

WORCESTER STATE UNIVERSITY

BOARD OF TRUSTEES MEETING

Tuesday, November 17, 2020

5:30 PM

REMOTE PARTICIPATION

Join Zoom Meeting

<https://worcester.zoom.us/j/99045513237?pwd=d2xZdFVvSVBwOEVMOHh3RnJCSmxpdz09>

[wOEVMOHh3RnJCSmxpdz09](https://worcester.zoom.us/j/99045513237?pwd=d2xZdFVvSVBwOEVMOHh3RnJCSmxpdz09)

Meeting ID: 990 4551 3237

Passcode: 124910

Meeting Called By: Stephen Madaus (Chair)

Minutes: Nikki Kapurch

Board Members: Craig Blais; Lisa Colombo; Aleta Fazzone; Maryanne Hammond (Vice-Chair); Anna Johnson; Karen Lafond; Stephen Madaus (Chair); William Mosley; Dina Nichols; Marina Taylor (Vice-Chair); David Tuttle

WSU Staff: Barry Maloney; Kathy Eichelroth; Carl Herrin; Jennifer Quinn

All documents considered to be **drafts** until discussed and/or approved by the Board

AGENDA

| ITEM | RESPONSIBLE | ACTION |
|--|-------------------------------------|---|
| 1. <i>Administrative Business</i> A. Call to Order B. Minutes: Full Board -October 20, 2020* | Stephen Madaus, Chair | B. Vote required |
| 2. <i>Presentation</i> A. Title IX Training (35 minutes including Q&A) B. Title IX Plans - Approval of Amendments to MA State Universities' Affirmative Action Plan | Jennifer Quinn | A. Informational B. Informational and vote to accept |
| 3. Finance & Facilities Committee Report | Kathy Eichelroth | 3. Informational and vote required |
| 4. <i>Administrative Updates</i> A. Report of the Chairman i. Recommendations regarding Trustee engagement in Diversity, Equity and Inclusion* ii. Proposed Bylaws amendment* iii. Next meeting: January 19, 2021 (remotely) B. Report of the President i. President's Update* ii. COVID-19 Update 1. COVID Response Survey results* iii. Approval of Honorary Degree 1. President's Memo to the Board* C. Other Business | Stephen Madaus Barry Maloney | ii. Informational and vote to accept i. Informational ii. Informational iii. Informational and vote required |
| 5. <i>Adjournment</i> | Stephen Madaus | 5. Vote required |

*Attachments

**WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES MEETING
Meeting Minutes**

| | | |
|------------------|--|-------------------------|
| CHAIR: | Mr. Stephen Madaus (Chair) | DATE: October 20, 2020 |
| LOCATION: | Remote Participation | MINUTES BY: Carl Herrin |
| TIME: | 5:30 PM | |
| MEMBERS PRESENT: | Craig Blais; Lisa Colombo; Aleta Fazzone; Maryanne Hammond (Vice-Chair); Anna Johnson; Karen Lafond; Stephen Madaus (Chair); William Mosley; Dina Nichols; Marina Taylor (Vice-Chair); David Tuttle. | |
| WSU STAFF: | Barry Maloney; Patrick Hare; Kathy Eichelroth; Carl Herrin; Ryan Forsythe; Julie Kazarian; Stacey Luster; Thomas McNamara; Lois Wims. | |
| GUESTS: | Carlos Santiago; Matt Noyes | |

The provision of General Laws, Chapter 30A having been complied with and a quorum present, a meeting of the Board of Trustees was held on Tuesday, October 20, 2020, through a Zoom remote call. Chair Madaus called the meeting to order at 5:31 p.m. Trustee Madaus reported that all Trustees will participate by remote access and announced that all votes will be by recorded roll call.

Administrative Business:

APPROVAL OF THE MINUTES - Full Board Meeting - September 8, 2020

Upon a motion made by Trustee Lafond and seconded by Trustee Taylor, it was passed unanimously

VOTED: To approve the September 8, 2020, minutes of the Full Board meeting

ROLL CALL VOTE: 9 approved. Aleta Fazzone; Maryanne Hammond; Anna Johnson; Karen LaFond; Stephen Madaus; William Mosley; Dina Nichols; Marina Taylor; David Tuttle.

2 Absent: Craig Blais; Lisa Colombo

Finance & Facilities Committee Report

By way of introducing the Finance & Facilities Committee report, Committee chair Trustee Taylor asked Kathy Eichelroth to review the presentation provided to the committee earlier that afternoon. K. Eichelroth provided a summary overview of the presentation, which included the materials provided to the Board in advance of the meeting.

Trustee Chair Madaus asked what it meant to realign the Housing Trust Fund. K. Eichelroth outlined the review process underway that will likely produce a future budget amendment for presentation to the Board that would reflect a decline in income for the trust fund and a manner to cover the projected shortfall in the fund.

Trustee Nichols asked K. Eichelroth to review the different levels of fee waivers summarized in the budget presentation, and what those were looking like for the current semester. K. Eichelroth summarized generally the array of waivers -- most stipulated by state action -- but noted that it was premature at this point in the semester to account for the actual number awarded.

No formal action was required with regard to this committee report.

REPORT OF THE CHAIRMAN

Committee Assignments

Chair Madaus named the respective chairs for three standing committees:

- Trustee Lafond as chair of academic & student development
- Trustee Hammond as chair of planning & development
- Trustee Taylor as chair of finance & facilities
- Trustee Hammond as chair of human resources

Update on the Diversity and Inclusion working group

Chair Madaus introduced Trustee Mosley to provide an update to the Board on the progress of the Diversity & Inclusion Planning Working group. Trustee Mosley provided a thorough review of the work that WSU has already undertaken. He reminded the Board of the upcoming trustee training set for 7:30 a.m., October 22nd on diversity. Trustees Mosley, Hammond and Johnson will meet with University administration on October 27th to craft recommendations for the board to consider.

Chair Madaus highlighted Trustee Mosley's observations about the level of activities on diversity and inclusion already underway on campus with appreciation. Trustee Hammond concurs in that observation.

Presentation

Chair Madaus welcomed the Massachusetts Commissioner of Higher Education Carlos Santiago to the meeting at 5:50 p.m., and the Commissioner expressed his appreciation for the Trustees' flexibility in hosting him this evening. After introductions, C. Santiago notes that is pleased to preface his summary of the State's Higher Education Equity Agenda by noting that Lumina Foundation has just added the Commonwealth as the fifth Talent, Innovation, and Equity (TIE) State for its commitment to improve higher education attainment for students of color.

The Commissioner Santiago shared his presentation slide deck and then described the Department of Higher Education's Equity Agenda.

After the presentation and discussion, Chair Madaus commends the Commissioner on his new direction with regard to the equity agenda and its partnership between DHE and the state universities. The report of the Commissioner concludes at 6:28 p.m.

Next meeting: November 17, 2020 (via Zoom)

Chair Madaus reminds fellow Trustees of the next Board meeting date, November 17, 2020, via zoom. As a part of that meeting, he further reminds Trustees that Title IX Coordinator Jenn Quinn will provide a training on the new Title IX regulations promulgated by the U.S. Department of Education.

PRESIDENT'S REPORT

President Maloney asks members of his executive team to summarize a series of points, as follows:

- Regarding COVID-19 and the Safe Return Plan, Julie Kazarian provided an outline of the University's surveillance testing process, contact tracing on reported positive cases, and a summary of current cases identified by the University's testing protocol.
- Ryan Forsythe provided a mid-semester summary of enrollment information, sharing high-level comparative data about both new enrollments for the fall and spring to fall retention rates.
- Tom McNamara shared a copy of Advancement's current fundraising dashboard, highlighting current trends and successes in donor participation.
- Lois Wims provided an update on the University's collaboration with Academic Partners for the provision of all-online masters programs. L. Wims summarized the following information for current enrollment in M.Ed programs:
 - 147 students have applied since January 2020
 - 94 students have been admitted to date
 - 18 total AOP courses offered since May 2020
 - 271 total "seats" in courses since May 2020 (note: still enrolling for Fall II until October 30th)

For these courses, 100% passed Quality Matters (QM) review with scores above 100/111 points, according to L. Wims. She also noted the timeline for future launches:

- March 15, 2021: launch of the Masters in Science of Nursing in Public and Population Health & Nurse Education
- September 6, 2021: Anticipated launch of M.Ed in School Leadership

President Maloney reminded Trustees of the Information Update Survey, stating that most Trustees have already filled out the contact information survey -- which was included in the meeting packets. Those who have not yet completed the survey, or your information has changed, please review and submit the information to Nikki Kapurch.

