.S. Department of Education (DoED) guidance, we accomplished an all-encompassing, system-wide overhaul of our antidiscrimination, harassment and retaliation policies. In 2014, the Massachusetts State Universities Equal Opportunity, Diversity and Affirmative Action Plan ("EO Plan"), containing our Sexual Violence Policy and Complaint Investigation and Resolution Process, was vetted and approved by the Massachusetts Board of Higher Education. It was recently updated and approved by the Board of Higher Education in September 2018.

It is widely known that sexual harassment, sexual assault, sexual violence and the like are grossly underreported on college campuses. Through the incorporation of national best practices, following Federal guidance, and Title IX regulations, the state universities' Sexual Violence Policy and Complaint, Investigation and Resolution process encourages reporting of inappropriate sexual behavior by educating and training our campus community on the dangers of sex-based harassment and violence. Since the implementation of our EO Plan, we have witnessed increased awareness among all sectors of our communities – including faculty, staff, students, bystanders and visitors. By offering safe and judgement-free opportunities to report unwanted sexual advances and behavior, we have seen a noticeable and welcomed willingness of victims on our campus communities to come forward and report incidents of harassment and violence. If the proposed

Council of Presidents

Executive Office, 486 Chandler St., Worcester, MA 01602; Phone 508-929-9492

*Bridgewater State University • Fitchburg State University • Framingham State University • Massachusetts College of Art and Design • Massachusetts College of Liberal Arts
Massachusetts Maritime Academy • Salem State University • Westfield State University • Worcester State University*

regulations take effect, they will undermine our successful efforts to create a culture of “no tolerance” and “safe reporting” on our state university campuses.

The Massachusetts State Universities EO Plan fully embraces Title IX’s mandate to remove barriers to education on the basis of sex by promptly, thoroughly and fairly investigating and resolving complaints of sex-based violence, bias and discrimination towards members of our campus communities. We are very concerned that the proposed regulations will have a chilling effect on reporting of unwanted sexual activity. Additionally, the changes in the regulations would undoubtedly force us to create a separate policy and complaint process, specifically for sex-based harassment and violence. Based on the proposed regulations, this new process will be substantially more complex, stringent, inflexible and inequitable than what currently exists. After years of working to create a unified nine-campus sexual violence policy supported by campus stakeholders, the proposed regulations would turn back the clock dramatically.

As experienced educators and administrators, we believe that the proposed regulations lack an appreciation of modern campus life and places victims, complainants and the campus community at risk for increased harassment and assault, in violation of our Sexual Violence Policy. While the proposed regulations would permit the universities to walk away from their responsibilities to investigate the bulk of sex-based harassment and violence reports, we will not walk away from our responsibilities to our campus community members. Though we view the proposed regulations as virtually eliminating protections for victims in favor of increased rights for those accused of violating Title IX, the universities will continue to take all allegations seriously while simultaneously ensuring the due process rights of the accused as set forth in our EO Plan. The State Universities’ EO Plan, approved by the Massachusetts Board of Higher Education, equitably protects the rights of all parties to a fair process.

We address our most serious concerns with the proposed regulations below:

1. The Proposed Regulations Threaten to Undercut Both the Educational Mission of the Universities and the Educational Foundation of Title IX by Introducing Live Cross-Examination into the Process

Title IX is NOT a criminal statute, and the proposed regulations’ importation of criminal law protections have no place in an educational institution’s administrative investigation of alleged policy violations. At its heart, Title IX protects the civil right of students and employees to be free from sex-based discrimination and harassment (including assault) on campus. Title IX does not require any campus to sit as judge and jury while its community members battle through an adversarial courtroom-style proceeding.

At its core, the mission of the universities is to educate its students. As the courts have long recognized, even an institution’s disciplinary policies are based on the education of the student. Accordingly, our students are required to speak for themselves in all conduct proceedings. A critical element of this self-advocacy is the acceptance of one’s role in the events underlying the alleged campus policy violation. Our students are not permitted to have advisors, advocates or attorneys speak for them in any proceeding. Additionally, a main goal of our sanctioning process is to educate the offending student as to why the offending behavior is prohibited by our campus policy. Our sanctions typically involve an educational component. By imposing a quasi-judicial

and adversarial process in which students are represented by counsel or other advisors in live cross-examination, the proposed regulations irresponsibly undercut our ability to enforce our educational standards.

The sole purpose of an administrative investigation or conduct process is to ensure that community members are abiding by the university's behavioral expectations as set forth in its policies and agreed to by members of our campus community. The goal of the process is to determine if it is "more likely than not" that a community member has violated an institutional policy and to then correct such behavior in an educational context. At no time do the universities seek to determine if a community member has violated a law, civil or criminal, with the goal of imposing a punitive remedy. The DoED should leave to the discretion of the institution the best way to arrange and conduct student disciplinary proceedings.

If adopted, the new regulations will transform our administrative process into a judicial trial by requiring campus officials to assume the role of a hearing officer and then make written determinations of evidentiary issues, a task not even required of trained and experienced trial judges themselves. The universities are not law enforcement entities or judicial bodies. We do not have the capacity or expertise, nor are we equipped to take on either function. Moreover, by forcing campuses to abandon their educational mission and turn their administrative investigation processes into quasi-criminal trials, the proposed regulations do nothing to advance the removal of barriers to education. As written, the proposed regulations serve only to create more barriers to the universities' ability to comply with the law, thereby failing both complainants and respondents.

2. The Proposed Regulations Narrow the Definition of Sexual Assault and Leave the Universities Powerless to Address the Majority of Sex-Based Harassment and Violence Experienced by Our Campus Community Members

By narrowing the definition of sexual assault, the universities' investigational jurisdiction will leave countless victims with no avenue of redress and expose our communities to continued harassment and violence by emboldened offenders. On the majority of our nine campuses, approximately 50% of incidents of sex-based harassment and violence occur off campus. Moreover, many of the incidents occurring off campus often involve rape and more serious forms of physical assault. The proposed regulations provide that none of these instances would be subject to investigation by the universities, thus allowing conduct prohibited by our policies to go unchecked. Furthermore, we purposefully designed our Sexual Violence Policy to have a broad reach in order to give us the ability to address any form of sex-based harassment or violence impacting our community, no matter the location or medium of the prohibited conduct. Our Policy applies to incidents occurring in any University-sponsored program or activity, off campus or online. A victim of harassment or violence experiences the effects of such prohibited conduct no matter where the conduct occurs.

With the ever-increasing growth of social media, our campuses are also experiencing an increase in online harassment and stalking. One campus recently received three separate complaints of sexual exploitation via social media in just two months. Under the proposed regulations, our campuses would not be permitted to address many of these complaints. Removal of the universities' ability to investigate such prohibited conduct is antithetical to our Sexual Violence Policy and contrary to the very purpose of Title IX. We disagree with the DoED's

proposal requiring institutions to dismiss complaints meeting their own institutional definition of sex-based discrimination or harassment but not meeting the specific legal definitions under DoED regulations. We ask this provision be removed from the proposed regulations and allow our institutions to extend the protections of our policy to all our students whether on or off-campus.

3. The Proposed Regulations Will Silence Reporters and Quash Participation in Policy Violation Investigations by Requiring Live Cross Examination

The proposed regulations require the universities to implement processes that make it exponentially more difficult for complainants to come forward and receive the support they need when they experience sexual harassment or assault. By requiring a hostile and confrontational hearing process for the investigation of complaints, complainants and witnesses alike will likely refuse to either come forward or participate in any sort of investigation. Most young adults faced with the prospect of being questioned by an attorney – or the respondent’s angry parent – will feel as if the university to whom they have turned for help is throwing them to the proverbial wolves.

We have worked hard to encourage students to come forward if they experience sex-based harassment or assault. More and more, respondents have been turning to criminal defense attorneys to serve as their advisors. The most common question we hear from complainants is: “am I going to have to face the respondent or be in the same room as the respondent? Because I can’t handle that.” Upon completing her interview with an administrative investigator, one student recently reported, “there is no way I could have handled any more than that.” Regulations that force victims into an intimidating and adversarial process are contrary to our institutional obligation to support victims and encourage reporting. Furthermore, if a complainant or witness does not agree to cross-examination, the student’s participation in the investigation will be disregarded. We disagree with this and request it be eliminated from the regulations.

The DoED has not burdened k-12 students with such barriers to the resolution of their complaints. While the DoED recognizes that k-12 students would benefit from a process free of cross-examination, there is no discernable reason that postsecondary students cannot also share in such a benefit. As is already the practice on our campuses (set forth in detail below), students are able to submit written questions to a university official for the other party to answer. The exchange of written questions and answers is a fair and trauma-informed approach that has proven to be successful in our investigations.

The universities have experienced the impact of the #MeToo movement first-hand, as more community members have become attuned to the pervasive and insidious nature of sexual violence and the frequent power imbalance underlying sexual harassment. Many complainants have come forward expressly citing #MeToo as the impetus for their complaint, be it a current complaint or a report of conduct occurring years ago. The proposed regulations, however, are at complete odds with the evolution occurring on our campuses and in the wider society. We urge the DoED to allow the universities to retain our flexible approach to conflict resolution and remove the requirements of a live hearing with cross-examination.

4. The Proposed Regulations Create an Impermissible Socio-Economic Divide Among Those Strong Enough to Face Unnecessary Cross-Examination by Counsel

We are extremely concerned that the requirement for live hearing and cross-examination will exacerbate the significant socio-economic inequities between students with disparate financial resources. Where one party with the financial means to retain a skilled lawyer as an advisor, the other party who cannot afford such representation, whether complainant or respondent, will be at a significant disadvantage. The proposed regulations thereby automatically disadvantage those students of limited means. Further, when the proposed regulations then require that the universities provide an advisor to a student who does not (or cannot afford to) have an advisor, we question the inevitable shift in such costs to the universities. Putting aside the unanswered questions regarding the "level" of advisor the universities must provide to a party when the other is represented by a highly-paid attorney with many years of experience, the proposed regulations again erect an unnecessary roadblock for the universities to surmount.

With regard to the proposed regulations requiring live hearings, we request the DoED not require a live hearing but permit institutions to employ an investigative model with appropriate safeguards to ensure a fair and equitable process for all parties. The regulations should allow institutions to take into consideration statements provided by witnesses who are unable or unwilling to attend a hearing, or unwilling to be subjected to cross-examination, during the process.

5. Changes to the Standard of Evidence is DoED Overreach

The proposed changes to the regulations will require universities to "apply either the preponderance of the evidence standard or the clear and convincing evidence standard, although the recipient may employ the preponderance of the evidence standard only if the recipient uses that standard for conduct code violations that do not involve sexual harassment but carry the same maximum disciplinary sanction." This rule would require the use the preponderance of evidence standard in non-Title IX proceedings if it is used in such a standard in Title IX proceedings. The DoED has no authority under Title IX to impose requirements on campus disciplinary proceedings involving allegations other than discrimination or harassment on the basis of sex.

This proposed regulation assumes universities can easily modify standards of evidence used across all campus proceedings, but this is not the case. Campus conduct proceedings involving faculty and other employees are governed by existing state laws, collective bargaining contracts, faculty by-laws, and/or other constraints, which institutions have no power to unilaterally change. We recommend the DoED allow institutions the discretion to choose the preponderance of the evidence or clear and convincing standard for Title IX proceedings, without regard to other campus conduct proceedings.

6. The Proposed Regulations Will Unnecessarily Divert Significant Funds and Human Resources Away from the Universities' Academic Offerings

We respectfully disagree with the DoED's cited cost estimates to the campuses. With all of the added procedural requirements, the universities' will be forced to shift limited funds away from initiatives that support academics and education to Title IX compliance. The universities

will be required to hire and train advisors (or skilled attorneys), hearing officers and additional personnel to serve in each of the distinct roles in the investigation and hearing process. We will also be forced to assume the cost of re-training any existing staff – and students, as required by VAWA – in all of the changes required by the DoED. The cost analysis reported by the DoED of the proposed changes grossly under estimates these costs and does not even include the costs associated with retraining of current campus staff in their analysis.

In the end, as with all increased financial outlays, the universities will have no choice but to pass on the increased costs to our students. As public universities, our mission is to provide access to high-quality and affordable pathways to a degree. With Federal and State Government divestment of public higher education, this unfunded mandate will further challenge our universities to meet our fundamental mission goal.

7. The Proposed Regulations Diminish the Equities Ensured by Our EO Plan

We believe that our current Sexual Violence Policy and Complaint Investigation and Resolution Procedures more than adequately address the concerns expressed by the DoED in the proposed regulations. Our Policy applies equally to all members of our community, including students, faculty, staff, visitors and others. In terms of conduct prohibited by the universities, our Sexual Violence Policy defines each type of prohibited conduct, including sexual harassment and sexual assault, and provides examples of the same. Our Sexual Violence Policy also identifies the on-and off-campus support resources, explains the confidential and non-confidential reporting options both on-and off-campus, and identifies the responsible employees on campus. Additionally, our Policy addresses supportive measures and accommodations, the prohibition of certain consensual relationships, the ability of the universities to provide confidentiality and privacy, and the universities' education, training and prevention programming. Notably, our Policy also contains a prohibition against knowingly false charges and allows our campuses to act if a person knowingly provides false witness.

As to the investigation of complaints, our Investigation and Resolution Procedures also apply to all community members including students, faculty, staff, visitors and others, who believe they have been subjected to conduct prohibited by our Sexual Violence Policy. Accordingly, any community member could make a complaint of sexual harassment, rape, sexual assault, dating and/or domestic violence, stalking, incest, statutory rape, aiding in commission of sexual violation or retaliation. We purposely designed our Investigation and Resolution Procedures broadly to capture as many incidents of sex-based harassment and violence as possible. Also, by using the same set of procedures across all nine campuses, our Investigation and Resolution Procedures promote efficiency, consistency and fairness across our system.

Our Investigation and Resolution Procedures provide different avenues of redress: informal mediation; formal complaint investigation; and formal mediation. Under the formal complaint investigation process, trained administrative investigators conduct an investigation and prepare a draft report, which is then shared with the parties for their review and comment. Once the report is final, it is reviewed by an independent, trained administrative review body to determine if the investigation has been prompt, fair, impartial and thorough. The independent administrative review body also reviews any recommended remedial measures and/or discipline in light of policy and practice (our administrative investigators have no power to determine or

implement discipline). Once the parties are simultaneously notified of the outcome, the parties have equal appeal rights. Our Investigation and Resolution Procedures outline possible sanctions.

Importantly, our Sexual Violence Policy explicitly identifies the parties' rights and options during formal complaint investigations. All parties have the following rights:

- to referrals to confidential assistance and support services from both on- and off-campus resources, including 24 hour services;
- to supportive measures, including no contact/communication orders;
- to a prompt, thorough and equitable investigation and resolution of a complaint;
- to the confidentiality of the investigation process to the extent possible;
- to an advisor of one's choice who will assist and be present at any time during the investigation proceedings, but who may not participate in or otherwise provide representation in any way throughout the process;
- to reasonable accommodations for a documented disability during the process;
- to know, in advance, the names of all persons known to be involved;
- not to have irrelevant sexual history discussed;
- to be present at certain meetings and review evidence;
- to speak and present information on one's own behalf;
- to submit questions for the Administrative Investigator to ask witnesses;
- to know the status of the case at any point during the process;
- to be provided with a copy of the investigation report and an opportunity to respond to the report in advance of the administrative review;
- to submit impact statements;
- to be informed of the outcome of the process in a timely manner;
- to an appeal from the outcome of the process (if proper grounds for appeal exist);
- to be free from any behavior that may be construed by the University to be intimidating, harassing or retaliatory; and
- to have the matter handled in accordance with University Policy.

All complainants have the following rights unique to their status as complainants:

- to an explanation of the options available;
- to make a complaint that starts the University's Investigation and Resolution processes;
- to choose whether or not to initiate a formal investigation of the complaint, unless the University deems it necessary to investigate to protect the safety of the community or in compliance with applicable law;
- to file no complaint with the University, but receive support services from the University;
- to file a police report and/or take legal action separate from and/or in addition to the University discipline process;
- to seek and enforce a no contact, restraining or similar court order;
- to be assisted by the University in seeking assistance from or filing a complaint with local law enforcement; and

- not to file a complaint or seek assistance from local law enforcement, but receive support services from the University.

Likewise, Respondents have the following rights unique to their status as respondents:

- to an explanation of the allegations against them;
- to receive a copy of the complaint filed against them;
- to be presumed not in violation of University policy until a violation is established through the complaint investigation process; and
- pursuant to Weingarten, respondents who are members of a union may exercise their right to a union representative or other University employee at meetings which the unit member reasonably believes may result in discipline.

As these procedures have been in place for approximately four years, we can attest that our campuses are able to conduct investigations promptly, efficiently and fairly. We further attest that all parties to investigations receive supportive measures and an equal opportunity to participate in all aspects of the investigation and/or resolution process. Our Investigation and Resolution Procedures has proved a fair, safe, flexible and unthreatening process, while ensuring that every person's right to educational and employment opportunities are free from gender-based harassment and violence is preserved. Our process demonstrates that there are far more effective ways to achieve fairness and equity than the quasi-criminal procedures set forth in the proposed regulations.

Conclusion

We believe the proposed regulations suggest a fundamental misunderstanding of campus culture and the campus disciplinary process. While the proposed regulations lower the threshold of our institutional liability, we will increase our dedication to providing our communities with living, learning and working conditions free of all forms of sexual harassment, assault and retaliation. Through engagement, education, and prevention, and the provision of fair and effective processes for the adjudication of complaints, we will continue to cultivate community-wide cultures of inclusion and respect.

To the extent that the final regulations conflict with our EO Plan, we will comply with the regulations. We believe, however, that our EO Plan represents our commitment to ensure the safety and wellbeing of every member of our campus community through the implementation of fair and thoughtful policies which treat all parties equitably and respectfully. In support of that commitment, and to minimize confusion among the people we serve, we will continue to implement our EO Plan in every way not specifically prohibited by the DoED.

As leaders of public higher education in Massachusetts, we believe the proposed regulations narrow the scope of Title IX's protections and will counteract decades of progress towards combatting sex-based harms on our campuses. We feel strongly that our universities have instituted policies and procedures that provide our community members prompt, thorough, fair and equitable investigations and resolutions. We ask the DoED to reconsider the imposition of these overreaching and unnecessary requirements as they represent no discernible benefit to our students and undermine our efforts to eliminate sex-based barriers to education.

We have attached a copy of our Massachusetts State Universities' EO Plan for your review and consideration. Although our plan is not perfect, it does represent our commitment to ensuring educational opportunities, free from sex-based discrimination and harassment. We will continue to create environments in which our campus community feels safe and supported as our students pursue their academic and professional goals.

Respectfully submitted,



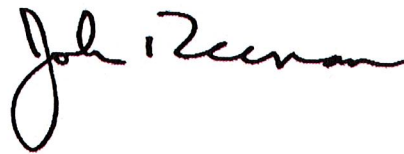
President Francis X. McDonald
Massachusetts Maritime Academy
Chairperson, Council of State University Presidents



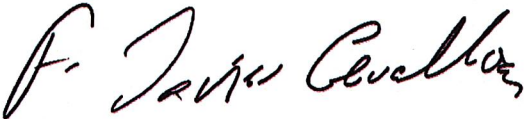
President James F. Birge
Massachusetts College of Liberal Arts



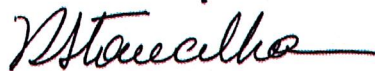
President Frederick W. Clark Jr.
Bridgewater State University



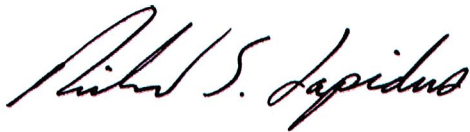
President John Keenan
Salem State University



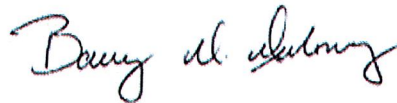
President F. Javier Cevallos
Framingham State University



President Ramon S. Torrecilha
Westfield State University



President Richard S. Lapidus
Fitchburg State University



President Barry Maloney
Worcester State University



President David P. Nelson
Massachusetts College of Art and Design

Worcester State Foundation Overview by Fiscal Year

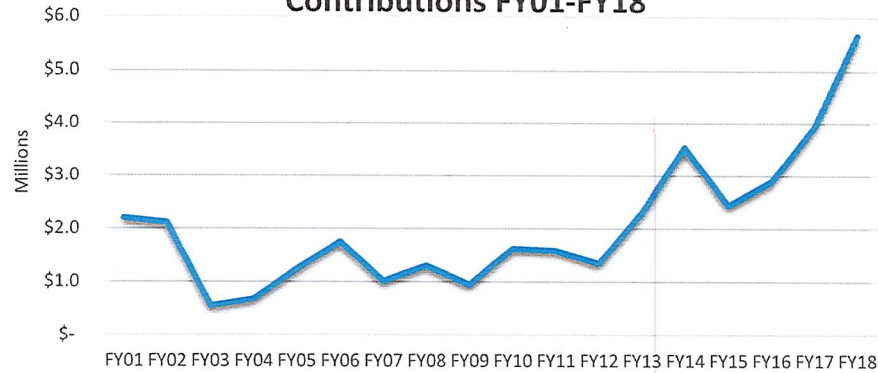
Fiscal Year	Contributions	Dollars Provided (Expenses)	Net Assets
FY01	\$ 2,195,862	\$ 344,356	\$ 6,744,274
FY02	\$ 2,118,517	\$ 773,682	\$ 7,719,111
FY03	\$ 540,354	\$ 649,125	\$ 7,894,319
FY04	\$ 676,214	\$ 621,961	\$ 8,685,678
FY05	\$ 1,229,727	\$ 690,525	\$ 9,586,535
FY06	\$ 1,762,435	\$ 811,034	\$ 11,215,217
FY07	\$ 1,010,159	\$ 772,217	\$ 12,898,501
FY08	\$ 1,300,034	\$ 762,638	\$ 12,998,733
FY09	\$ 946,382	\$ 973,792	\$ 10,975,754
FY10	\$ 1,625,589	\$ 1,607,593	\$ 12,645,987
FY11	\$ 1,592,517	\$ 1,671,809	\$ 15,511,682
FY12	\$ 1,339,942	\$ 2,037,459	\$ 15,326,124
FY13	\$ 2,295,982	\$ 1,946,873	\$ 18,241,889
FY14	\$ 3,537,139	\$ 2,241,703	\$ 22,997,954
FY15	\$ 2,440,945	\$ 3,021,364	\$ 23,077,110
FY16	\$ 2,883,594	\$ 4,113,407	\$ 22,267,296
FY17	\$ 3,908,603	\$ 3,057,630	\$ 26,575,714
FY18	\$ 5,656,841	\$ 3,213,764	\$ 31,835,620
Total	\$ 37,060,836	\$ 29,310,932	

*all numbers above are from the WSF financial audit and include ALL entities



WORCESTER
STATE
UNIVERSITY

Contributions FY01-FY18



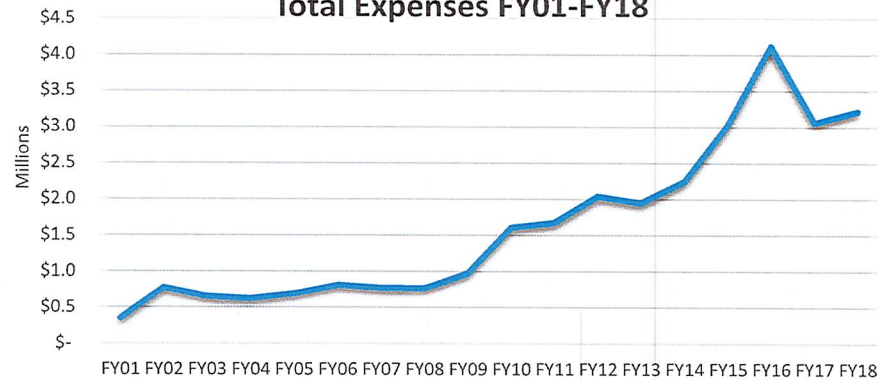
Contributions FY01-18

Average	\$ 2,058,935
Median	\$ 1,694,012
Range	\$ 5,116,487
Minimum	\$ 540,354
Maximum	\$ 5,656,841

FY14-18 (past 5 years)

Average	\$ 3,685,424
Median	\$ 3,537,139
Range	\$ 3,215,896
Minimum	\$ 2,440,945
Maximum	\$ 5,656,841

Total Expenses FY01-FY18



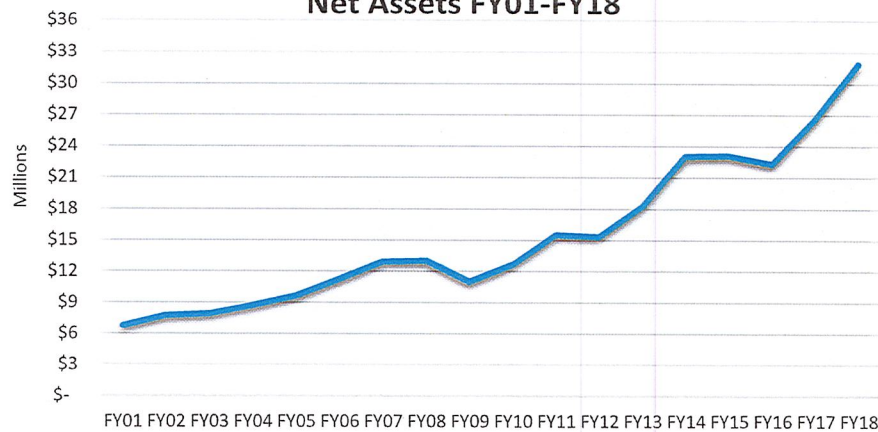
Expenses FY01-18

Average	\$ 1,628,385
Median	\$ 1,290,693
Range	\$ 3,769,051
Minimum	\$ 344,356
Maximum	\$ 4,113,407

FY14-18 (past 5 years)

Average	\$ 3,129,574
Median	\$ 3,057,630
Range	\$ 1,871,704
Minimum	\$ 2,241,703
Maximum	\$ 4,113,407

Net Assets FY01-FY18



Net Assets FY01-18

Average	\$ 15,399,861
Median	\$ 12,948,617
Range	\$ 25,091,346
Minimum	\$ 6,744,274
Maximum	\$ 31,835,620

FY14-18 (past 5 years)

Average	\$ 25,350,739
Median	\$ 23,077,110
Range	\$ 9,568,324
Minimum	\$ 22,267,296
Maximum	\$ 31,835,620

Avg. Annual Growth	7.69%
--------------------	-------

January Highlights

Alumni Engagement

- 50th Anniversary of the Hockey Program: 56
- Men's Basketball Alumni Game: 26
- YA Presidents Circle: 46 (27% increase from previous year)
- Birthday Brunch: 91 (35% increase from previous brunch)
- E-newsletter open rate: 14.1%
- Birthday open rate: 25%

Major Gifts

- \$20,000 gift from Joan Merrill '67 to create The Joan M. Merrill Scholarship
- \$4,000 gift from the Khyentse Foundation to the English Department fund in support of Lopons for Lancer campaign
- \$36,000 from the Nellie Mae Education Department in support of the LEI
- \$25,000 from the estate of Kai Hekker in support of the Geraldine Condon Memorial Scholarship
- \$5,000 gift from James and Sharon Ricciardi to be split between their family scholarship fund and the WSU Wellness Center fund

Advancement Update

- The student scholarship portal opened in January and to date 429 students have entered the portal and have begun the application process

Annual Giving Update

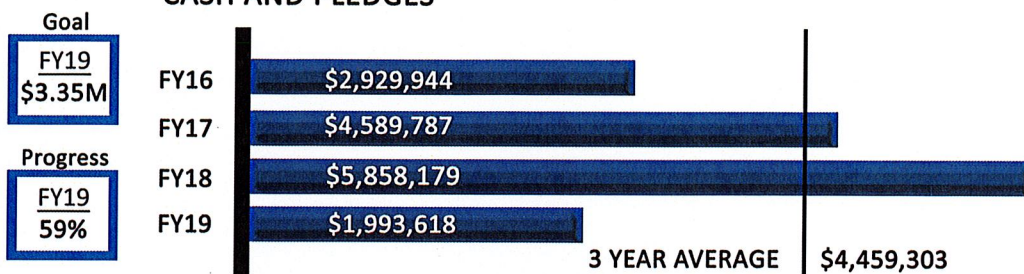
- WSU hosted the Massachusetts State University/College Association of Annual Giving Professionals for their bi-annual meeting
- Sent out our first March Madness Days of Giving email teasing the March 19 & March 20 event
- Continuing to receive excellent donor response from the new and improved holiday mailer
- The Alumni Advocate Council finished up their inaugural calendar year with over 200 direct alumni solicitation connections