President Maloney further noted the following items as a part of his report to the Trustees:

- Related to COVID-19 state guidance, he reported that pending action was expected on athletic participation; standardization of surveillance testing; and potential academic calendar recommendations for the spring semester.
- University will announce next week its external assessment of the University Police Department.
- Summary of President Trump's Executive Order 13950 on workplace diversity training, which legal counsel has advised does not appear to apply directly to the University.

- Noted the good news that the Governor's revised budget for FY 2021 has been released -- which is effectively for level funding.
- Highlighted that the Board of Higher Education voted to approve Worcester State's Strategic Plan today.
- Noted that state-wide Trustee training was set for October 17.

OTHER BUSINESS:

Chair Madaus notes that as a final item of business that this is the last meeting for Patrick Hare, who is leaving the President's Office staff to take the chief of staff position with the Mayor of Fitchburg. He notes that this is sad news for the University but a great opportunity to P. Hare. Compliments and applause from Trustees follows the Chairs remarks.

There being no further business, the WSU Board of Trustees meeting was adjourned.

Upon a motion made by Trustee Mosley and seconded by Trustee Taylor, it was passed unanimously on a roll call vote.

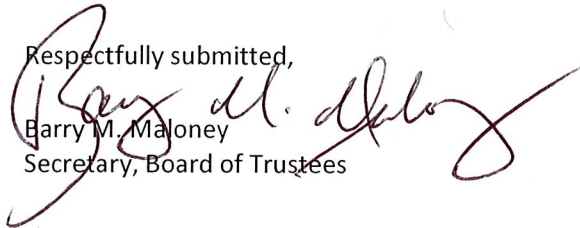
VOTED: To adjourn the meeting at 7:22 p.m.

ROLL CALL VOTE: 10 approved. Lisa Colombo; Aleta Fazzone; Maryanne Hammond; Anna Johnson; Karen LaFond; Stephen Madaus; William Mosley; Dina Nichols; Marina Taylor; David Tuttle.

1 Absent: Craig Blais.

Respectfully submitted,

Barry M. Maloney
Secretary, Board of Trustees





WORCESTER
STATE
UNIVERSITY

Title IX The Final Rule

Presentation for Board of Trustees
Nov. 17, 2020

Jennifer Quinn

Dir. Of Title IX and Alcohol & Drug Prevention Education

What is Title IX

A Civil Rights law enacted in 1972 that states:

“No person in The United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any educational program or activity receiving federal financial assistance.”

*Effective Aug. 14, 2020 the Dept. of Ed. Office of Civil Rights (OCR) issued new Title IX regulations. (The Final Rule)

The Final Rule/Sexual Harassment Policy

- Title IX Coordinator & Team
- Actual Knowledge: Officials w/Authority
 - formal complaints
- Definitions
- Jurisdiction
- Grievance Procedures
 - timeline
 - emergency removals
 - advisors
 - live cross-examination
- Supportive Measures

WSU Title IX Team

- Title IX Coordinator
- Title IX Policy & Procedure Team (11)
- Title IX Response Team (24)

WSU Title IX Response Team

Student Cases

Investigators, Advisors, Hearing Panel, Decision Makers

- Elena Arranz - Graduate/CE
 - Laxmi Bissoondial- Multicultural Affairs
 - Maria Gariepy*- Diversity, Inclusion, EO
 - Dean Bowen *- Athletics
 - Marilyn Cleary- Graduate/CE
 - Joanne LaMorticelli- Career Services
 - Sonela Demirazi- Graduate/CE
 - Nancy Ramsdell- Administrative Services
 - Noah Dion* -Academic Affairs
 - Brittany Rende*- Athletics
 - Dawn Eades* - Student Affairs
 - Jeremiah Riordon- Center for Business & Industry
 - Karen Tessmer- Athletics
-
- Amiee Delaney- Criminal Justice, Informal Resolutions
 - Adrian Gage- Residence Life, Appeals
 - Thomas Kelly- Enrollment Mgt., Hearing Panel

Employee Cases

Investigators

- Maria Gariepy*- Diversity, Inclusion, EO
- Susan Moore- Human Resources
- Jen Quinn*- Student Affairs
- Dawn Eades*- Student Affairs

Hearing Panel

- Mary Dillon- Occupational Therapy
 - Edgar Moros- IELI
 - Julie Kazarian*- Student Affairs
 - Raynold Lewis- Education, Health & Natural Sciences
 - Mary Jo Marion- Latino Education Institute
 - Nancy Ramsdell- Administrative Services
-
- Sarah Strout- Assessment & Planning, Appeals
 - Stacey Luster* - Counsel

Actual Knowledge

- Officials with Authority - Any official who has the authority to institute corrective measures on behalf of the recipient.
- Required Reporters - The Final Rule allows University to decide.
- University on Notice
- Report vs. Formal Complaint

Required Reporters

Certain employees are **required by to report** incidents of sexual and gender-based harassment, sexual violence, domestic violence, dating violence and stalking to the **Title IX Coordinator**.

Required Reporters Include

- Members of the Board of Trustees
- The President and Vice Presidents
- Assist/Assoc. Vice Presidents
- Title IX Coordinator
- Deputy Coordinators
- EO Officer
- University Police
- Director of Human Resources
- Assist/Assoc. Director of Human Resources
- Departmental Directors and Assist./Assoc. Directors
- Residence Life Staff (including RD's and RA's)
- Athletic Coaches, Asst. Coaches, Athletic Administrators.
- Studio Managers
- Lab Managers
- Deans and Assist./Assoc. Deans
- Academic Department Chairs
- Academic and Non-Academic Program Directors/Coordinators
- Faculty/Staff Leading or Chaperoning Travel or Overnight trips
- Faculty/Staff Advisors to Student Organizations

Definitions

Complainant- Individual who is alleged to be the victim of conduct that could constitute sexual harassment.

Respondent- Individual who has been reported to be the perpetrator of conduct that could constitute sexual harassment.

Definition of Sexual Harassment

- Employee Quid Pro Quo
- Unwelcome conduct on the basis of sex that a reasonable person would determine is **so severe, pervasive and objectively offensive** that it effectively denies a person equal access to the educational institution's education program or activity.
- Sexual assault [as defined in the Clery Act] or dating violence, domestic violence or stalking as defined in the Violence Against Women's Act.

Policy Offenses

Sexual Harassment

- Sexual Assault
 - Rape
 - Fondling
 - Statutory Rape
 - Incest
- Dating Violence
- Domestic Violence
- Stalking
- Retaliation

Jurisdiction

Narrows the geographic scope of institutions obligation to respond.

Effects on:

- Study Abroad
- Student trips
- Off campus housing
- On-line

Grievance Procedures

Major Changes:

- Timeline
- Emergency Removals
- Advisors
- Live Cross Examination



Conduct falling outside of scope & definition will still be resolved through WSU Policy Against Discrimination, Discriminatory Harassment, and Retaliation: The Board of Higher Ed. Equal Opportunity, Diversity and Affirmative Action Plan.

Three Types of Employees for Title IX Purposes

Confidential
Employees

Required
Reporters

Employee
Responders



Confidential Employees & Confidential Resource Reporting Options

For Students

- Campus Ministry
- Counseling Services
- Health Services
- Anonymous Reporting

For Faculty/Staff

- EAP
- Anonymous Reporting

Employee Responders

- Are faculty or staff who are otherwise not designated as Required Reporters or Confidential Resources.
- **Strongly encouraged to report** any information about such conduct with the Title IX Coordinator.
- The decision not to report to Title IX may increase your responsibility to support the student.