UNIVERSITY ADVANCEMENT

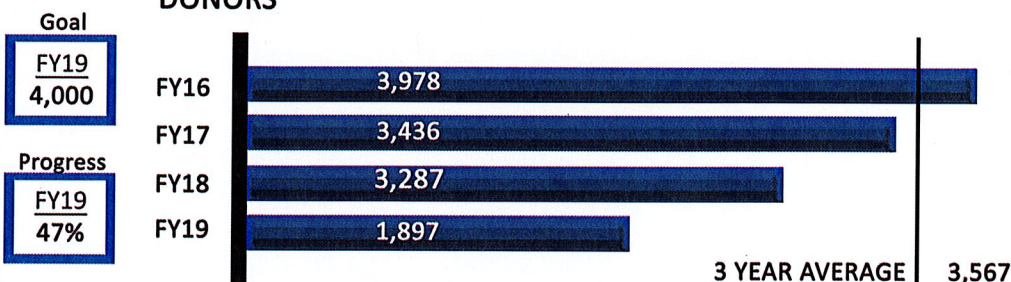
Dashboard

July 1, 2018 - January 31, 2019

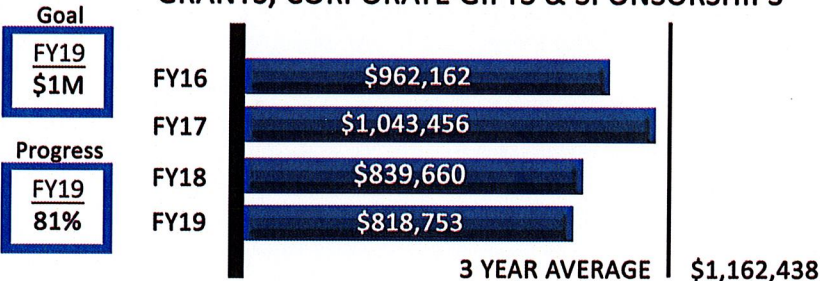
CASH AND PLEDGES



DONORS

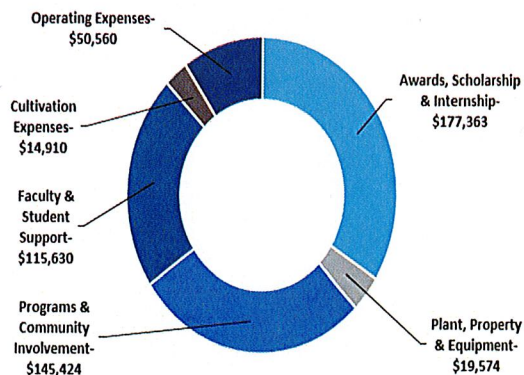


GRANTS, CORPORATE GIFTS & SPONSORSHIPS

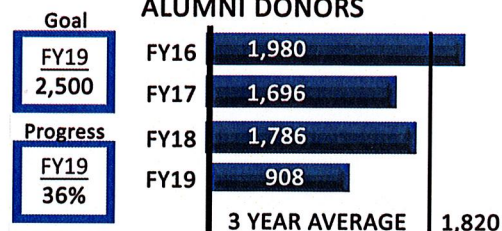


FOUNDATION FUNDING OF UNIVERSITY PRIORITIES

\$523,461



ALUMNI DONORS



FY19 Board Giving	Cash and Pledges	Cash	Participation
Trustees	\$11,065.23	\$ 11,065.23	90.00%
Foundation Board	\$37,333.00	\$ 32,333.00	63.16%
Alumni Association	\$43,206.00	\$ 18,690.10	100%
Cabinet	\$9,862.30	\$9,862.30	62.07%



WORCESTER
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Consequences of State Disinvestment in Public Higher Education: Lessons for the New England States

By Bo Zhao

RESEARCH REPORT 19-1





New England Public
Policy Center

www.bostonfed.org/neppc

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The views expressed in this report are those of the author and do not necessarily represent positions of the Federal Reserve Bank of Boston or the Federal Reserve System.

Table of Contents

Executive Summary3

I. Introduction4

II. The Role of Public Institutions in the Higher Education Sector7

III. The Role of State Appropriations in Public Higher Education Finance9

IV. The Consequences of Decreasing State
Appropriations for Higher Education 13

 The Impact on Tuition and Fees 14

 The Impact on School Expenditures..... 16

 The Impact on Degree Completion 17

 The Impact on Research Productivity..... 18

V. Conclusion and Policy Recommendations 21

EXECUTIVE SUMMARY

Public higher education produces many benefits that are vital to the New England economy, but it is increasingly at risk following years of state budget cuts. In 2017 in New England, real per-student state funding for higher education was lower than it was in 2008, with a double-digit decline in each of the region's states except Maine. States have reduced funding for higher education to address short-term budget gaps caused by recessions and long-term budget gaps attributed to the growing costs of Medicaid and public pensions.

Research in this report shows that reductions in state appropriations have resulted in higher tuition and fees, greater student loan debt, decreased resources for education and research, and fewer graduates and approved patent applications from public colleges and universities. If the New England states wish to better meet the educational needs of the region's students and the workforce requirements of employers, policymakers will need to restore some of the reduced appropriations and safeguard public higher education against future budget cuts.

Among the findings highlighted in this report are that when other factors are held constant, each dollar of reduced state appropriations leads, on average, to a 17 cent increase in net tuition and fees and a 30 cent decrease in instructional expenditures at public doctoral institutions. At community colleges, \$1 in lost state appropriations leads, on average, to a 56 cent cut in instructional expenditures. These cuts seriously diminish students' opportunities to pursue and earn academic degrees. Estimates in this report suggest that due to state funding cuts, community colleges in New England collectively granted about 21,388 fewer associate's degrees during the 2002–2012 period than they would have granted if they had received per-student state appropriations at the 2001 level (after inflation adjustments) each year since the 2001 recession. Because community colleges have a higher concentration of racial minorities and low-income students, these students are more likely to be affected and miss the opportunity to use a community-college education as a stepping stone for moving up the career and income ladder or transitioning to a four-year college.

State funding cuts also have implications for employers and the vitality of New England's economy. When the region's public institutions grant fewer degrees, it becomes harder to address the demand by its employers for skilled workers. In addition, state funding cuts hurt public institutions' ability to produce high-quality research that generates large social and economic benefits. Estimates in this report suggest that due to state funding cuts, the six public doctoral institutions in New England together produced 117 to 369 fewer approved patent applications during the 2002–2012 period than they would have produced if they had received per-student state appropriations at the 2001 level (after inflation adjustments) each year since the 2001 recession.

This report recommends that policymakers provide robust financial support for public higher education, particularly community colleges, which are the most vulnerable to the negative consequences of state disinvestment. To reduce the chances of having to make state funding cuts, or to at least mitigate future cuts, policymakers should consider both short-term and long-term solutions such as strengthening state budget stabilization funds and addressing long-term state budget gaps. If states need to raise more revenues to safeguard public colleges and universities, the social, economic, and fiscal benefits associated with public higher education likely will justify the additional costs to taxpayers.

I. Introduction

Governments support public higher education because it produces many public benefits that would be undersupplied if only private institutions provided opportunities to pursue and earn postsecondary degrees. Some of these benefits are particularly valuable to society. For example, college graduates share their knowledge and skills with coworkers, which increases those coworkers' productivity and wages (Glaeser and Saez 2004; Moretti 2004a; Moretti 2004b; Rosenthal and Strange 2008). Researchers also find that, because human capital is a critical determinant of long-term economic growth, cities with a larger share of college-educated people experience greater employment growth (Simon 1998; Simon and Nardinelli 2002; Shapiro 2006). Furthermore, university-based research spurs innovations in private industry (Mansfield 1995). Businesses located near universities especially benefit from these positive spillovers, because the proximity makes it easier for them to collaborate with university researchers (Jaffe 1989; Bania, Eberts, and Fogarty 1993; Mansfield and Lee 1996; Anselin, Varga, and Acs 1997; Adams 2002; Zheng and Slaper 2016).

From a pure investment perspective, public higher education can generate a positive net return for governments (Trostel 2010). On average, people with higher educational attainment earn higher incomes and pay more taxes than do people with lower educational attainment. People with higher educational attainment also are less likely to rely on public assistance or to commit violent crimes and therefore cause fewer government expenditures on welfare and corrections. Trostel (2010) estimates that the direct extra tax revenues from college graduates plus the direct savings in post-college government expenditures are greater than the gross government cost on public higher education per college degree.

In addition, supporting public higher education helps governments address social and economic inequality. Many low- and moderate-income students cannot afford to attend private colleges and universities, but governments can lower access barriers facing these students by supporting lower-cost public institutions.¹

For these reasons and others, most people value public higher education. In WGBH News's 2018 National Higher Education Poll, 76 percent of the respondents expressed a positive opinion of public colleges and universities, while only 59 percent had a positive view of private colleges and universities. Furthermore, 78 percent of the respondents said they would be concerned if their state cut funding for public higher education.²

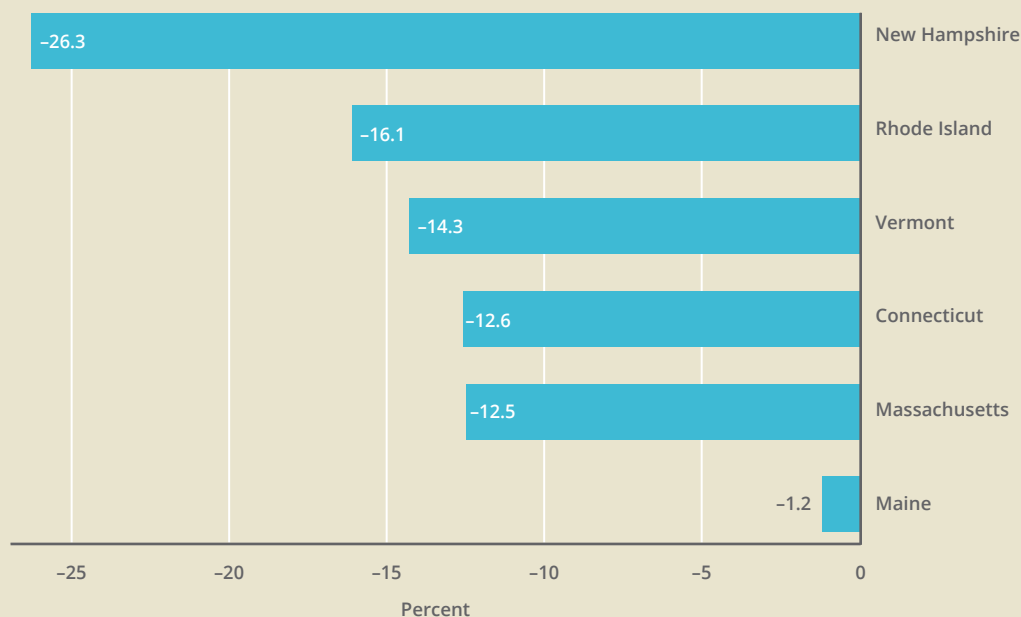
Nevertheless, state appropriations for higher education have declined over the past several decades in the United States (Long 2016). The New England region is no exception. After inflation adjustments, state funding for higher education per student in 2017 was lower than it was

1 Some voters and policymakers are concerned that many students of public institutions will leave their home states after graduation. If so, the home states would not receive many of the social and fiscal benefits from these students after investing in their education. In reality, public institutions' students are less likely than private institutions' students to leave their states after graduation. According to national surveys, 76.5 percent, 71.1 percent, and 65.4 percent of undergraduates who graduated from public four-year institutions in 1993 still lived in the state where they received their bachelor's degrees in 1994, 1997, and 2003, respectively (Perry 2001; Bradburn, Nevill, Cataldi, and Perry 2006). In comparison, 63.1 percent, 57.6 percent, and 53.4 percent of undergraduates who graduated from private nonprofit four-year institutions in 1993 still lived in the state where they received their bachelor's degrees in 1994, 1997, and 2003, respectively.

2 WGBH News, "WGBH News Higher Education Poll: Top Line Data," *WGBH News*, September 16, 2018.

Figure 1

State Funding for Higher Education Remains Below Pre-Great Recession Levels in the New England States
 Percent Change in Inflation-adjusted State Spending on Higher Education per Student between 2008 and 2017



Source: Center on Budget and Policy Priorities.

a decade ago in each of the six New England states (Figure 1). All but Maine saw double-digit declines.

One reason for the decreasing state support of higher education is that states often cut higher education funding deeply to help close budget gaps caused by economic recessions. During and in the aftermath of the two recent recessions (2001 and 2007–2009), states faced large and unprecedented revenue shortfalls. To solve the severe fiscal crises, state governments across the country made deep cuts in higher education funding (Mitchell and Leachman 2015; Mitchell, Leachman, and Masterson 2016). Although the US unemployment rate is at a historically low level, states have not raised their appropriations for higher education back to the pre-recession levels (Mitchell, Leachman, and Masterson 2016; State Higher Education Executive Officers Association 2017).

Another reason for the decreasing state support of higher education is that states have had to allocate more resources to the large and growing Medicaid and unfunded public pension liabilities, which have crowded out state funding for public higher education in the long run (Kane, Orszag, and Gunter 2003; Okunade 2004; Kane, Orszag, and Apostolov 2005; Novy-Marx and Rauh 2014). Since fiscal year 2009, Medicaid has surpassed elementary and secondary education to become the largest state spending category (National Association of State Budget Officers 2015). Furthermore, Novy-Marx and Rauh (2009) estimate that unfunded liabilities for state-administered pension plans in the United States were about \$3 trillion as of the end of 2008. If no policy changes are made, government contributions to these plans would have to increase to an equivalence of 14.1 percent of state and local governments' total own-source revenue to fully fund the public pension systems over the next 30 years (Novy-Marx and Rauh 2014).

Many public university administrators, students and families, advocacy groups, and news outlets have expressed concern about the negative consequences of “state disinvestment in higher education” (Dewitt 2017³; Lambeck 2017⁴; Mitchell, Leachman, and Masterson 2017; Lannan 2018⁵). For example, a recent descriptive analysis by the Massachusetts Budget and Policy Center suggests that deep cuts to state funding played a major role in driving up tuition and fees across public colleges and universities in Massachusetts, and consequently, students and families have had to take out more student loans (Thompson 2018). To cope with recent reductions in state funding, the University of Massachusetts system imposed a hiring freeze, increased the student-to-faculty ratio, and reduced program offerings (Lannan 2017⁶).

These negative consequences have even broader implications. For example, greater student loan debt is found to lower the homeownership rate for the borrowers (Cooper and Wang 2014; Mezza et al. 2016). Also, when higher-education funding is cut, public college students receive less support to help them graduate and therefore face a higher risk of dropping out. Data show that student-loan borrowers who do not graduate have significantly higher default rates than borrowers who graduate (Baum et al. 2018). Perhaps more important, students who leave school without a degree, especially racial-minority and low-income students, miss the opportunity to use higher education as a stepping stone for career advancement and upward income mobility.

State disinvestment in higher education also has negative implications for employers. Across the country, employers are facing a tight labor market and having difficulty filling open positions, especially those requiring skills and training. A decline in public institution graduates due to state funding cuts will likely exacerbate the shortage of skilled workers. In addition, if the trend in state funding of higher education persists, it will likely be hard to meet employers’ demand for middle-skill and high-skill workers in the long term. The Bureau of Labor Statistics (2013) projects that occupations requiring postsecondary education will grow by 14.0 percent between 2012 and 2022 and occupations requiring a high school diploma or less will grow by only 9.1 percent during the same period.

Community colleges are particularly vulnerable to the negative consequences of state funding cuts.

This report aims to gain a deeper understanding of the consequences of decreasing state support for higher education, with a special focus on New England. It first reviews the role of public institutions in the higher education sector and the evolution of state funding for higher education both in New England and across the country. Then, it systematically examines the effects of changes in state appropriations on public institutions and their students and discusses the broader implications.

The results of the analysis indicate that a reduction in state appropriations generally leads to an increase in tuition and fees and a decrease in school expenditures, and it ultimately hurts degree completion rates and research productivity at public institutions. Among the different types of public institutions, community colleges are more likely to serve non-traditional and socioeconomically disadvantaged students, and these institutions are found to be particularly vulnerable to the negative consequences of state funding cuts. This report recommends that policymakers consider protecting the appropriations for community colleges, strengthening state budget stabilization funds, and addressing long-term state budget gaps.

3 Dewitt, Ethan, “Since Recession, N.H. Tuition Is Up, While Support for Public Higher Ed Is Down,” *Concord Monitor*, August 30, 2017.