Grievance Resolution Options

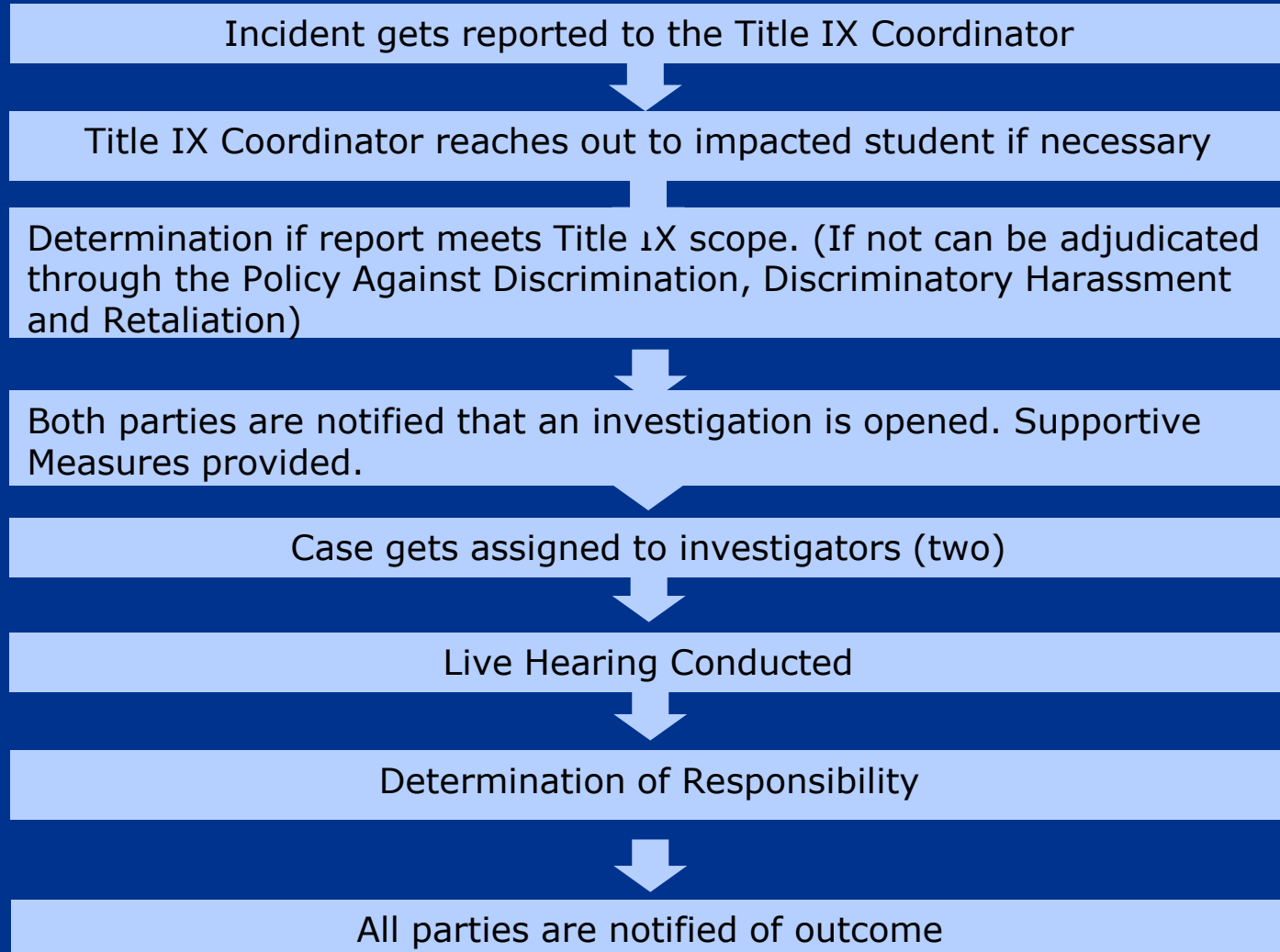
Formal
report
seeking
criminal
charges

Formal
report
seeking
school
adjudication

Informal
response/
resolution

Report with
request for
confidentiality

Title IX Grievance Process



Supportive Measures

- Access to counseling services
- Imposition of a no-contact order
- Rescheduling of exams and assignments
- Change in class schedule
- Change in work schedule or job assignment
- Change in student's campus housing
- Limiting access to certain University facilities or activities
- Provide escort to assure safe movement around campus
- Arrange for medical services

*Non-disciplinary, non-punitive, individualized services offered as appropriate, as reasonably available, and without fee or charge to either party before or after the filing of a formal complaint or where no formal complaint was filed.

Policies in a COVID19 Environment

Although a virtual environment is very different, our institutional policies, and student rights remain intact.

Our institutional response and support remain a priority, although access to resources may differ from the on-campus Title IX environment, they are still completely accessible to students.

Sexual Violence Statistics

23% of women and
6% of men
experience sexual
assault in college

(RAINN)

15% of WSU students
reported being in an
emotionally abusive
intimate relationship

(Ever-fi 2018)

75%-90% of sexual
assaults are perpetrated
by a non-stranger

(Nat. Inst. Justice)

Less than 5% of sexual
assaults are reported

(Nat. Inst. Justice)

12% of WSU freshmen
stated they experienced
unwanted sexual contact
prior to coming to school

(Ever-fi 2020)

IPV is most common against
women between the ages 18-
24

(NCADV.org)

BOARD OF HIGHER EDUCATION

**REQUEST FOR EXERCISE OF COMMISSIONER SUMMER DELEGATION OF
AUTHORITY AND BOARD ACTION**

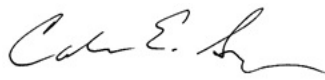
COMMITTEE: Board of Higher Education

NO.: BHE 21-23

DATE: September 30,
2020

**APPROVAL OF AMENDMENTS TO MASSACHUSETTS STATE UNIVERSITIES'
SEGMENTAL AFFIRMATIVE ACTION PLAN**

MOVED: The Board of Higher Education hereby approves the amended State Universities' **Affirmative Action, Equal Opportunity and Diversity Plan**, and authorizes implementation with an effective date of August 14, 2020, as outlined in the attached background document and as substantially set forth in *Attachment A*.



Carlos E. Santiago, Commissioner

*Signed under authority delegated to the Commissioner by the
Board of Higher Education, BHE 20-34*

Authority: Massachusetts General Laws c. 15A, §6 and 9(w); BHE 20-34; and
610 CMR 6; 34 CFR Part 106.

Contact: Constantia T. Papanikolaou, Chief Legal Counsel

Background

The Board of Higher Education (BHE) is required, by statute, to “establish an affirmative action policy and implement a program necessary to assure conformance with such policy throughout the system.” M.G.L. c.15A, §9(w). In furtherance of this mandate, the BHE has promulgated regulations which set forth its responsibilities in the administration and enforcement of a system-wide affirmative action policy and program. 610 CMR 6.

Under federal law, all public and private higher education institutions that receive Federal Title IV funding are required to comply with Title IX. Title IX of the Education Amendments of 1972 prohibits discrimination on the basis of sex in any federally funded education program or activity. All forms of sexual violence, including rape, sexual harassment, domestic violence, dating violence, stalking and retaliation, are prohibited forms of sex-based discrimination under Title IX.

Dating back to at least 1986, the BHE has historically approved segmental affirmative action plans for the State Universities and the Community Colleges. These segmental affirmative action plans include policy statements and procedures which address an institution’s Title IX legal responsibilities. Among other things, the segmental affirmative action plans: 1) prohibit all forms of discrimination, discriminatory harassment, sexual violence, domestic and dating violence, stalking and retaliation; 2) delineate institutions’ efforts to prevent such behaviors; and 3) describe the procedures institutions will use in response to such behaviors, including the investigation and resolution of complaints.

The State Universities’ segmental affirmative action plan was last updated in December 2014 in response to new federal mandates and recommendations regarding institutions’ legal obligations in addressing student sexual violence. In May of this year, the U.S. Department of Education (USDOE) released final regulations, [34 CFR Part 106](#), governing campus “sexual harassment”¹ under Title IX, after an 18-month formal notice-and-comment process. The new federal regulations formally repealed and replaced the prior federal mandates and

¹ The new USDOE Title IX regulations define sexual harassment to include *quid pro quo* harassment by an institution’s employee; any unwelcome conduct that a reasonable person would find so severe, pervasive, and objectively offensive that it denies a person equal educational access; and sexual assault, dating violence, domestic violence, and stalking.

recommendations. By way of example², the federal regulations include new requirements and provisions which:

- Define required terms such as “complainant” and “respondent.”
- Mandate certain minimum investigatory procedures institutions must use in responding to a complaint alleging a Title IX violation.
- Prescribe a grievance process for resolving formal complaints of sexual harassment, and mandate that both parties are to be treated equitably, with an objective evaluation of all relevant evidence.
- Require an institution’s grievance process to provide for a live hearing and cross examination upon actual notice of a formal complaint of sexual harassment.
- Allow either party to a complaint to have an advisor of his/her choice.
- In most cases, allow an institution, in its discretion to chose to offer and facilitate informal resolution options, such as mediation or restorative justice, as long as both parties give voluntary, informed consent.
- Require institutions to offer supportive measures to parties, such as class or dorm reassignments or no-contact orders.
- Require training of Title IX personnel and the posting of materials used to train Title IX personnel on institutions’ websites.
- Limits institutions’ Title IX jurisdiction to activity occurring in an institution’s “education program or activity,” against a person “in the United States.”
- Require institutions to offer an equal right of appeal for both parties to a Title IX proceeding.

As a result, institutions across the country were required to update their policies, procedures and practices for addressing sexual harassment to come into compliance with the new federal requirements.

The State Universities’ updated their segmental Affirmative Action plan in conformance with the new federal requirements and submitted their revised plan to the Department in early August. At that time, Department staff, reviewed the plan and offered feedback and edits. A revised document was resubmitted in mid-August, and Department staff, in consultation with and under the direction of the Commissioner approved the plan, and authorized the State Universities to implement the plan by the federally mandated timeframes, subject to any further

² A summary of the provisions of the new USDOE Title IX regulations , as prepared by USDOE may be accessed through the following link:

<https://www2.ed.gov/about/offices/list/ocr/docs/titleix-summary.pdf>.

vetting and impact bargaining deemed necessary and appropriate by the State Universities' counsel.

Recommendation

That the Commissioner confirm approval of the amended State Universities' Affirmative Action, Equal Opportunity and Diversity Plan, as substantially submitted and attached as *Attachment A*, and that the Commissioner further confirm and authorize implementation with an effective date of August 14, 2020.

WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE & FACILITIES MEETING
Tuesday, November 17, 2020
3:30 PM
REMOTE PARTICIPATION
Join Zoom Meeting
<https://worcester.zoom.us/j/99045513237?pwd=d2xZdFVvSVBwOEVMOHh3RnJCSm9pdz09>
Meeting ID: 990 4551 3237
Passcode: 124910

Meeting Called By: Marina Taylor (Chair)

Minutes: Nikki Kapurch

Board Members: Lisa Colombo; Aleta Fazzone; Stephen Madaus; Dina Nichols; Marina Taylor

WSU Staff: Barry Maloney; Carl Herrin; Patrick Hare, Kathy Eichelroth

All documents considered to be **drafts** until discussed and/or approved by the Board

| AGENDA | | |
|--|---------------------------------------|---------------------------------|
| ITEM | RESPONSIBLE | ACTION |
| 1. <i>Administrative Business</i> A. Call to Order B. Minutes: Finance & Facilities Meeting -October 20, 2020* | Marina Taylor | B. Vote required |
| 2. <i>Finance & Facilities Committee Report</i> A. FY2020 Federal Financial Aid Audit* | Marina Taylor Kathy Eichelroth | A. Vote Required |
| 3. <i>Administrative Updates</i> A. Other Business | Marina Taylor | |
| 4. <i>Adjournment</i> | Marina Taylor | 4. Vote Required |

*Attachments

**WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES MEETING
FINANCE & FACILITIES
Meeting Minutes**

| | | |
|------------------|---|--------------------------|
| CHAIR: | Ms. Marina Taylor (Chair) | DATE: October 20, 2020 |
| LOCATION: | Remote Participation | MINUTES BY: Patrick Hare |
| TIME: | 3:30 PM | |
| MEMBERS PRESENT: | Marina Taylor (Chair); Lisa Colombo; Aleta Fazzone; Stephen Madaus. | |
| MEMBERS ABSENT: | Dina Nichols | |
| Non-COMMITTEE | | |
| MEMBERS PRESENT: | Maryanne Hammond; Karen Lafond. | |
| WSU STAFF: | Barry Maloney; Patrick Hare; Kathy Eichelroth; Carl Herrin; Ryan Forsythe; Maureen Stokes; Anisa Hoxha; Julie Kazarian; Lois Wims; Tom McNamara; Stacey Luster, Renae Lias Claffey. | |

The provision of General Laws, Chapter 30A having been complied with and a quorum present, a meeting of the Board of Trustees Finance and Facilities Subcommittee was held on Tuesday, October 20, 2020, through a Zoom remote call. Chair Taylor called the meeting to order at 3:30 p.m. Trustee Taylor reported that all Trustees will participate by remote access and announced that all votes will be by recorded roll call.

Administrative Business:
Call to Order

Finance & Facilities Committee Report

Chair Taylor asked A&F Vice President Eichelroth to summarize the FY 2021 University budget information provided to the Subcommittee in advance of the meeting, noting that the agenda incorrectly stated that the discussion would include discussion of a federal financial aid audit. Eichelroth summarized the FY 2021 first quarter financials (through September 30, 2020), noting that the trust funds, operating budget and Safe Return to Campus budget were inline with the budget actions taken by the Trustees at its July meeting at which the Trustees approved two budget amendments reflecting changes in anticipated revenue and corresponding changes in expenses. She further explained that the Residential Hall Trust Fund would require a future amendment -- potentially to be presented at the November Trustee meeting -- in light of occupancy running around 55 percent rather than the projected 70 percent.

Eichelroth also noted that it would typically be the case that the October Trustee meeting would include a formal presentation of the annual University audit. Events related to COVID-19, out of the University's control -- including financial information provided or corrected late by the Commonwealth -- necessitated delaying the presentation of the audit until the November Trustee meeting. Eichelroth noted that the University received a directive from the State that it had permission to delay completion of the audit in light of these factors.

Chair Taylor asked to confirm that the University is operating on the plus-side of the budget at this point in the fiscal year. Eichelroth reiterated that the University is operating inline with the existing budget plans.

Chair Taylor asked President Maloney to update the Trustees on the status of the state budget process. Maloney reminded Trustees that the state's enacted budget at present runs only through October 31st, but that the Governor has issued a new FY 2021 budget request earlier this month that effectively level funds public higher education through the balance of the fiscal year. He noted that in the current fiscal environment, if the State Legislature concurs with this proposal, it will be a positive development for the University. The budget projects were built on the presumption of a cut to state appropriations of 10 percent.

Trustee Hammond asked when the CARES Act funding allocated to the University must be expended. Eichelroth said within a year of its award to the University (which is late in the current fiscal year).

President Maloney noted that the University was already looking toward the next fiscal year, 2022, and that the key challenge for that period would be residential hall occupancies. The current fiscal year had a negotiated reduction of bond payments on the order of 75 percent, but that the current fiscal year has a reduction of only 25 percent.

No votes were required on this summary of the budget status.

Administrative Updates

New Garden Park MOU Renewal

President Maloney reported to the Trustees the recently signed renewed agreement to continue to use the space at 20 Franklin Street, the details of which were provided to the Trustees in their materials packet. He summarized the following--

- The new lease agreement does not include an increase in price
- The renewal is a five-year agreement
- The original agreement started in 2015

As this was an information item only, no vote on this matter was required.

Other Business:

President Maloney reported that he has been asked to continue with serving on the Board of Higher Education's committee working with E.Y. Parthenon regarding the fiscal strength of the state public universities and community colleges, with three other system presidents. The University of Massachusetts system is not a part of this process. Additionally, the CFOs for the Community Colleges and State Universities have been actively engaged with this committee work; A&F Vice President Eichelroth summarized aspects of the work undertaken by these CFOs for Trustees.

Maloney noted that while the fiscal strength review has reviewed a handful of public institutions with cash flow concerns, Worcester State University position is strong, and its particular fiscal picture -- including being the only state university with a bond rating -- is comparatively good. He also amplified that this exercise with E.Y. Parthenon is not intended to presage a state-wide plan on mergers or consolidations among the state's public institutions.