4 Lambeck, Linda C., “School Funding Trimmed for Most, Not All, Districts under Legislative Budget,” *Connecticut Post*, October 26, 2017.

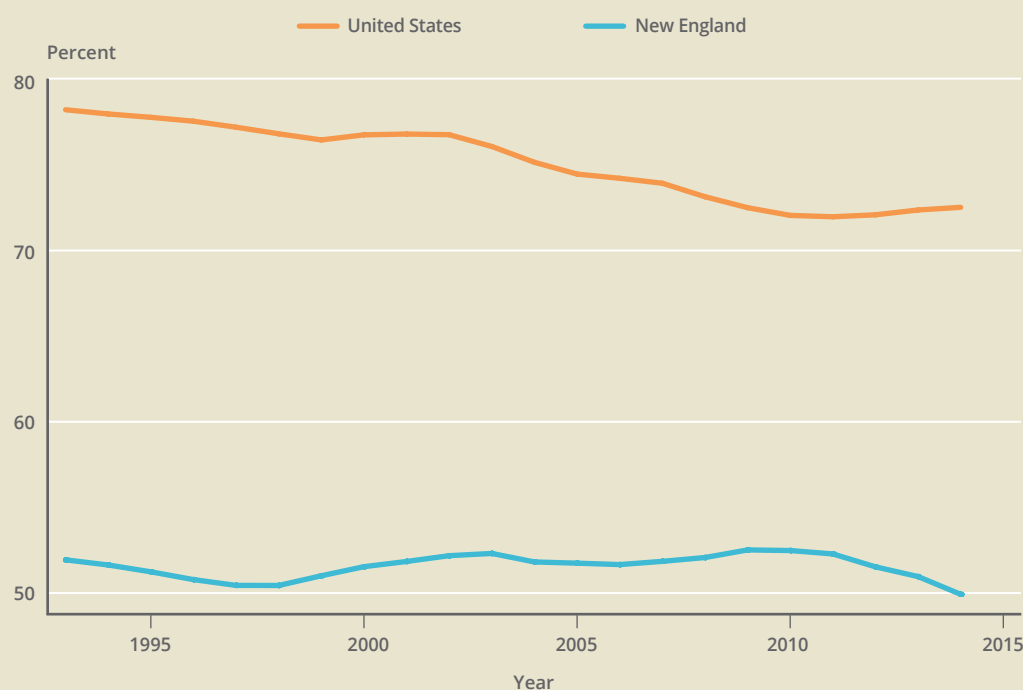
5 Lannan, Katie, “Students Pay More as Mass. Cuts Support for Higher Education,” *State House News Service*, March 1, 2018.

6 Lannan, Katie, “Students in Mass. May Be Facing Higher Public Ed Costs,” *State House News Service*, March 1, 2017.

Figure 2

Half of Higher Education Students in New England Were Enrolled in Public Institutions

The Percent Shares of Fall Enrollment in Public Institutions, 1993–2014



Source: National Center for Education Statistics, Digest of Education Statistics.

II. The Role of Public Institutions in the Higher Education Sector

Public institutions play an important role in the higher education sector. In New England, they enroll about half of the postsecondary student population, and community colleges are virtually the only providers of a two-year postsecondary education in the region. Community colleges also are more likely than other types of public institutions to serve older, minority, and low-income students.

Figure 2 shows the share of the fall enrollment in public institutions for New England and the United States from 1993 through 2014. Over this period, the share for New England was significantly and consistently lower than that for the United States. New England, in fact, had the lowest share among the nine census divisions. This is because this region has a high concentration of private institutions (especially elite ones) and relies on these types of colleges and universities to provide postsecondary education services more than other parts of the country do.⁷

⁷ The online Appendix Table 1 shows the ratios of the postsecondary enrollment to the college-age population (aged 18 to 24) by institution type in 2014. New England had a higher ratio of the total (combined public and private) postsecondary enrollment to the college-age population than did the United States. However, the region had a lower ratio of the public four-year and two-year enrollment to the college-age population than did the nation, which is similar to what Table 1 shows.

Table 1

Some New England States Are Particularly Reliant on Public Four-year Institutions

The Percent Shares of Fall Enrollment by Institution Type, 2014

	Public		Private			
	Four-year	Two-year	Four-year		Two-year	
			Nonprofit	For-profit	Nonprofit	For-profit
United States	40.9	31.7	19.6	6.3	0.2	1.4
New England	29.0	20.9	48.1	1.7	0.1	0.2
Connecticut	33.3	27.3	34.9	4.6	0.0	0.0
Maine	42.5	25.2	29.2	2.2	0.4	0.6
Massachusetts	24.4	19.9	54.6	0.7	0.2	0.2
New Hampshire	26.4	14.1	57.3	2.1	0.1	0.0
Rhode Island	30.2	21.0	48.8	0.0	0.0	0.0
Vermont	44.6	13.7	40.7	1.0	0.0	0.0

Source: National Center for Education Statistics, Digest of Education Statistics.

However, the gap between the shares for the region and the nation shrunk by almost 4 percentage points over the past two decades, largely because the share for the nation dropped more substantially than the share for the region. The national decline was driven by the rapid growth of private for-profit institutions in the 2000s. Enrollment in private for-profit institutions accounted for only 1.7 percent of the total enrollment in the United States in 1993, but it climbed to almost 10 percent in 2010 before dropping to 7.7 percent in 2014.⁸

While not as dominant as the public institutions in other regions, New England public institutions still enroll about half of the higher education students in the region. In addition, some New England states rely more on public institutions than do other states in the region. In 2014, the public four-year institutions in Maine and Vermont had even higher shares of total enrollments than did the public four-year institutions across the United States (Table 1).

Community colleges now play a more prominent role in providing two-year postsecondary education in New England than they do in the United States as a whole. They enrolled nearly 99 percent of students attending two-year institutions in the region in 2014 (Figure 3). In comparison, across the nation, 95 percent of students attending two-year institutions went to community colleges that year.⁹

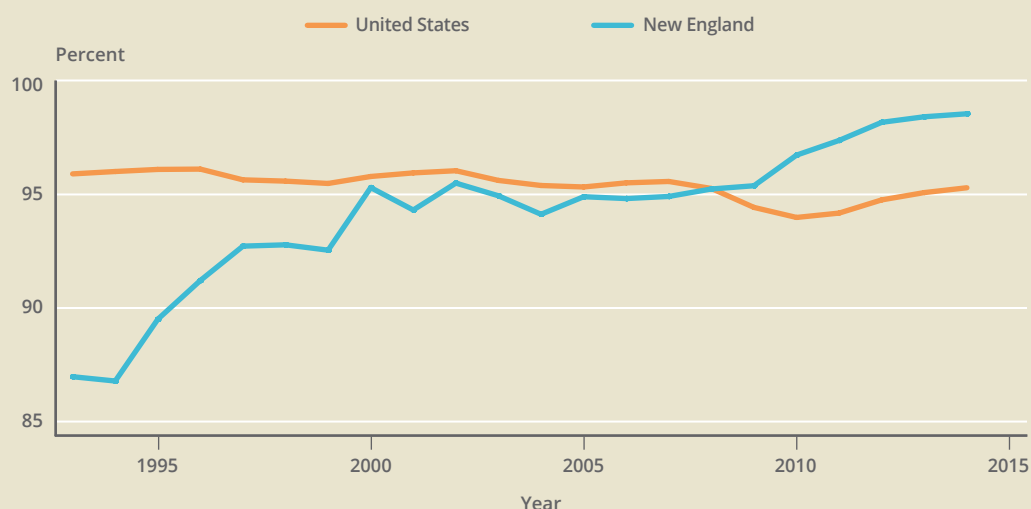
8 Goodman and Henriques (2015) suggests that state funding cuts contributed to a shift in student enrollment from public institutions to private for-profit institutions.

9 New England has a relatively smaller two-year postsecondary sub-sector than the United States. Only about a fifth of postsecondary students went to two-year institutions (public and private combined) in the region in 2014, compared with nearly a third of postsecondary students enrolled in two-year institutions across the United States that year (Table 1).

Figure 3

Community Colleges Have Been Playing an Increasingly Important Role in the Two-year Postsecondary Sub-sector in New England

Fall Enrollment in Community Colleges as a Share of Enrollment in Public and Private Two-year Institutions, 1993–2014



Source: National Center for Education Statistics, Digest of Education Statistics.

Community colleges are more likely to serve non-traditional and socioeconomically disadvantaged students than are public and private nonprofit four-year institutions—two other major players in the higher education sector (Table 2). Sixty percent of community-college students in New England were enrolled as part-time students in 2012, while most undergraduates in public and private nonprofit four-year institutions were enrolled as full-time students (Panel A). Community colleges also had a much higher percentage of older students—aged 25 and older—among full-time undergraduates than did four-year institutions (Panel B). In addition, community-college students were more likely to be black or Hispanic (Panels C and D), and they were more likely than students at four-year institutions to come from low-income families and receive federal grants—mostly need-based Pell Grants (Panels E and F).¹⁰

III. The Role of State Appropriations in Public Higher Education Finance

Public institutions critically depend on state funding. However, state appropriations for public higher education have declined substantially in recent decades, both in New England and across the nation. States have reduced funding for higher education to address short-term budget gaps caused by recessions and long-term budget gaps attributed to the growing costs of Medicaid and public pensions.

Public institutions' revenues come from three sources: state appropriations, tuition and fees, and other funding sources. Other funding sources include federal appropriations; local appropriations; investment return; federal grants and contracts; and private gifts, grants, and contracts. Each of these other funding sources is generally much smaller than state appropriations or tuition and fees and is often earmarked for specific purposes. In contrast, state appropriations are general-purpose revenue and essentially support all expenditure categories in each public university.

¹⁰ Private nonprofit four-year institutions in Maine and New Hampshire had a higher share of black or Hispanic students than did community colleges in their states, likely because these four-year institutions enrolled some out-of-state minority students.

Table 2 Community College Students Compared with Students at Four-year Institutions

Panel A	Percent of Part-time Students among Undergraduates (2012)		
	Public Two-year	Public Four-year	Private Nonprofit Four-year
United States	54.3	20.6	18.6
New England	60.1	21.2	13.7
Connecticut	65.2	28.1	14.8
Maine	51.8	18.8	15.3
Massachusetts	58.7	17.4	14.5
New Hampshire	61.6	8.8	13.8
Rhode Island	65.9	18.5	7.7
Vermont	-	30.8	9.8

Panel B	Percent of Students Aged 25 and Older among Full-time Undergraduates (2012)		
	Public Two-year	Public Four-year	Private Nonprofit Four-year
United States	33.4	16.3	19.3
New England	26.3	11.2	11.0
Connecticut	25.1	17.7	9.4
Maine	36.1	13.1	3.9
Massachusetts	25.3	8.0	13.2
New Hampshire	22.1	5.4	7.6
Rhode Island	18.9	8.6	6.6
Vermont	-	7.9	12.9

Panel C	Percent of Students Who Are Black (2012)		
	Public Two-year	Public Four-year	Private Nonprofit Four-year
United States	14.4	14.0	12.3
New England	9.3	5.3	6.3
Connecticut	11.3	8.5	7.3
Maine	1.2	1.0	3.4
Massachusetts	12.6	4.9	7.9
New Hampshire	1.5	1.2	2.4
Rhode Island	9.2	5.9	4.5
Vermont	-	1.7	2.9

Source: National Center for Education Statistics, Delta Cost Project.

Note: There are no reported data on public two-year institutions in Vermont for 2008 or 2012. Therefore, the data on public two-year institutions in the New England region do not include Vermont.

Table 2 Community College Students Compared with Students at Four-year Institutions

Panel D	Percent of Students Who Are Hispanic (2012)		
	Public Two-year	Public Four-year	Private Nonprofit Four-year
United States	11.7	8.7	8.3
New England	11.5	5.7	5.6
Connecticut	15.9	8.8	5.8
Maine	1.1	1.0	3.6
Massachusetts	13.6	5.1	6.4
New Hampshire	2.4	2.2	4.0
Rhode Island	15.4	7.5	6.2
Vermont	-	2.8	3.3

Panel E	Percent of Students Whose Total Family Income Is Less than \$15,000 (2008)		
	Public Two-year	Public Four-year	Private Nonprofit Four-year
United States	27.2	15.1	14.0
New England	24.1	9.7	10.2
Connecticut	22.9	8.0	8.2
Maine	23.2	10.6	9.6
Massachusetts	27.9	10.7	11.0
New Hampshire	11.9	6.4	6.7
Rhode Island	30.6	10.0	7.3
Vermont	-	8.8	13.7

Note: Data include only dependent undergraduates who applied for federal financial aid.

Panel F	Percent of Full-time, First-time Undergraduate Students Receiving Federal Grants (2012)		
	Public Two-year	Public Four-year	Private Nonprofit Four-year
United States	60.6	44.6	44.3
New England	55.4	33.9	32.3
Connecticut	50.5	31.8	25.8
Maine	71.3	45.0	32.6
Massachusetts	56.0	33.4	33.8
New Hampshire	46.0	24.0	33.9
Rhode Island	56.0	36.0	25.6
Vermont	-	33.0	36.3

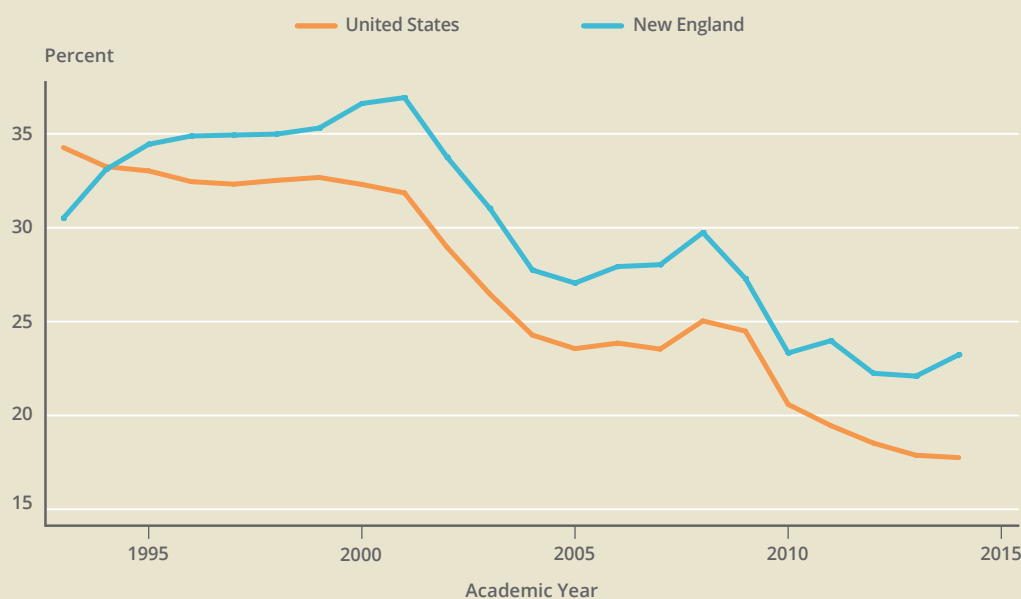
Source: National Center for Education Statistics, Delta Cost Project.

Note: There are no reported data on public two-year institutions in Vermont for 2008 or 2012. Therefore, the data on public two-year institutions in the New England region do not include Vermont.

Figure 4

State Appropriations Have Been Playing a Decreasing Role in Financing Public Institutions

State Appropriations as a Share of Total Revenues of Public Institutions, 1993–2014



Source: National Center for Education Statistics, Digest of Education Statistics.

Note: Total revenues for 2002 and 2003 and state appropriations for 2002 are missing and are estimated using interpolation.

State appropriations have played an important but decreasing role in financing public institutions. As a share of public institutions' total revenues, they have trended downward both in New England and across the United States over the past two decades (Figure 4). Long (2016) shows that all states and all types of public institutions have experienced reductions in state appropriations. Due to this long-run decline, state appropriations have recently become less important than tuition and fees in financing public institutions. They were a larger revenue source than tuition and fees in the 1990s and 2000s, but that changed in the 2010s.

Figure 4 also shows that the state appropriations' share of the total revenues of public institutions fell further and earlier in the nation as a whole than in New England. As a result, the region and the nation have reversed positions. In the early 1990s, when New England experienced a severe economic and fiscal crisis, the region's state appropriations represented a lower share of public institutions' total revenues compared with the United States as a whole. Since then, New England's state appropriations have made up a greater share of the total revenues.

The extent of public institutions' reliance on state appropriations varies across the New England states. In New Hampshire and Vermont, state appropriations make up a much smaller percentage of total revenues of public institutions than in other New England states and across the United States. In 2014, New Hampshire and Vermont appropriated only 8.1 percent and 10.0 percent, respectively, of total revenues of public institutions, compared with 17.8 percent across the United States.

IV. The Consequences of Decreasing State Appropriations for Higher Education

Using large national datasets and advanced statistical methods, two new Federal Reserve Bank of Boston working papers examine the impact of reductions in state appropriations on public higher education institutions and their students (Zhao 2018; Zhao forthcoming). This report builds on these papers and highlights the experiences of the New England states.

The working papers and this report find that when states reduce funding for higher education, many public institutions raise tuition and fees—especially for out-of-state undergraduates—to only *partially* offset state revenue loss in the United States. Public institutions also have to cut their spending, especially in the areas of instruction and research. These actions ultimately hurt schools’ ability to help students complete their degrees and to help university researchers produce more high-quality research.

The analysis also reveals that community colleges are more vulnerable than other types of public institutions to the negative impact of state funding cuts. Unlike public doctoral institutions, community colleges often are unable to raise tuition and fees and therefore have no cushion against state funding reductions. They also have to trim educational expenditures more dramatically in the event of state funding cuts, and so they experience a larger decline in degree completion rates than do other types of public institutions.

Net tuition and fees at public doctoral institutions increase by 17 cents in response to a \$1 decrease in state appropriations.

TYPES OF PUBLIC INSTITUTIONS

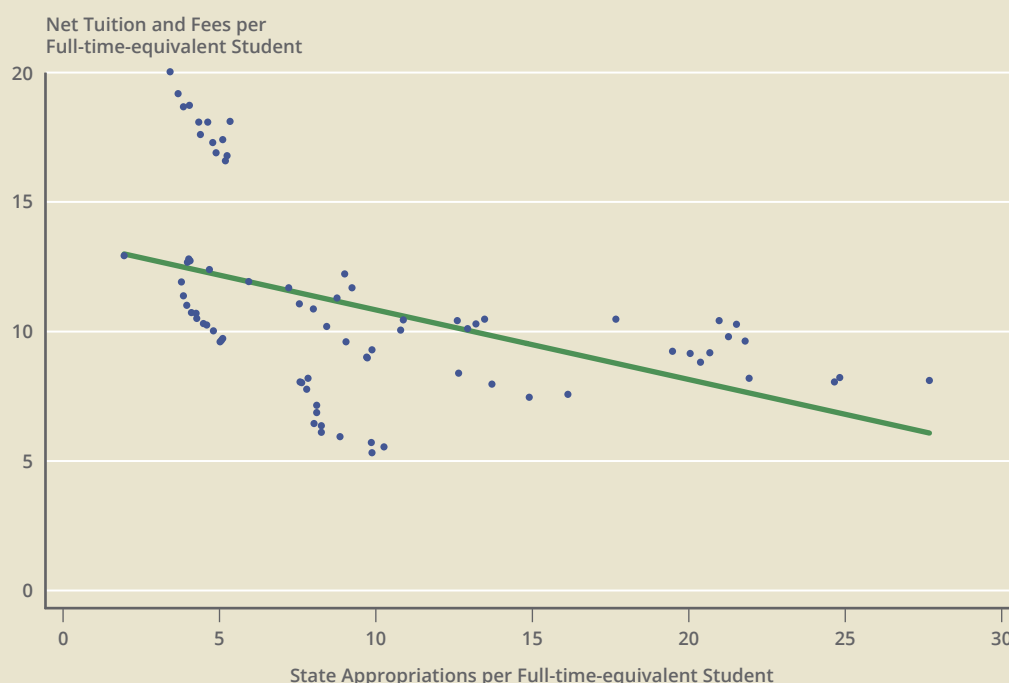
The Carnegie Commission on Higher Education classifies public institutions into the following four categories based on the type and number of degrees they award each year.

- **Public doctoral/research institution:** A public institution that awards at least 20 research/scholarship doctoral degrees a year. The state university systems in the six New England states—University of Connecticut, University of Maine, University of Massachusetts, University of New Hampshire, University of Rhode Island, and University of Vermont—are all public doctoral institutions.
- **Public master’s institution:** A public institution that awards at least 50 master’s degrees and fewer than 20 doctoral degrees a year. New England examples include Bridgewater State University in Massachusetts, Central Connecticut State University, and Rhode Island College.
- **Public bachelor’s institution:** A public institution where baccalaureate or higher degrees account for at least half of the total degrees awarded and fewer than 50 (if any) master’s degrees a year are awarded. New England examples include Charter Oak State College in Connecticut and Massachusetts College of Liberal Arts.
- **Public associate’s institution (commonly called community college):** A public two-year institution that awards degrees no higher than an associate’s degree. New England examples include Quinsigamond Community College in Massachusetts and Eastern Maine Community College.

Figure 5

Public Doctoral Institutions Tend to Raise Tuition and Fees When States Reduce Appropriations

State Appropriations versus Net Tuition and Fees among Public Doctoral Institutions, 2000–2012



Sources: National Center for Education Statistics, Delta Cost Project; author's calculations.

Note: The figure is based on the data of six New England public doctoral institutions for 2000–2012. The straight line is generated from a univariate regression, which describes a simple linear relationship between the two variables in question. Net tuition and fees are defined as gross tuition and fees net of scholarships and fellowships that institutions award to students. All financial variables are in thousands of 2012 dollars.

The Impact on Tuition and Fees

Many public institutions need to raise tuition and fees to address state funding cuts. Figure 5 shows that net tuition and fees at public doctoral institutions in New England tend to increase when state appropriations decrease.¹¹ Using advanced statistical methods to analyze a national data sample, Zhao (2018) finds that net tuition and fees at public doctoral institutions increase by 17 cents, on average, in response to a \$1 decrease in state appropriations.¹²

Furthermore, the increase in tuition and fees is much greater for out-of-state students than for in-state students.¹³ For a \$1 decrease per full-time-equivalent (FTE) student in state appropriations, out-of-state full-time undergraduates at public doctoral institutions face an average increase of 26 cents in sticker price, while the average increase for in-state full-time undergraduates is 14 cents.¹⁴ One reason for the difference in price increases is that public doctoral institutions are less constrained in raising out-of-state tuition than in raising in-state tuition. Individual institutions have full autonomy over setting out-of-state tuition, but they often need to obtain the approval of the

11 Public doctoral institutions are selected for illustration purposes. Net tuition and fees are defined as gross tuition and fees net of scholarships and fellowships that institutions award to students.

12 See the online Appendix Table 2, Panel A for the related regression coefficients.

13 Knight and Schiff (2016) show that public universities' charging residents and nonresidents a different amount of tuition results in economic inefficiencies from a national perspective.

14 The sticker price is a fixed amount of money that an institution charges a full-time student to cover tuition and required fees for an academic year before any discounts. It is also called the published price, because schools often list it in their brochures.

state legislature or a state- or system-wide governing board to raise in-state tuition (Jaquette and Curs 2015). It is also politically less risky to increase out-of-state tuition, because doing so exports more of the cost burden to non-residents.

Nevertheless, the increases in tuition and fees do not *fully* offset the reductions in state appropriations for several reasons. First, public institutions in many states have only limited control over setting in-state tuition. In these states, the state legislature or some centralized agencies or boards possess the primary tuition-setting authority, and their members have political incentive to keep tuition down. According to a 2010–2011 survey conducted by the State Higher Education Executive Officers Association, the primary tuition-setting authority belongs to the state legislature or the statewide coordinating governing agency in 14 states and to the coordinating/governing boards for institutional systems in 19 states (Bell, Carnahan, and L'Orange 2011). Second, states sometimes impose ad hoc tuition caps, curbs, or freezes (Boatman and L'Orange 2006; Kim and Ko 2015). For example, Massachusetts implemented a two-year tuition freeze at state colleges and universities in the mid-2010s (Murray 2017¹⁵). Third, public institutions limit their tuition and fees increases in order to remain competitive in recruiting and retaining students (Povich 2015¹⁶). The University of Massachusetts system cited the need for maintaining competitiveness relative to other institutions in the state as a reason for implementing a lower tuition increase in 2018 than in previous years (Murray 2017).

In contrast to public doctoral institutions, community colleges, on average, show no changes in tuition and fees after experiencing reductions in state appropriations (Zhao 2018). The lack of price response from community colleges is likely because they are mandated to be accessible for everyone, and their intended student population tends to be low income and sensitive to tuition increases.

One direct implication of increases in tuition and fees at public institutions is that many students have to take out more student loans to pay for their education. The Massachusetts Budget and Policy Center shows that the share of graduates from Massachusetts public four-year institutions who borrowed student loans jumped from 58 percent in 2004 to 73 percent in 2016, and the average amount of the inflation-adjusted student loan debt among borrowers increased 77 percent during this period (Thompson 2018). In comparison, the nationwide share of graduates from public four-year institutions who borrowed student loans increased from 54 percent in 2004 to 59 percent in 2016, and the nationwide average amount of the inflation-adjusted student loan debt among borrowers increased 30 percent during this period. Furthermore, Clifford (2016) finds that borrowers from neighborhoods with lower average incomes, higher minority shares, or lower average educational attainment levels had a harder time keeping up with their student loan payment schedule and had higher delinquency rates. Subsequently, the delinquency likely damaged these students' credit histories and credit scores, making it more difficult for them to rent an apartment, receive a mortgage to buy a home, or even find a job, since many employers conduct a credit background check of job applicants.

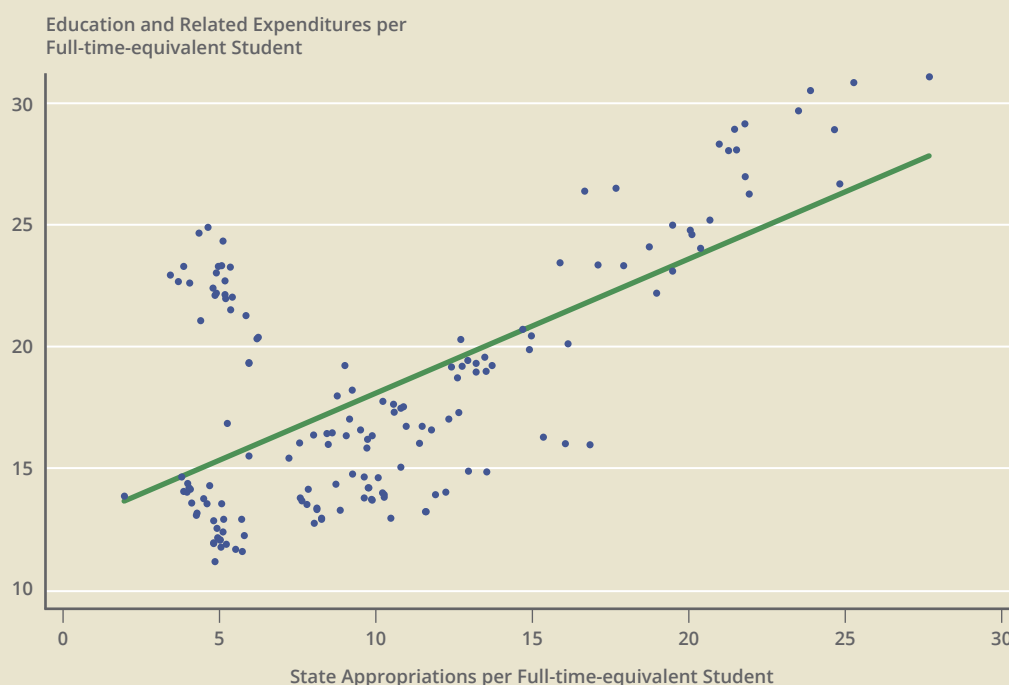
15 Murray, Stephanie, "Cost of Attending UMass Likely to Go Up 2–3%, Meehan Says," *State House News Service*, June 20, 2017.

16 Povich, Elaine S., "To Balance Budgets, Governors Seek Higher Education Cuts," *Stateline*, March 27, 2015.

Figure 6

Public Doctoral Institutions Tend to Cut Spending When States Reduce Appropriations

State Appropriations versus Education and Related Expenditures among Public Doctoral Institutions, 1987–2012



Sources: National Center for Education Statistics, Delta Cost Project; author's calculations.

Note: The figure is based on the data of six New England public doctoral institutions for 1987–2012. The straight line is generated from a univariate regression, which describes a simple linear relationship between the two variables in question. All financial variables are in thousands of 2012 dollars.

The Impact on School Expenditures

Because increases in tuition and fees, if there are any, are not enough to replace lost revenues from the states, public institutions have to cut spending to balance their budgets. Figure 6 shows,

For community colleges, a \$1 cut in state appropriations results in a reduction of 56 cents in instructional expenditures.

for example, that when state appropriations are reduced, education and related expenditures tend to decrease among public doctoral institutions in New England.¹⁷ Furthermore, Zhao (2018) estimates that a \$1 cut in state appropriations results, on average, in a drop of almost 50 cents in education and related expenditures—including nearly 30 cents in instructional expenditures—for public doctoral institutions across the country.¹⁸ Reducing instructional expenditures then leads to a lower instructional-faculty-to-student ratio, which likely reduces the quality of education that students receive.

In addition, Zhao (2018) estimates that a \$1 cut in state appropriations results, on average, in a reduction of 7 cents in public service expenditures for public doctoral institutions. Public institutions often provide free community services, such as assistance at hospitals and tutoring for K–12 students. Many also actively engage in local economic development. Therefore, reductions in school expenditures on public service are likely to have a negative impact on public institutions' surrounding communities.