VOTED: **To adjourn the meeting at 4:05 p.m. Motion by Trustee Fazone, Second by Trustee Colombo.**

ROLL CALL VOTE: **4 approved. Marina Taylor (Chair); Lisa Colombo; Aleta Fazzone; Stephen Madaus.**

Respectfully submitted,


Barry M. Maloney
Secretary, Board of Trustees

**WORCESTER STATE UNIVERSITY
(AN AGENCY OF THE COMMONWEALTH OF
MASSACHUSETTS)**

***FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH SUPPLEMENTARY INFORMATION, STATISTICAL
INFORMATION AND OTHER REPORTS
YEARS ENDED JUNE 30, 2020 AND 2019
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, STATISTICAL INFORMATION AND OTHER REPORTS

YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Worcester State University

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, 2020 and 2019 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 opinion.

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, 2019 and 2018, and the changes in its net position, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2019 financial statements have been restated to correct a misstatement related to the University's accounting other postemployment benefits under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

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 13 and certain information pertaining to liabilities recorded in accordance with Government Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* on pages 46 through 51 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 opinions on the financial statements that collectively comprise Worcester State University's basic financial statements. The supplemental schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules on pages 52 through 56 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical information on pages 57 through 62 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2020, 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 solely 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
_____, 2020

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, 2020. This discussion is provided by management and should be read in conjunction with the financial statements and notes thereto.

Worcester State University was founded in 1871, and is one of nine comprehensive public colleges/universities in the Commonwealth of Massachusetts. The University affirms the principles of liberal learning as the foundation for all advanced programs of study and offers programs in the traditional liberal arts and science disciplines, while maintaining its historical focus on teacher education. The University offers 59 undergraduate majors and minors, 29 graduate programs, 82 study abroad programs, and a student-to-faculty ratio of 17:1. The University currently has 5,332 full and part-time undergraduate students and 872 full and part-time graduate and professional students.

Financial Highlights

- FY 2020 began with a budget that provided resources to invest in the Strategic Plan Trust Fund and Capital Improvement Trust Fund with the intent of accelerating the University's ability to achieve mid and long-term goals. Enrollment was on target and the FY 2021 budget was approved in January 2020 just prior to the onset of COVID-19 in March 2020. Operating results during the final quarter of FY 2020 were significantly impaired by the worldwide pandemic as residence halls were closed, instruction pivoted to an entirely remote setting, all on campus activities suspended and all employees telecommuting. The contraction of campus activity and remote instruction has continued beyond June 30, 2020.
- The assets and deferred outflows of resources of Worcester State University exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$58,840,408, inclusive of year end accruals related to the Commonwealth of Massachusetts Pension and Other Postemployment Benefits (OPEB) (net position) of \$55,778,445.
- The University's total net position decreased by \$2,324,611. Pension and insurance expense increased by \$2,583,689 as a result of recording University's portion of the Commonwealth's postretirement obligations. Overall the revenues earned, when combined with non-operating revenues, exceeded operating expenses excluding depreciation expense (non-cash item) and the additional pension accrual to reflect the University's portion of the Commonwealth's liability.
- The Commonwealth of Massachusetts adjusted its estimate for the OPEB accrual after the publication of our June 30, 2019 audited financial statements. As a result, the June 30, 2019 financial statements have been restated to reflected the accrual adjustment. The prior period adjustment decreases University Net Position at the beginning of the fiscal year by \$1,533,363.
- The University's Net Position as June 30, 2020 was \$58,840,408. Unrestricted Net Position from Operations as of June 30, 2020 was \$39,197,848. The healthy operational reserves is offset by the University's allocation of the Commonwealth's accumulated Net Retirement Obligations of \$17,767,478 related to Pensions and \$39,218,355 related to OPEB, resulting in Net Unrestricted Reserves of (\$17,787,985).
- Auxiliary Services, specifically Residence Life and Housing, closed the year with an operating deficit of \$1,734,627 for the year ended June 30, 2020. As the pandemic emerged in March 2020, the University evacuated campus sending resident students home and refunding resident hall charges for the remainder of the semester. The loss of revenue was partially offset by the release of investment earnings by the MSCBA to campuses to provide some financial relief.

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 \$58,840,408 at the close of Fiscal Year 2020.

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, 2020, with comparative data as of June 30, 2019**

| | 2020 | 2019 |
|---|---------------|---------------|
| Current and other assets | \$ 62,237,656 | \$ 63,619,523 |
| Capital assets | 97,697,525 | 100,696,221 |
| Total assets | 159,935,181 | 164,315,744 |
| Deferred outflows of resources | 15,128,539 | 18,177,948 |
| Non-current outstanding liabilities | 80,901,382 | 91,606,569 |
| Other liabilities | 14,603,707 | 18,415,410 |
| Total liabilities | 95,505,089 | 110,021,979 |
| Deferred inflows of resources | 20,718,223 | 11,306,694 |
| Net position | | |
| Invested in capital assets, net of related debt | 75,835,001 | 78,092,336 |
| Restricted | 793,392 | 603,323 |
| Unrestricted | (17,787,985) | (17,530,640) |
| Total net position | \$ 58,840,408 | \$ 61,165,019 |

The following schedule presents an analysis of Worcester State University's net position as of June 30, 2020 and 2019, respectively:

| | 2020 | 2019 |
|--|---------------|---------------|
| Invested in capital assets, net | \$ 75,835,001 | \$ 78,092,336 |
| Restricted reserves, expendable for: | | |
| Other | 653,958 | 467,961 |
| Capital projects | 139,434 | 135,362 |
| Total restricted reserves, expendable | 793,392 | 603,323 |
| Unrestricted net position | | |
| Unrestricted reserves from operations | 39,197,848 | 36,364,288 |
| Accumulated Commonwealth of Massachusetts retirement obligations - Pension | (17,767,478) | (16,246,067) |
| Accumulated Commonwealth of Massachusetts retirement obligations - OPEB | (39,218,355) | (37,648,861) |
| Total net unrestricted reserves | (17,787,985) | (17,530,640) |
| Total net position | \$ 58,840,408 | \$ 61,165,019 |

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A portion of the Worcester State University's net position (less than 1.0 percent) as of June 30, 2020, represent funds that are subject to external restrictions on how they must be used. Unrestricted net reserves from operations of \$37,197,848 at June 30, 2020 may be used to meet the University's ongoing obligations to its stakeholders. The University's net position decreased by \$2,324,611, during the year ended June 30, 2020. 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 33.45% and 32.38%, respectively, for the years ended June 30, 2020 and June 30, 2019. 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 GASB 68 and GASB 75 requires the annual accrual of the University's allocation of the Commonwealth's Net Pension and OPEB Liability. The additional accrual of pension and insurance expense of \$3,090,904 in FY 2020 and \$5,226,500 in FY 2019 was recorded to reflect the University's allocation of the Commonwealth's accrued obligation 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 2020, payroll funded from campus-based trust funds was \$12,561,991 and total payroll costs for FY 2020 were \$40,510,166.

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 (3.80)% and (2.31)%, respectively, for the years ended June 30, 2020 and June 30, 2019. 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.

The negative ratios in FY 2020 and FY 2019 are the result of the GASB required postretirement benefit accruals to reflect the campus share of the Commonwealth's liability related to the third party management of the retirement assets. When the postretirement benefit accruals are removed, the return on net position ratios improve respectively, at 1.25% and 6.04%, for the years ended June 30, 2020 and June 30, 2019.

The net operating revenue ratio is (2.09)% and (1.28)% respectively, for the years ended June 30, 2020, and June 30, 2019. The ratio measures whether an institution is living within its available resources. Worcester State University strives to achieve an annual operating surplus as measured by this ratio as part of its long-term plan to improve its primary reserve and viability ratios and maintain a healthy annual return on net position. These ratios are also deflated as a result of the postretirement benefit accruals at year end. When removed, the ratios improve to 0.69% and 3.36%, respectively, for the years ended June 30, 2020 and June 30, 2019.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

In FY 2020 the University experienced a net operating deficit of \$2,324,611, inclusive of the net posting of year end accruals related to the Commonwealth of Massachusetts Pension and Other Postemployment Benefits (OPEB) (net position) of \$3,090,904. Operating results, exclusive of the retirement and OPEB accruals and posting of annual depreciation, met annual budget expectations despite the interruption to campus operations due to the Coronavirus pandemic outbreak in March 2020.

Net capital assets decreased by \$2,998,696 in FY 2020, while depreciation expense on capital assets was \$5,472,690, building improvements of \$1,780,783, equipment of \$81,158, and leases of \$612,053 were capitalized.

The University's viability ratio, calculated as expendable net position divided by long term debt, is 1 : 1.76 and 1 : 1.59 respectively, as of June 30, 2020 and June 30, 2019. 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, 2020 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 postemployment benefits other than pensions (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 planned transfers of operating surplus in the General Purpose Trust Fund to the Capital Improvement 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, 2020 with comparative data for the year ended June 30, 2019.

| | <u>2020</u> | <u>2019</u> |
|---|-----------------------------|-----------------------------|
| Operating Revenues | | |
| Tuition and fees, net of scholarships discounts and allowances | \$ 49,988,138 | \$ 52,375,323 |
| Operating grants and contributions | 14,286,525 | 14,232,338 |
| Sales and services of auxiliary enterprises and other sources | <u>629,708</u> | <u>854,299</u> |
| Total operating revenues | 64,904,371 | 67,461,960 |
| Operating Expenses | | |
| Instruction | 45,100,954 | 42,981,193 |
| Academic support | 6,152,467 | 6,456,196 |
| Student service | 11,188,502 | 11,881,289 |
| Institutional support | 12,592,784 | 11,580,453 |
| Operations and maintenance of plant | 15,220,970 | 20,098,656 |
| Scholarships | 4,429,390 | 2,089,119 |
| Depreciation | 5,472,690 | 5,448,274 |
| Debt service | 645,168 | 672,047 |
| Auxiliary enterprises | <u>12,773,826</u> | <u>12,954,983</u> |
| Total operating expense | <u>113,576,751</u> | <u>114,162,210</u> |
| Net operating loss | <u>(48,672,380)</u> | <u>(46,700,250)</u> |
| Non-operating revenues | | |
| State appropriation, including fringe benefits provided to employees by the Commonwealth, net of tuition remitted to the Commonwealth | 41,086,913 | 39,400,435 |
| Federal Assistance | 1,934,404 | - |
| Investment income | <u>1,519,274</u> | <u>1,188,164</u> |
| Total non-operating revenues | <u>44,540,591</u> | <u>40,588,599</u> |
| Loss before other revenues, expenses, gains or losses | (4,131,789) | (6,111,651) |
| Capital appropriations | <u>1,807,178</u> | <u>4,667,913</u> |
| Change in net position | (2,324,611) | (1,443,738) |
| Net position - July 1 | <u>61,165,019</u> | <u>62,608,757</u> |
| Net position - June 30 | <u><u>\$ 58,840,408</u></u> | <u><u>\$ 61,165,019</u></u> |

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

In FY 2020 the University received its first year of funding with regard to the Commonwealth's five year campus infrastructure critical repair funds in the form of state capital appropriations. During FY 2020, \$1,807,178 of critical repair and deferred maintenance projects were accomplished of which \$1,780,783 were capitalized.

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 Commonwealth appropriations received by the University for the years ending June 30, 2020 and June 30, 2019, respectively.

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| State Appropriations | \$ 30,320,954 | \$ 29,684,752 |
| Appropriations to cover fringe benefits provided to employees of the Commonwealth | 11,070,784 | 10,096,880 |
| Tuition remitted back to the State | <u>(304,826)</u> | <u>(381,197)</u> |
| Net appropriations | 41,086,912 | 39,400,435 |
| Additional State capital appropriations | <u>1,807,178</u> | <u>4,667,913</u> |
| Total Appropriations | <u>\$ 42,894,090</u> | <u>\$ 44,068,348</u> |

In March 2020, as the United States began to react to the global pandemic, the University evacuated its campus and pivoted to remote learning for students and telecommuting for employees. The Federal government quickly recognized the need of higher education institutions, specifically enrolled students impacted by the disruption to campus operations and the upheaval of their lives caused by the pandemic. Along with other higher education institutions across the country, the University was awarded student relief funds through the Higher Education Emergency Relief Fund under Section 18004 of the Coronavirus Aid, Relief and Economic Security (CARES) Act - Emergency Grants to Students. The University was awarded \$2,111,416 to fund direct relief payments to students. The funds were disbursed through a direct payment formula using credit hours to allocate funds, with a portion of funding set aside for emergency grants based on demonstrated need. The funds must be expended by April 2021. As of June 30, 2020, the University had awarded \$1,934,404 of the grant funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Loss from Operations

State appropriations are a significant source of funding for the University. Under GASB 35, appropriations are considered non-operating revenue. As such, the University incurs a loss from operations. The Commonwealth's Board of Higher Education sets tuition for the day division. The University's Board of Trustees sets all fees and tuition of the Division of Graduate and Continuing Education. The University's Board of Trustees approves the annual budget with the intention of mitigating losses after consideration of Commonwealth appropriations while balancing educational and operational needs. The following schedule presents Worcester State University's incurred losses from operations for the fiscal years ended June 30, 2019 and 2018, respectively.

| | 2020 | 2019 | Change |
|---|-----------------------|-----------------------|---------------------|
| Net Tuition and Fee Revenue | \$ 49,988,138 | \$ 52,375,323 | \$ (2,387,185) |
| Other Revenue, net of Student Financial Aid | 14,916,233 | 15,086,637 | (170,404) |
| Operational Expenses | <u>(113,576,751)</u> | <u>(114,162,210)</u> | <u>585,459</u> |
| Operating loss | (48,672,380) | (46,700,250) | (1,972,130) |
| Direct State appropriations, fringe benefits for employees on the Commonwealth's payroll, net of remitted tuition to the Commonwealth | 41,086,913 | 39,400,435 | 1,686,478 |
| Federal assistance | 1,934,404 | - | 1,934,404 |
| Investment and non-operating income | 1,519,274 | 1,188,164 | 331,110 |
| Capital appropriations | <u>1,807,178</u> | <u>4,667,913</u> | <u>(2,860,735)</u> |
| Change in net position | <u>\$ (2,324,611)</u> | <u>\$ (1,443,738)</u> | <u>\$ (880,873)</u> |

Capital Assets and Debts of the University

Capital Assets: Worcester State University's investment in capital assets as of June 30, 2020 amounts to \$97,697,525 net of accumulated depreciation, compared to \$100,696,221 net of accumulated depreciation as of June 30, 2019. The University's investment in capital assets includes, land (including improvements), building (including improvements,) furnishings and equipment, and books. In FY 2020 gross capital assets increased by \$2,473,994. The increase was related roadway improvements, track and field replacement and capitalized leases for information technology equipment.

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

MHEFA Financing

On December 4, 2002, the College entered into 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 \$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, provided the resources for construction of a new Wellness Center at WSU. The Wellness Center is an asset of the Commonwealth and 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.

Economic Factors that will affect the Future

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 a five year period (FY19-23) to address Critical Repairs. Critical Repair projects are smaller scale, building-specific, and involve renewal, repair and replacement of equipment and systems. Critical Repair 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 assessment. Worcester State University will be receiving \$12.4M of critical repair funds through 2023. 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.

During fiscal year 2020 Worcester State University expended approximately \$1.8 million on critical repair projects. Projects were generally confined to work that was in progress in July and August of 2019. The traditional spring deferred maintenance season in May and June of 2020 was significantly impacted by the public health crisis brought on by COVID-19. Projects were slowed slightly as plans were adjusted and funding and schedule was re-assessed by the State. DCAMM still remains committed to Worcester State University's five year spending plan as we enter year three, despite the pandemic.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The comprehensive budget for FY 2021 was presented and approved by the Board of Trustees in January 2020. Based on anticipated declining demographics of traditional college age students in our region, the budget presented a 2% reduction in undergraduate day enrollment. In a similar fashion other revenue sources were evaluated against historical performance and anticipated trends, and reduced where appropriate. Growth in expenditure categories was experienced in the employment related accounts reflecting cost of living adjustments as provided for in collective bargaining agreements, an increase in minimum wage and an increase in the fringe benefit and payroll tax assessments by the Commonwealth of Massachusetts.

The administration continued to evaluate operating costs as the budget planning subgroup to Cabinet explored options to reduce the reliance on part-time employees and ways to increase operating efficiencies in the areas of travel, student field experiences, internships, and grants and research administration. This work continued until early March when the University, along with the rest of the country, began to react to the outbreak of COVID-19.