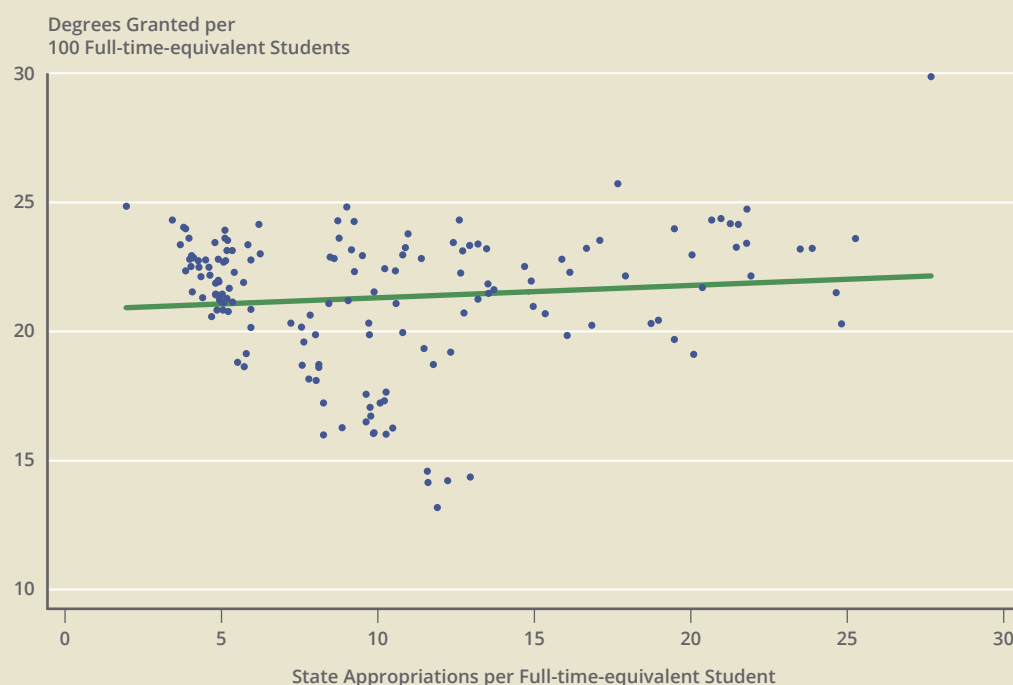
17 Education and related expenditures refer to total spending on direct educational costs, including spending on instruction, student services, and the education share of spending on central academic and administrative support, operations, and maintenance.

18 See the online Appendix Table 2, Panel B for the related regression coefficients.

Figure 7

Degree Completion Tends to Decline When States Reduce Appropriations

State Appropriations versus Degrees Granted among Public Doctoral Institutions, 1987–2012



Sources: National Center for Education Statistics, Delta Cost Project; author's calculations.

Note: The figure is based on the data of six New England public doctoral institutions for 1987–2012. The straight line is generated from a univariate regression, which describes a simple linear relationship between the two variables in question. All financial variables are in thousands of 2012 dollars. Degrees granted include bachelor's and graduate degrees.

In addition to public doctoral institutions, other types of public institutions have to implement spending cuts in response to state funding reductions. In particular, community colleges cut more spending than other types of public institutions, because, as noted earlier, they are unable to raise tuition and fees as a cushion against state funding reductions. Zhao (2018) estimates that for community colleges, a \$1 cut in state appropriations results, on average, in about a \$1 reduction in education and related expenditures, including a reduction of roughly 56 cents in instructional expenditures.

The Impact on Degree Completion

Cuts in school expenditures leave fewer school resources available to help students complete their degrees. For example, reducing instructional expenditures often leads to fewer classes and larger classes, and lower quality and quantity of teaching faculty and staff (Korn and McWhirter 2017¹⁹; Lannan 2017). Reducing research spending also hinders graduate students' ability to complete their degrees, because many rely on research assistantships, and their theses and dissertations are often tied to their advisors' research projects.

Figure 7 shows that when state appropriations are reduced, the number of degrees granted

19 Korn, Melissa, and Cameron McWhirter, "Public Universities Become Prime Targets for State Budget Cuts," *Wall Street Journal*, February 10, 2017.

relative to the enrollment tends to decrease slightly among public doctoral institutions in New England. Zhao (2018) further estimates that a decrease of \$10 million in state appropriations results, on average, in about 10 fewer graduate degrees granted by public doctoral institutions.²⁰ Estimates in this report suggest that due to state funding cuts, the six public doctoral institutions in New England collectively granted about 462 fewer graduate degrees during the 2002–2012 period than they would have granted if they had received per-student state appropriations at the 2001 level (after inflation adjustments) each year since the 2001 recession.²¹

Community colleges suffer an even larger drop in degree completion rates, because they have to make deeper cuts in educational expenditures to cope with state funding reductions. For a \$10 million decline in state appropriations, the number of associate's degrees granted by community colleges decreases, on average, by about 57 (Zhao 2018). Estimates in this report suggest that due to state funding cuts, community colleges in New England collectively granted 21,388 fewer associate's degrees during the 2002–2012 period than they would have granted if they had received per-student state appropriations at the 2001 level (after inflation adjustments) each year since the 2001 recession.²²

Due to state funding cuts, New England's community colleges granted 21,388 fewer degrees during the 2002–2012 period.

Appropriation cuts and public institutions' responses to them likely have a disproportionate impact on low-income and minority students, because they are more likely to attend community colleges than public four-year institutions. Many labor scholars and other experts suggest that receiving an associate's degree opens a promising pathway to a well-paying middle-skill job (for example, Holzer and Lerman 2007). However, state funding cuts make it more difficult for socioeconomically disadvantaged students to complete their associate's degrees and get on this pathway.

The Impact on Research Productivity

Part of the core mission of public doctoral institutions is to produce high-quality research that generates large social and economic benefits. The National Science Board (2018) reports that in 2016, all US colleges and universities together spent \$71.8 billion on research and development (R&D), which was about 15 percent of the total R&D expenditures in the United States that year. While their share of the financial resources for the US R&D system is relatively small, colleges and universities have played an outsized role in the country's R&D activities, accounting for 49 percent of its basic research performance in 2015 (National Science Board 2018). Lendel (2010) shows that

20 See the online Appendix Table 2, Panel C for the related regression coefficients.

21 This calculation is done under the assumption that the effect of state appropriations on the number of graduate degrees granted by public doctoral institutions in New England is the same as the national average.

22 This calculation is done under the assumption that the effect of state appropriations on the number of associate's degrees granted by community colleges in New England is the same as the national average. Vermont is not included in the calculation because there is no information on public associate's institutions in Vermont in our data source (the Delta Cost Project database).

universities with more R&D expenditures have a stronger impact on their regional economies. Furthermore, the American Academy of Arts and Sciences (2016) reports that in 2012 and 2013 US public universities filed 13,322 patent applications, received 3,278 granted patents, issued 3,094 licenses, and created 522 start-ups.

Licensing patents can generate additional revenue for academic institutions but also make broad economic contributions to the society. The Association of University Technology Managers (AUTM) reports that the 193 academic institutions that responded to the 2017 AUTM US Licensing Activity Survey collected \$3.14 billion in gross licensing income, or an average of \$153,111 per license, in that year (AUTM 2017). Pressman et al. (2017) estimate that during the 1996–2015 period, academic licensing from the AUTM survey respondents contributed \$148 billion to \$591 billion (in 2009 US dollars) to the US GDP, and their licensed-product sales supported 1.27 million to 4.27 million person years of employment. In addition, Rothwell et al. (2013) find that patents play an important role in driving long-run regional economic growth in the United States.

Due to state funding cuts, New England's public doctoral institutions produced 117 to 369 fewer approved patent applications.

In New England, some public universities have indeed created influential patented technologies. For example, researchers at the University of Massachusetts Amherst invented Geckskin, a super-strong adhesive product inspired by the footpads of geckos. An index-card size of Geckskin can hold up to 700 pounds against a smooth surface and can be easily released without leaving any residues. Scientists believe that this invention has huge potential for military, medical, industrial, clothing, and home applications. It was named as a top-5 science breakthrough of 2012 by *CNN Money*, a top-10 textile innovation for 2013–14 by the FabricLink Network, and one of 14 smart, nature-inspired inventions by *Bloomberg News*.²³

University-based research needs financial support from the schools. However, Zhao (forthcoming) finds that reducing state appropriations leads to cuts in research spending at public doctoral institutions that are among the top 250 US research universities. The study estimates that a \$1 decrease in state appropriations results, on average, in a decrease of 15 cents to 21 cents in research expenditures for public doctoral institutions.²⁴ These expenditure cuts are concentrated on salaries and wages paid to researchers. For a \$1 decrease in state appropriations, school spending on researchers' salaries and wages drops by 11 cents to 15 cents.

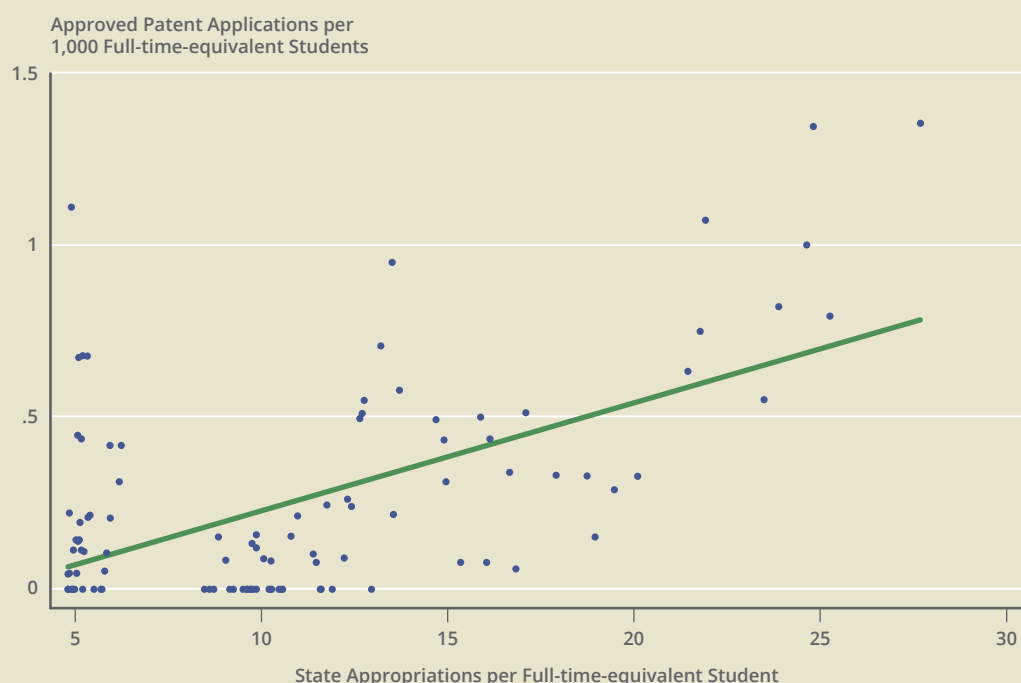
²³ See <https://geckskin.umass.edu/>.

²⁴ See the online Appendix Table 2, Panel D for the related regression coefficients.

Figure 8

The Number of Approved Patent Applications Tends to Decline When States Reduce Appropriations

State Appropriations versus Approved Patent Applications among Public Doctoral Institutions, 1987–2003



Sources: National Center for Education Statistics, Delta Cost Project; United States Patent and Trademark Office; author's calculations.

Note: The figure is based on the data of six New England public doctoral institutions for 1987–2003. The straight line is generated from a univariate regression, which describes a simple linear relationship between the two variables in question. All financial variables are in thousands of 2012 dollars.

Reductions in research expenditures also hurt research production. Using the number of approved patent applications as a measure of research production, Figure 8 shows that when state appropriations are reduced, research productivity among public doctoral institutions in New England tends to decrease. Furthermore, Zhao (forthcoming) estimates that, while student enrollment is held constant, a decrease of \$13 million to \$42 million in state appropriations results, on average, in one less approved patent application from public doctoral institutions. Estimates in this report suggest that due to state funding cuts, the six public doctoral institutions in New England collectively produced 117 to 369 fewer approved patent applications during the 2002–2012 period than they would have produced if they had received per-student state appropriations at the 2001 level (after inflation adjustments) each year since the 2001 recession.²⁵

25 This calculation is done under the assumption that the effect of state appropriations on the number of approved patent applications from public doctoral institutions in New England is the same as the national average.

V. Conclusion and Policy Recommendations

State appropriations are an important revenue source for public institutions, but they have declined significantly both in New England and across the United States over the past several decades. This report and other related research articles from the Federal Reserve Bank of Boston suggest that decreases in state appropriations have negative consequences for public institutions and students. These cuts tend to lead to higher tuition and fees and lower school spending on classroom instruction, research and development, and community service. As a result, they hinder public institutions from fulfilling their missions of educating students, producing research, and providing public service. Furthermore, reductions in state appropriations likely contribute to higher student loan debt and the shortage of skilled workers that employers are experiencing.

The research also reveals that the negative consequences of state funding cuts are more pronounced for community colleges than for other types of public institutions. Students at community colleges are more likely to be racial or ethnic minorities and come from low-income families than are students at other types of public institutions. Therefore, socioeconomically disadvantaged students are more likely to be affected than other members of the population, even though these students are the ones who need the most help climbing the career and income ladder. Taking these findings into account, states should consider providing more protection to community colleges in future budget crises.

States should also pursue policy options that reduce the chances and severity of state funding cuts for higher education. They need to consider both short-term and long-term solutions, since the declining state support for higher education is due to both economic recessions and the long-run growth of Medicaid and public pension costs. First, they should consider building larger budget stabilization funds—commonly known as rainy day funds—during economic booms. In principle, money should be deposited into budget stabilization funds during the good times and be withdrawn during the bad times to offset revenue shortfalls and avoid budget cuts and tax increases. However, Zhao (2016) shows that most states, including the New England states, have not had large enough budget stabilization funds to address revenue shortfalls in the last 25 years. In addition, to improve the effectiveness of budget stabilization funds, states should consider increasing or eliminating the size caps and reforming the deposit, withdrawal, and replenishment rules governing these funds (Sobel and Holcombe 1996; Hou 2004; Wagner and Elder 2005; McNichol and Boadi 2011; Zhao 2016).

Second, it is perhaps more important and necessary for states to take actions to close the long-term budget gaps. On the spending side, reforms are likely needed to address the rapid growth of Medicaid and unfunded pension liabilities, which in the past have crowded out state funding for higher education. If policymakers and voters do not wish to curb spending on Medicaid and public pensions, states will need to raise more revenues. While new taxes and fees impose costs on taxpayers, the social, economic, and fiscal benefits associated with public higher education will likely justify those costs.²⁶

It will not be easy to make these changes, as policymakers face trade offs. But as this report shows, public higher education institutions need robust state support to fulfill their missions, help their students graduate, produce skilled workers for employers, and generate the positive social and fiscal benefits we all need.

26 Recall that public higher education can generate a positive net investment return for governments, because governments can collect more taxes and spend less on welfare and corrections when a higher percentage of the workforce is college-educated (Trostel 2010). Supporting public higher education also helps governments address social and economic inequality.