By the end of March 2020 the University has closed its residence halls, transitioned all classes to remote and sent staff and faculty home to telecommute in response to the pandemic. Class offerings were moved to fully remote for the remainder of the spring 2020 semester. Under this operating model there was a natural contraction in many budget categories while at the same time unused portions of room rent and meals were refunded to resident students and personal protective supplies were purchased for employees required to remain on campus and as inventory for the uncertain fall 2020 semester.

A majority of employees will continue to work from home throughout the fall 2020 semester. Class offerings are currently being adjusted to address changes in instructional modality, with the majority of offerings conducted in a blended format providing a limited student presence on campus. All travel is suspended through the fall with minor exceptions related to student recruitment and donor engagement. On campus events have been suspended until further notice. The majority of onsite support will be achieved with current full time staffing there by significantly reducing the need to hire part-time temporary staff.

In July the FY 2021 budget was amended to reflect current operations as a result of COVID-19 leading the University to plan for a 10 % reduction in state appropriations in addition to a total decline in all campus revenues by 10% as various income producing activities are suspended while others experience a decline in enrollment. This is an additional 8% decline in revenues over the 2% decline in enrollment that had already been incorporated in to the previously approved FY 2021 base budget.

The projected revenue short fall in excess of \$10 million was significantly offset by reductions in spending categories in FY2021 to address our adjusted base operating model. Other offsets to the revenue shortfall are achieved by temporarily suspending investments in the University's Capital Investment Plan. Instead of transferring the planned \$1,210,431 annual investment from operations to the Capital Improvement Trust Fund (CITF) in FY 2021, those resources will be used to fund operating expenditures. In addition, surplus revenue from the assessment of the Capital Improvement Fee intended to build equity in the CITF for future large scale capital projects as provided for in the University's Capital Investment Plan, will be transferred to the General Fund to temporarily offset operations in FY2021. The remaining offset needed to fill the revenue shortfall is a \$2,049,750 reduction in the annual capital adaptation and renewal budget. The University had committed to funding this line at \$4 million annually in an effort to address backlogged and up and upcoming deferred maintenance needs. A portion of the funding is necessary to provide the required match towards the Commonwealth of Massachusetts Critical Repair Grants awarded to WSU through FY 2023 and has remained in the budget.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Residence Hall Trust Fund (RHTF) budget was also adjusted to reflect the impact of COVID-19 on residential operations. Residential occupancy for the fall semester is 58%. Operating costs have been reduced but of most significance is the reduction in rental costs due to actions taken by the MSCBA. In an effort to relieve the financial pressures on the State University System, the MSCBA refunded a series of outstanding bond obligations on building infrastructure on the State University campuses. Significant savings has been achieved through this refinancing action. The restructuring has reduced FY 2021 obligations by approximately 52% with a continuation of savings in FY 2022 of approximately 27% of the original obligation. Those savings have been reflected as reductions in debt costs throughout the budget and will provide significant relief while we work towards achieving a more traditional occupancy level in the residence halls during the 2022 academic year.

In addition to reducing expenditures and the re-distribution of previously committed funds, strict budget controls have been implemented across all funding sources. Temporary measures include removing some discretionary spending from departmental lines and pooling the funds in a central account. Spending categories subject to increased oversight include Temporary Part-time Employees, Administrative Expenses, some categories of Facility Operation Supplies, and Professional and Operational Services. These controls will be in place at least through the end of the calendar year.

In response to the pandemic the University developed the "Safe Return to Campus" plan for the 2020/2021 academic year. The plan articulates the framework that will guide the operations of the University and ensure a high quality academic experience during the 2020/2021 academic year. In July 2020 the financial plan to support the "Safe Return to Campus" plan was approved by the Board of Trustees. The financial plan was developed with input from the various committees that contributed to the creation of the "Safe Return to Campus" plan. While the budget was prepared to reflect traditional expenditure categories, funding was also accumulated by functional category. The Academic Contingency budget of \$1,280,309 addresses the change in instructional modality and includes funding for support services, equipment and supplies. The Facilities Management budget of \$830,089 addresses campus operational issues under the Commonwealth Of Massachusetts guidelines for safe re-opening. The Health Services budget of \$2,953,200 provides resources towards protecting the health of students, faculty and staff including a wide range of PPE, support services and testing. Other costs supported through this budget amendment include additional information technology equipment to support students and employees, support services for incoming first year students and new platforms to support outreach to the WSU community.

The cumulative budget supporting the WSU Safe Return to Campus Plan is \$5,655,359 of which \$2,111,416 is funded through the Higher Education Emergency Relief Fund under Section 18004 of the Coronavirus Aid, Relief and Economic Security (CARES) Act – Institution Funds and a draw from WSU unrestricted operating reserves of \$3,543,943. The CARES Act Education Stabilization Fund Institution Funds are a complement to the HEERF funds distributed by the Federal Government to higher education institutions across the United States in response to the effects of the pandemic on operations.

As we continue well into the fall 2020 semester the Commonwealth of Massachusetts has not approved a budget for FY 2021 that began on July 1, 2020. The University budget reflects a 10% reduction in state funding while we are hopeful for level funding for FY 2021. Revenue and expenditure information through September 30, 2020 remain on target with current budget estimates. The Safe Return to Campus planning groups continue to be active and have turned their attention to planning for the spring 2021 and fall 2021 semester.

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 11.04.2020

FINANCIAL STATEMENTS

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

STATEMENTS OF NET POSITION

JUNE 30, 2020 AND 2019

| | Worcester State University | | Component Unit Worcester State Foundation | |
|---|----------------------------|----------------------|--|----------------------|
| | 2020 | 2019 | 2020 | 2019 |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 23,877,110 | \$ 23,315,422 | \$ 1,910,469 | \$ 1,891,264 |
| Cash held by State Treasurer | 6,625,482 | 9,138,015 | - | - |
| Cash held by Foundation | 82,004 | 39,004 | - | - |
| Accounts receivable, net | 1,397,295 | 1,891,119 | 19,713 | 10,114 |
| Current portion of loans receivable | 132,137 | 154,327 | - | - |
| Current portion of contributions receivable | - | - | 781,206 | 447,801 |
| Inventories | 314,116 | 50,885 | 91,801 | 88,783 |
| Prepaid expenses and other current assets | 413,821 | 219,902 | 20,646 | 18,023 |
| Total current assets | <u>32,841,965</u> | <u>34,808,674</u> | <u>2,823,835</u> | <u>2,455,985</u> |
| Non-current assets: | | | | |
| Investments | 21,744,152 | 20,846,622 | 30,550,109 | 28,457,872 |
| Deposits held with trustee | 249,214 | 249,214 | - | - |
| Loans receivable, less current portion | 274,486 | 371,364 | - | - |
| Contributions receivable, less current portion | - | - | 875,994 | 999,122 |
| Other non-current assets | 7,127,839 | 7,343,649 | 153,323 | 348,764 |
| Capital assets, net of accumulated depreciation | 97,697,525 | 100,696,221 | 4,073,567 | 4,243,322 |
| Total non-current assets | <u>127,093,216</u> | <u>129,507,070</u> | <u>35,652,993</u> | <u>34,049,080</u> |
| Total assets | <u>159,935,181</u> | <u>164,315,744</u> | <u>38,476,828</u> | <u>36,505,065</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Resources related to pension and OPEB obligations | 15,052,524 | 18,096,085 | - | - |
| Loss on refunding of long-term debt | 76,015 | 81,863 | - | - |
| Total deferred outflows of resources | <u>15,128,539</u> | <u>18,177,948</u> | <u>-</u> | <u>-</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Current portion of bonds payable | 730,667 | 705,667 | 19,102 | 2,218,199 |
| Current portion of capital lease obligation | 412,712 | 275,694 | - | - |
| Accounts payable | 2,815,935 | 6,311,410 | 66,346 | 104,192 |
| Accrued payroll and fringe benefits | 5,290,247 | 5,745,610 | - | - |
| Accrued interest and other liabilities | 109,780 | 451,709 | 44,373 | 43,866 |
| Funds held for others | - | - | 98,946 | 61,696 |
| Student deposits and unearned revenue | 1,682,940 | 1,233,698 | 42,748 | 77,448 |
| Current portion of split-interest agreements | - | - | 25,304 | 37,454 |
| Current portion of accrued workers' compensation | 216,588 | 226,897 | - | - |
| Current portion of accrued compensated absences | 3,344,838 | 3,464,725 | - | - |
| Total current liabilities | <u>14,603,707</u> | <u>18,415,410</u> | <u>296,819</u> | <u>2,542,855</u> |
| Non-current liabilities: | | | | |
| Bonds payable, less current portion | 21,225,413 | 21,991,774 | 2,670,736 | 491,335 |
| Capital lease obligation, less current portion | 321,693 | 296,515 | - | - |
| Split-interest agreements, less current portion | - | - | - | - |
| Accrued workers' compensation, less current portion | 761,882 | 718,032 | - | - |
| Accrued compensated absences, less current portion | 2,275,497 | 2,256,195 | - | - |
| Accrued pension and OPEB obligations | 55,778,445 | 65,563,443 | - | - |
| Refundable grant - federal financial assistance program | 538,452 | 780,610 | - | - |
| Total liabilities | <u>95,505,089</u> | <u>110,021,979</u> | <u>2,967,555</u> | <u>3,034,190</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Resources related to pension and OPEB obligations | 16,259,912 | 6,427,571 | - | - |
| Deferred service concession arrangements | 4,458,311 | 4,879,123 | - | - |
| Total deferred inflows of resources | <u>20,718,223</u> | <u>11,306,694</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | |
| Invested in capital assets, net | 75,835,001 | 78,092,336 | - | - |
| Restricted - Non-expendable | - | - | 19,080,476 | 17,963,764 |
| Restricted - Expendable | 793,392 | 603,323 | 11,172,163 | 11,363,690 |
| Unrestricted | (17,787,985) | (17,530,640) | 5,256,634 | 4,143,421 |
| Total net position | <u>\$ 58,840,408</u> | <u>\$ 61,165,019</u> | <u>\$ 35,509,273</u> | <u>\$ 33,470,875</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, 2020 AND 2019