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About the Author



Bo Zhao is a senior economist in the New England Public Policy Center at the Federal Reserve Bank of Boston. He specializes in public finance and urban and regional economics. His work mostly has focused on state and local fiscal issues, including public higher education, fiscal transparency, local fiscal disparities, state aid distribution formulas, rainy day funds, local-option taxes, and public pensions. His articles have appeared in the *Journal of Urban Economics*, the *National Tax Journal*, the *Journal of Policy Analysis and Management*, *Regional Science and Urban Economics*, and *Public Finance Review*, among other academic journals. He served on the Municipal Aid Subcommittee of the Municipal Finance Task Force in Massachusetts in 2006 and 2007. Zhao earned his PhD in economics and MS in applied statistics from Syracuse University. His email address is bo.zhao@bos.frb.org.

Acknowledgments

The author thanks Jeffrey Thompson for helpful comments and Lan Ha for excellent research assistance.



New England Public Policy Center
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The New England Public Policy Center was established by the Federal Reserve Bank of Boston in January 2005. The Boston Fed has provided support to the public policy community of New England for many years; NEPPC institutionalizes and expands on this tradition. The Center's mission is to promote better public policy in New England by conducting and disseminating objective, high-quality research and analysis of strategically identified regional economic and policy issues. When appropriate, the Center works with regional and Bank partners to advance identified policy options.

You can learn more about the Center by contacting us or visiting our website:

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Federal Reserve Bank of Boston

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Web: <http://www.bostonfed.org/neppc>



TO: WSU Board of Trustees
FROM: Barry M. Maloney, President
RE: Nominees for Inclusion in Speaker/Awards Pool
DATE: March 1, 2019

I am forwarding to you the recommendation of the All University Committee regarding speakers and recipients for awards to be included in our pool of candidates. The AUC received the recommendations from the Speakers/Awards Committee and at their November 13, 2018 meeting, approved the following candidates. I concur with their recommendation and ask that you approve the inclusion of these nominees in our pool of candidates.

COMMENCEMENT SPEAKER

NOAM CHOMSKY

VOTE COUNT 6-0 IN FAVOR

Avram Noam Chomsky is an American linguist, philosopher, cognitive scientist, historian, social critic, and political activist. Sometimes described as "the father of modern linguistics," Chomsky is also a major figure in analytic philosophy and one of the founders of the field of cognitive science. Considered the founder of modern linguistics, Noam Chomsky is one of the most cited scholars in modern history. Among his groundbreaking books are "Syntactic Structures," "Language and Mind," "Aspects of the Theory of Syntax," and "The Minimalist Program," each of which has made distinct contributions to the development of the field. He has received numerous awards, including the Kyoto Prize in Basic Sciences, the Helmholtz Medal and the Ben Franklin Medal in Computer and Cognitive Science.

NEIL DEGRASSE TYSON

VOTE COUNT 6-0 IN FAVOR

Neil DeGrasse Tyson is an American astrophysicist, author, and science communicator. Since 1996, he has been the Frederick P. Rose Director of the Hayden Planetarium at the Rose Center for Earth and Space in New York City. The center is part of the American Museum of Natural History, where Tyson founded the Department of Astrophysics in 1997 and has been a research associate in the department since 2003.

Tyson's professional research interests are broad, but include star formation, exploding stars, dwarf galaxies, and the structure of our Milky Way. In 2001, Tyson was appointed by President Bush to serve on a 12-member commission that studied the Future of the US Aerospace Industry. The final report was published in 2002 and contained recommendations (for Congress and for the major agencies of the government) that would promote a thriving future of transportation, space exploration, and national security.

In 2004, Tyson was once again appointed by President Bush to serve on a 9-member commission on the Implementation of the United States Space Exploration Policy, dubbed the Moon, Mars, and Beyond

commission. This group navigated a path by which the new space vision can become a successful part of the American agenda. And in 2006, the head of NASA appointed Tyson to serve on its prestigious Advisory Council, which will help guide NASA through its perennial need to t its ambitious vision into its restricted budget.

In addition to dozens of professional publications, Dr. Tyson has written, and continues to write for the public from magazine articles to approachable, "playful" books. He has appeared on numerous television and radio shows. He is the recipient of twenty honorary doctorates and the NASA Distinguished Public Service Medal, the highest award given by NASA to a non-government citizen. His contributions to the public appreciation of the cosmos have been recognized by the International Astronomical Union in their official naming of asteroid 13123 Tyson.

Recently Tyson served as Executive Editor and on camera Host & Narrator for *Cosmos: A SpaceTime Odyssey*, the 21st century continuation of Carl Sagan's landmark television series. The show appeared in 181 countries in 45 languages around the world on the National Geographic Channels. *Cosmos*, which is also available in DVD and BluRay, won four Emmy Awards, a Peabody Award, two Critics Choice awards, as well as a dozen other industry recognitions.

Tyson is the head of the world-renowned Hayden Planetarium in New York City and the first occupant of its Frederick P. Rose Directorship. He is also a research associate of the Department of Astrophysics at the American Museum of Natural History.

MAURA HEALY

VOTE COUNT 4-2 IN FAVOR

Maura T. Healey is an American attorney, a member of the Democratic Party and the Attorney General of Massachusetts. Born in New Hampshire, Healey graduated from Harvard College in 1992. She then spent two years playing professional basketball in Austria before returning to the United States and receiving a Juris Doctor degree from the Northeastern University School of Law, in 1998.

After clerking for federal judge A. David Mazzone, she worked in private practice for seven years, also serving as a special assistant district attorney in Middlesex County. Hired by Massachusetts Attorney General Martha Coakley in 2007, Healey served as Chief of the Civil Rights Division, where she spearheaded the state's challenge to the federal Defense of Marriage Act. She was then appointed Chief of the Public Protection & Advocacy Bureau and then Chief of the Business and Labor Bureau before resigning in 2013 to run for attorney general in the 2014 election as Coakley ran for Governor. She defeated former State Senator Warren Tolman in the Democratic primary and then defeated Republican attorney John Miller in the general election, thus becoming the first openly gay state attorney general elected in America.

ROALD HOFFMANN

VOTE COUNT 6-0 IN FAVOR

Roald Hoffmann was born in 1937 in Zloczow, Poland. Having survived the war, he came to the U. S. in 1949, and studied chemistry at Columbia and Harvard Universities (Ph.D. 1962). Since 1965 he is at Cornell University, now as the Frank H. T. Rhodes Professor of Humane Letters Emeritus. He has received many of the honors of his profession, including the 1981 Nobel Prize in Chemistry (shared with Kenichi Fukui).

Notable at the same time is his reaching out to the general public; he participated, for example, in the production of a television course in introductory chemistry titled "The World of Chemistry," shown widely since 1990. And, as a writer, Hoffmann has carved out a land between science, poetry, and philosophy, through many essays and three books, "Chemistry Imagined" with artist Vivian Torrence, "The Same and Not the Same and Old Wine" (translated into six languages), "New Flasks: Reflections on Science and Jewish Tradition," with Shira Leibowitz Schmidt.

Unadvertised, a monthly cabaret Roald runs at the Cornelia Street Cafe in Greenwich Village, "Entertaining Science," has become the hot cheap ticket in NYC.

RENEE KING

VOTE COUNT 6-0 IN FAVOR

Please note: This is a re-submission from 2017-2018. Her nomination was previously not approved by the AUC.

Renee King is the owner and founder of The Queen's Cups. Renee graduated from Millbury High School in 2007 and made her way to Worcester State University where she would graduate with a degree in psychology in 2012.

In 2017, The Queen's Cups outgrew its space in Millbury and through a casual meeting at a restaurant in the Canal District, she mentioned the idea of moving to a bigger space to the right person and the rest is history. A few months later, The Queen's Cups moved to the Canal District in Worcester where they were able to expand services to include an eat-in area, along with offering new items thanks to the larger kitchen.

After her journey to where she is today, Renee has one main piece of advice and that is to follow your passions and work hard. The rest will find a way of taking care of itself.

DOMINIQUE MORISSEAU

VOTE COUNT 6-0 IN FAVOR

Dominique Morisseau is a dynamic, successful playwright and poet, and a fierce champion of social and racial justice. She is a 2018 MacArthur Fellow ("Genius Grant").

Dominique received a B.F.A. (2000) from the University of Michigan at Ann Arbor. She is currently a Residency Five Playwright at the Signature Theatre. She has had work commissioned by the Steppenwolf Theatre, the Hip Hop Theater Festival, the South Coast Repertory, and the Oregon Shakespeare Festival; and her work has been staged at the Public Theater, the Williamstown Theatre Festival, and the Atlantic Theater Company.

STEVEN PINKER

VOTE COUNT 6-0 IN FAVOR

Steven Arthur Pinker is a cognitive psychologist, linguist, and popular science author. He is Johnstone Family Professor in the Department of Psychology at Harvard University, and is known for his advocacy of evolutionary psychology and the computational theory of mind.

Pinker's research on vision, language, and social relations has won prizes from the National Academy of Sciences, the Royal Institution of Great Britain, the Cognitive Neuroscience Society, the American Psychological Association, and the Association for Psychological Science.

He has also received eight honorary doctorates, several teaching awards at MIT and Harvard, and numerous prizes for his books *The Language Instinct*, *How the Mind Works*, *The Blank Slate*, *The Better Angels of Our Nature*, and *The Sense of Style*. He is Chair of the Usage Panel of the American Heritage Dictionary, and often writes for *The New York Times*, *Time*, and other publications. He has been named Humanist of the Year, *Foreign Policy's* "100 Global Thinkers," and *Time* magazine's "100 Most Influential People in the World Today."

Prof. Pinker is currently doing research on a diverse array of topics in psychology, including the role of common knowledge (where two or more people know that the others know what they know) in language and other social phenomena; historical and recent trends in violence and their explanation; the psycholinguistics of good writing; the nature of the critical period for acquiring language; the neurobiology and genetics of language; and the nature of regular and irregular phenomena in grammar.

BILLY STARR

VOTE COUNT 6-0 IN FAVOR

Billy Starr founded and leads the Pan-Mass Challenge, the most successful athletic fundraising event in the world. Since 1980, the PMC, a 190-mile bike-a-thon, has contributed \$414 million to cancer research. By 1984, the PMC had established itself as the largest grossing fundraising event for the Jimmy Fund, New England's most popular charity. By 1990, the PMC had become the most successful cycling fundraiser in the world. Today, the PMC raises two to three times more money for charity than any other athletic event in the world. The PMC is Dana-Farber's single largest contributor.

In 1993, the Jimmy Fund honored Starr and the PMC at Fenway Park by awarding him the Tom & Jean Yawkey Memorial Award for outstanding service. In 1997, the bridge connecting the Jimmy Fund Clinic to the new Smith Research Labs and Dana-Farber Cancer Institute was named the Pan-Massachusetts Challenge Bridge to Progress.

In 1998, Starr was the speaker at Babson College's graduate commencement and received an honorary degree for "entrepreneurial vision and leadership." In 2004, Starr was featured in a documentary about entrepreneurs entitled *Lemonade Stories*, along with corporate moguls Richard Branson, Russell Simmons and Arthur Blank. This same year, Dana-Farber awarded Starr the Sidney Farber Medical Research Award, a very prestigious honor given to those who have made an exceptional contribution to reduce the burden of cancer on society. In October 2006, the National Lung Cancer Alliance presented Starr with its Lifetime Achievement Award. The Friends of Dana-Farber honored Starr in 2010 for his more than 30 years of support and service to the Institute.

Before starting the PMC, he was a reporter for newspapers in Massachusetts and Colorado, worked in public relations, and was the squash coach at Babson College. He received his BA from the University of Denver in 1973, a Masters in Education from Northeastern University in 1978, an honorary Doctorate of Laws from Babson College in 1998, and an honorary degree from Bay Path College in 2008.

COMMENCEMENT SPEAKER AND COMMUNITY SERVICE AWARD**NAVYN SALEM**

VOTE COUNT 6-0 IN FAVOR

Please note: Though nominated as Commencement Speaker, the Committee also voted 6-0 in favor to recommend Navyn Salem for a Community Service Award.

Navyn Salem is the founder of Edesia. Edesia is a unique non-profit organization that manufactures specialized ready-to-use foods (RUFs) that change lives. Each year millions of “miracle packets” leave Edesia’s Rhode Island factory and are delivered into the hands of malnourished children all over the world by humanitarian aid workers working in the hardest-to-reach and most inhospitable places on the planet.

APPROVED

NOV 20 2018

BARRY M. MALONEY
PRESIDENT



**WORCESTER
STATE
UNIVERSITY**

All University Committee MEMORANDUM

To: President Barry M. Maloney
Worcester State University

From: Adam Zahler/Chair, Visual and Performing Arts
Chair, All University Committee

Re: October 2018 AUC Actions

Date: November 16, 2018

At its meeting held on November 13, 2018 the AUC adopted these recommendations with the following votes:

1. Election of Additional Administrator as Member of the AUC Executive Committee:

Julie Kazarian was elected unanimously to fill the remaining vacancy for an Administrator on the Executive Committee. The final complete list of AUC Executive Committee Members is as follows:

- a. **Faculty:** Adam Zahler and Allison Dunn
- b. **Students:** Jaymi-Lyn Souza and Maribel Mateo
- c. **Administrators:** Linda Larrivee and Julie Kazarian

2. Tabled Item: The AUC reviewed the recommendation forwarded by the University Curriculum Committee and, following discussion with Dr. Susan Alix, who clarified and edited language in the original proposal, the AUC voted 11-1-0 to approve the following Program Change.:

Program Ctitle	Title	Category
NU.MAJ.RNMS	Nursing RN to MS Fast Track Program	Program Change

3. 2018-19 Speakers and Awards: The AUC voted 8-4-0 to approve the following Motion:

Motion: That the AUC recommend to the President the list received from the 2018-19 Speakers and Awards Committee in its entirety and that nominee Ms. Renee King also be considered for a Community Service Award or as a Convocation Speaker.

4. **Women's Studies:** Following review of the recommendation received from the Curriculum Committee, the **AUC voted 12-0 to approve** the Women's Studies Interdisciplinary Program as presented.
5. **Global Studies:** Following review of the recommendation received from the Curriculum Committee, the **AUC voted 12-0 to approve** the Global Studies Interdisciplinary Program pending the reconciliation of redundancies.
Note: We will forward the Global Studies proposal for the President's consideration once we have taken care of the redundancies.
6. **Other Curriculum Changes:** Following review of the recommendations received from the Curriculum Committee, the **AUC voted 12-0 to approve** the following curriculum changes:

Course Code	Title	Category
SP-101	Beginning Spanish I	Course Change
SP-102	Beginning Spanish II	Course Change
SP-210	Intermediate Spanish I	Course Change
SP-211	Intermediate Spanish II	Course Change
SP-349	Spanish-American Literature	Course Change
SP-355	Effective Teaching Foreign Lang	Course Change
PH-220	Philosophy of Mind	Course Change
PH-264	Philosophy of Education	Course Change
PH-302	American Philosophy	Course Change
CJ-203	Theories of Crime	Course Change
CJ-3XX-3	Program Evaluation	New Course
CJ-3XX-6	Public Policy in Criminal Justice	New Course
CS-380	Systems Programming	Unarchive
ED-255	Learning Skills for Adolescents	Archive
ED-257	Teaching Exceptional Adolescents	Archive
ED-266	Foundations of Curriculum and Instruction	Archive
ED-313:	Field Experience in ECE	Course Change

The proposals and related documents can be found at the Governance web-site, found at:
<https://www.worcester.edu/FP-Governance/>.

These recommendations are forwarded to you for your consideration. If you have any questions or need clarification, please do not hesitate to contact me. Thank you for your time and consideration.



WORCESTER STATE UNIVERSITY

MEMO

TO: Barry M. Maloney, President

From: Elizabeth Gilbert, Ph.D.
Chair, Speakers and Awards Committee

RE: *Committee recommendations for Commencement Speaker and Honorary Degree and Community Service Award recipients*

Date: October 22, 2018

On 10/16/18, the Speakers and Awards Committee met with Louise Taylor, Denise Foley, Tom McNamara, Sierra Trudel, Telese Forbes, Andrew Jackson, and myself present. Whitney Bailey had an unexpected obligation. Louise Taylor took the minutes. We evaluated and voted on several candidates. We are still waiting on further information on one of the candidates, which we will then discuss at the next meeting. The results are as follows. Thank you for your attention. Please do not hesitate to contact with comments or questions.

RENEE KING - RECOMMENDED FOR COMMENCEMENT SPEAKER VOTE COUNT 6-0 IN FAVOR

Please note: This is a re-submission from 2017-2018. Her nomination was previously not approved by the AUC.

Renee King is the owner and founder of The Queen's Cups. Renee graduated from Millbury High School in 2007 and made her way to Worcester State University where she would graduate with a degree in psychology in 2012.

In 2017, The Queen's Cups outgrew its space in Millbury and through a casual meeting at a restaurant in the Canal District, she mentioned the idea of moving to a bigger space to the right person and the rest is history. A few months later, The Queen's Cups moved to

the Canal District in Worcester where they were able to expand services to include an eat-in area, along with offering new items thanks to the larger kitchen.

After her journey to where she is today, Renee has one main piece of advice and that is to follow your passions and work hard. The rest will find a way of taking care of itself.

NOAM CHOMSKY - RECOMMENDED FOR COMMENCEMENT SPEAKER
VOTE COUNT 6-0 IN FAVOR

Avram Noam Chomsky is an American linguist, philosopher, cognitive scientist, historian, social critic, and political activist. Sometimes described as “the father of modern linguistics,” Chomsky is also a major figure in analytic philosophy and one of the founders of the field of cognitive science. Considered the founder of modern linguistics, Noam Chomsky is one of the most cited scholars in modern history. Among his groundbreaking books are “Syntactic Structures”, “Language and Mind,” “Aspects of the Theory of Syntax,” and “The Minimalist Program,” each of which has made distinct contributions to the development of the field. He has received numerous awards, including the Kyoto Prize in Basic Sciences, the Helmholtz Medal and the Ben Franklin Medal in Computer and Cognitive Science.

NEIL DEGRASSE TYSON - RECOMMENDED FOR COMMENCEMENT SPEAKER
VOTE COUNT 6-0 IN FAVOR

Neil deGrasse Tyson is an American astrophysicist, author, and science communicator. Since 1996, he has been the Frederick P. Rose Director of the Hayden Planetarium at the Rose Center for Earth and Space in New York City. The center is part of the American Museum of Natural History, where Tyson founded the Department of Astrophysics in 1997 and has been a research associate in the department since 2003.

Tyson’s professional research interests are broad, but include star formation, exploding stars, dwarf galaxies, and the structure of our Milky Way. In 2001, Tyson was appointed by President Bush to serve on a 12-member commission that studied the Future of the US Aerospace Industry. The final report was published in 2002 and contained recommendations (for Congress and for the major agencies of the government) that would promote a thriving future of transportation, space exploration, and national security.

In 2004, Tyson was once again appointed by President Bush to serve on a 9-member commission on the Implementation of the United States Space Exploration Policy, dubbed the Moon, Mars, and Beyond commission. This group navigated a path by which the new space vision can become a successful part of the American agenda. And in 2006, the head of NASA appointed Tyson to serve on its prestigious Advisory Council, which will help guide NASA

through its perennial need to fit its ambitious vision into its restricted budget.

In addition to dozens of professional publications, Dr. Tyson has written, and continues to write for the public from magazine articles to approachable, "playful" books. He has appeared on numerous television and radio shows. He is the recipient of twenty honorary doctorates and the NASA Distinguished Public Service Medal, the highest award given by NASA to a non-government citizen. His contributions to the public appreciation of the cosmos have been recognized by the International Astronomical Union in their official naming of asteroid 13123 Tyson.

Recently Tyson served as Executive Editor and on camera Host & Narrator for *Cosmos: A SpaceTime Odyssey*, the 21st century continuation of Carl Sagan's landmark television series. The show appeared in 181 countries in 45 languages around the world on the National Geographic Channels. *Cosmos*, which is also available in DVD and BluRay, won four Emmy Awards, a Peabody Award, two Critics Choice awards, as well as a dozen other industry recognitions.

Tyson is the head of the world-renowned Hayden Planetarium in New York City and the first occupant of its Frederick P. Rose Directorship. He is also a research associate of the Department of Astrophysics at the American Museum of Natural History.

MAURA HEALY - RECOMMENDED FOR COMMENCEMENT SPEAKER
VOTE COUNT 4-2 IN FAVOR

Maura T. Healey is an American attorney, a member of the Democratic Party and the Attorney General of Massachusetts. Born in New Hampshire, Healey graduated from Harvard College in 1992. She then spent two years playing professional basketball in Austria before returning to the United States and receiving a Juris Doctor degree from the Northeastern University School of Law, in 1998.

After clerking for federal judge A. David Mazzone, she worked in private practice for seven years, also serving as a special assistant district attorney in Middlesex County. Hired by Massachusetts Attorney General Martha Coakley in 2007, Healey served as Chief of the Civil Rights Division, where she spearheaded the state's challenge to the federal Defense of Marriage Act. She was then appointed Chief of the Public Protection & Advocacy Bureau and then Chief of the Business and Labor Bureau before resigning in 2013 to run for attorney general in the 2014 election as Coakley ran for Governor.

She defeated former State Senator Warren Tolman in the Democratic primary and then defeated Republican attorney John Miller in the general election, thus becoming the first openly gay state attorney general elected in America.

STEVEN PINKER - RECOMMENDED FOR COMMENCEMENT SPEAKER
VOTE COUNT 6-0 IN FAVOR

Steven Arthur Pinker is a cognitive psychologist, linguist, and popular science author. He is Johnstone Family Professor in the Department of Psychology at Harvard University, and is known for his advocacy of evolutionary psychology and the computational theory of mind.

Pinker's research on vision, language, and social relations has won prizes from the National Academy of Sciences, the Royal Institution of Great Britain, the Cognitive Neuroscience Society, the American Psychological Association, and the Association for Psychological Science.

He has also received eight honorary doctorates, several teaching awards at MIT and Harvard, and numerous prizes for his books *The Language Instinct*, *How the Mind Works*, *The Blank Slate*, *The Better Angels of Our Nature*, and *The Sense of Style*. He is Chair of the Usage Panel of the American Heritage Dictionary, and often writes for *The New York Times*, *Time*, and other publications. He has been named Humanist of the Year, *Foreign Policy*'s "100 Global Thinkers," and *Time* magazine's "100 Most Influential People in the World Today."

Prof. Pinker is currently doing research on a diverse array of topics in psychology, including the role of common knowledge (where two or more people know that the others know what they know) in language and other social phenomena; historical and recent trends in violence and their explanation; the psycholinguistics of good writing; the nature of the critical period for acquiring language; the neurobiology and genetics of language; and the nature of regular and irregular phenomena in grammar.

NAVYN SALEM - RECOMMENDED FOR COMMENCEMENT SPEAKER
VOTE COUNT 6-0 IN FAVOR

Please note: Though nominated as Commencement Speaker, the Committee also voted 6-0 in favor to recommend Navyn Salem for a Community Service Award.

Navyn Salem is the founder of Edesia. Edesia is a unique non-profit organization that manufactures specialized ready-to-use foods (RUFs) that change lives. Each year millions of "miracle packets" leave Edesia's Rhode Island factory and are delivered into the hands of malnourished children all over the world by humanitarian aid workers working in the hardest-to-reach and most inhospitable places on the planet.

ROALD HOFFMANN - RECOMMENDED FOR COMMENCEMENT SPEAKER
VOTE COUNT 6-0 IN FAVOR

Roald Hoffmann was born in 1937 in Zloczow, Poland. Having survived the war, he came to the U. S. in 1949, and studied chemistry at Columbia and Harvard Universities (Ph.D. 1962). Since 1965 he is at Cornell University, now as the Frank H. T. Rhodes Professor of Humane Letters Emeritus. He has received many of the honors of his profession, including the 1981 Nobel Prize in Chemistry (shared with Kenichi Fukui).

Notable at the same time is his reaching out to the general public; he participated, for example, in the production of a television course in introductory chemistry titled "The World of Chemistry," shown widely since 1990. And, as a writer, Hoffmann has carved out a land between science, poetry, and philosophy, through many essays and three books, "Chemistry Imagined" with artist Vivian Torrence, "The Same and Not the Same and Old Wine" (translated into six languages), "New Flasks: Reflections on Science and Jewish Tradition," with Shira Leibowitz Schmidt.

Unadvertised, a monthly cabaret Roald runs at the Cornelia Street Café in Greenwich Village, "Entertaining Science," has become the hot cheap ticket in NYC.

DOMINIQUE MORISSEAU - RECOMMENDED FOR COMMENCEMENT SPEAKER
VOTE COUNT 6-0 IN FAVOR

Dominique Morisseau is a dynamic, successful playwright and poet, and a fierce champion of social and racial justice. She is a 2018 MacArthur Fellow ("Genius Grant").

Dominique received a B.F.A. (2000) from the University of Michigan at Ann Arbor. She is currently a Residency Five Playwright at the Signature Theatre. She has had work commissioned by the Steppenwolf Theatre, the Hip Hop Theater Festival, the South Coast Repertory, and the Oregon Shakespeare Festival; and her work has been staged at the Public Theater, the Williamstown Theatre Festival, and the Atlantic Theater Company.

BILLY STARR - RECOMMENDED FOR COMMENCEMENT SPEAKER
VOTE COUNT 6-0 IN FAVOR

Billy Starr founded and leads the Pan-Mass Challenge, the most successful athletic fundraising event in the world. Since 1980, the PMC, a 190-mile bike-a-thon, has contributed \$414 million to cancer research. By 1984, the PMC had established itself as the largest grossing fundraising event for the Jimmy Fund, New England's most popular charity. By 1990, the PMC had become the most successful cycling fundraiser in the world. Today, the PMC

raises two to three times more money for charity than any other athletic event in the world. The PMC is Dana-Farber's single largest contributor.

In 1993, the Jimmy Fund honored Starr and the PMC at Fenway Park by awarding him the Tom & Jean Yawkey Memorial Award for outstanding service. In 1997, the bridge connecting the Jimmy Fund Clinic to the new Smith Research Labs and Dana-Farber Cancer Institute was named the Pan-Massachusetts Challenge Bridge to Progress. In 1998, Starr was the speaker at Babson College's graduate commencement and received an honorary degree for "entrepreneurial vision and leadership." In 2004, Starr was featured in a documentary about entrepreneurs entitled *Lemonade Stories*, along with corporate moguls Richard Branson, Russell Simmons and Arthur Blank. This same year, Dana-Farber awarded Starr the Sidney Farber Medical Research Award, a very prestigious honor given to those who have made an exceptional contribution to reduce the burden of cancer on society. In October 2006, the National Lung Cancer Alliance presented Starr with its Lifetime Achievement Award. The Friends of Dana-Farber honored Starr in 2010 for his more than 30 years of support and service to the Institute.

Before starting the PMC, he was a reporter for newspapers in Massachusetts and Colorado, worked in public relations, and was the squash coach at Babson College. He received his BA from the University of Denver in 1973, a Masters in Education from Northeastern University in 1978, an honorary Doctorate of Laws from Babson College in 1998, and an honorary degree from Bay Path College in 2008.



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

TO: Members, WSU Board of Trustees

FROM: Barry M. Maloney, President

RE: 2019 Commencement Speaker

DATE: March 1, 2019

I am forwarding to you my recommendation for the 2019 Commencement Speaker, Renee King. Ms. King's nomination was vetted through the Speaker/Awards Committee, approved by the All University Committee and recommended to the Board for inclusion in the pool of candidates for Speakers/Awards.

Ms. King is a 2012 graduate and has been the recipient of various awards since that time. In 2016 she received one of WSU's most prestigious awards – *The Distinguished Young Alumna Award*.

You will see from the attached correspondence from the Class of 2019 Chair, Meaghan Dougherty, that the students strongly endorse her selection as their Commencement Speaker. She is truly a successful graduate and one that continues to bring great pride to WSU as a successful alum.

I do hope that you will act favorably upon my recommendation to approve Renee King as the 2019 Commencement Speaker at the March 12, 2019 meeting of the Board of Trustees.

Attachment: 1

Fwd: Class Committee support for Renee King as Commencement Speaker

1 message

Barry Maloney <bmaloney@worchester.edu>

Sun, Dec 23, 2018 at 10:59 AM

To: Pat Hare <phare@worchester.edu>, Nikki Kapurch <nkapurch@worchester.edu>, "Judy St. Amand" <judy.stamand@worchester.edu>

For possible Jan BOT meeting

Sent from my iPhone

Begin forwarded message:

From: Meaghan Dougherty <mdougherty1@worchester.edu>

Date: December 7, 2018 at 3:10:22 PM EST

To: bmaloney@worchester.edu

Cc: "Potrikus, Sarah" <spotrikus@worchester.edu>, Kristie McNamara <kristie.mcnamara@worchester.edu>, "Hare, Patrick" <phare@worchester.edu>

Subject: Class Committee support for Renee King as Commencement Speaker

Good afternoon President Maloney,

Sarah and Kristie asked me to email you detailing why the Class of 2019 has such a strong support for Renee King's selection as commencement speaker.

Ms. King graduated from this University in 2012 with a bachelors in Psychology and since then has been the recipient of many distinguished awards: Best Bakery, Best Desserts, and Best Cupcakes in local Worcester publications as decided by the Worcester community. She was one of the Worcester Business Journal's 40 under 40 in 2016 and in that same year she received one of the most prestigious awards that this University has to offer: the Distinguished Young Alumna award. However, her success started even before she graduated: in her senior year of college, she had already begun to build her business. Since graduating, she has continued to give back to the University.

The message she would impart to our soon-to-be alumni is clear. Renee King is a successful graduate, a small business owner, an entrepreneur, and a dedicated alum. She can also speak to the versatility of education, and to the fact that while you may not use your specific degree in the field you end up choosing, the value of an education cannot be undermined. She can also speak to how important it is that WSU graduates stay a part of the WSU community. Ms. King is proud to have graduated from Worcester State, and can tell the Class of 2019 and any underclassmen sitting in the audience at commencement that they should be proud too. Renee King is living proof that Worcester State Alumni are successful.

I hope you will take our support into consideration as you make your decision.

Thank you and happy holidays to you and yours!
Meaghan

--

Meaghan Dougherty

Statistics and Modeling, '19

Class of 2019 Chair

Class of 2019 Senator, '18-'19

Commonwealth Honors Program

Worcester State University