| | Worcester State University | | Component Unit Worcester State Foundation | |
|---|----------------------------|---------------|--|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| REVENUES | | | | |
| Operating Revenues: | | | | |
| Student tuition and fees | \$ 48,742,481 | \$ 49,364,735 | \$ 308,697 | \$ 445,311 |
| Auxiliary enterprises, student housing | 10,336,443 | 12,437,212 | - | - |
| Less: Scholarship discounts and allowance | 9,090,786 | 9,426,624 | - | - |
| Net student tuition and fees | 49,988,138 | 52,375,323 | 308,697 | 445,311 |
| Contributions | | - | 3,436,584 | 2,471,477 |
| Federal grants and contracts | 8,295,669 | 8,341,655 | - | - |
| State and local grants and contracts | 1,695,926 | 1,575,071 | - | - |
| Nongovernmental grants and contracts | 3,165,387 | 2,846,919 | - | - |
| Auxiliary enterprises, other | 629,708 | 854,299 | 177,811 | 230,933 |
| Other operating revenues | 1,129,543 | 1,468,693 | 287,044 | 208,381 |
| Total operating revenues | 64,904,371 | 67,461,960 | 4,210,136 | 3,356,102 |
| EXPENSES | | | | |
| Operating expenses: | | | | |
| Instruction | 45,100,954 | 42,981,193 | - | - |
| Academic support | 6,152,467 | 6,456,196 | - | - |
| Student services | 11,188,502 | 11,881,289 | - | - |
| Institutional support | 12,592,784 | 11,580,453 | 1,291,396 | 1,318,083 |
| Operation and maintenance of plant | 15,220,970 | 20,098,656 | 104,337 | 79,232 |
| Scholarship | 4,429,390 | 2,089,119 | 606,382 | 496,695 |
| Depreciation | 5,472,690 | 5,448,274 | 167,570 | 198,110 |
| Debt service | 645,168 | 672,047 | 103,058 | 104,011 |
| Auxiliary enterprises | 12,773,826 | 12,954,983 | - | - |
| Total operating expenses | 113,576,751 | 114,162,210 | 2,272,743 | 2,196,131 |
| Operating loss | (48,672,380) | (46,700,250) | 1,937,393 | 1,159,971 |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| State appropriations | 41,086,913 | 39,400,435 | - | - |
| Federal assistance | 1,934,404 | - | - | - |
| Interest and investment income (loss) | 1,519,274 | 1,188,164 | 649,834 | 997,101 |
| Other payments to Worcester State University | - | - | (1,319,700) | (1,004,652) |
| Other non-operating revenues (losses) | - | - | (103,702) | - |
| Net non-operating revenues | 44,540,591 | 40,588,599 | (773,568) | (7,551) |
| Income (loss) before other revenues, expenses, gains, or losses | (4,131,789) | (6,111,651) | 1,163,825 | 1,152,420 |
| Capital appropriations | 1,807,178 | 4,667,913 | - | - |
| Additions to permanent endowments | - | - | 874,573 | 482,835 |
| Change in net position | (2,324,611) | (1,443,738) | 2,038,398 | 1,635,255 |
| NET POSITION | | | | |
| Beginning of year | 61,165,019 | 62,608,757 | 33,470,875 | 31,835,620 |
| End of year | \$ 58,840,408 | \$ 61,165,019 | \$ 35,509,273 | \$ 33,470,875 |

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, 2020 AND 2019

| | Primary Government | |
|---|----------------------|----------------------|
| | 2020 | 2019 |
| Cash flows from operating activities: | | |
| Student tuition, fees and charges | \$ 46,073,110 | \$ 50,053,195 |
| Federal grants and contracts | 8,295,669 | 8,341,655 |
| State and local grants and contracts | 1,695,926 | 1,575,071 |
| Nongovernmental grants and contracts | 3,165,387 | 2,846,919 |
| Auxiliary enterprise charges | 629,708 | 854,299 |
| Employee compensation and fringe benefit payments | (68,034,934) | (65,014,034) |
| Payments to suppliers | (36,182,300) | (30,549,843) |
| Interest paid | (981,250) | (889,467) |
| Loans repaid by students | 119,068 | 159,700 |
| Other receipts | 1,104,945 | 512,307 |
| Net cash used in operating activities | <u>(44,114,671)</u> | <u>(32,110,198)</u> |
| Cash flows from noncapital financing activities: | | |
| State appropriations | 41,086,913 | 39,400,435 |
| Federal assistance | 1,934,404 | - |
| Net deposits | 32,490 | 30,469 |
| Net cash provided by noncapital financing activities | <u>43,053,807</u> | <u>39,430,904</u> |
| Cash flows from capital and related financing activities: | | |
| Capital appropriations | 1,807,178 | 4,667,913 |
| Purchases of capital assets | (1,861,940) | (3,010,839) |
| Principal payments of bonds payable | (741,361) | (716,362) |
| Principal payments of capital lease obligation | (449,857) | (351,123) |
| Perkins loan program, net funds paid | (242,158) | 2,297 |
| Net cash provided by (used in) capital and related financing activities | <u>(1,488,138)</u> | <u>591,886</u> |
| Cash flows from investing activities: | | |
| Proceeds from sales and maturities of investments | 9,206,376 | 5,255,542 |
| Purchases of investments | (9,015,051) | (5,527,277) |
| Interest and investment income | 449,832 | 1,192,701 |
| Net cash provided by investing activities | <u>641,157</u> | <u>920,966</u> |
| Net change in cash and cash equivalents | (1,907,845) | 8,833,558 |
| Cash and cash equivalents, beginning of year | <u>32,492,441</u> | <u>23,658,883</u> |
| Cash and cash equivalents, end of year | <u>\$ 30,584,596</u> | <u>\$ 32,492,441</u> |

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019
(Continued)

| | 2020 | 2019 |
|---|------------------------|------------------------|
| Reconciliation of operating loss to net cash used in operating activities: | | |
| Operating loss | \$ (48,672,380) | \$ (46,700,250) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation expense | 5,472,690 | 5,448,274 |
| Amortization of other assets | 215,810 | 230,810 |
| Accretion of deferred service concession arrangements | (420,812) | (422,405) |
| Decrease in deferred loss on refunding of bonds payable | 5,847 | 5,847 |
| (Increase) decrease in operating assets and deferred outflows: | | |
| Accounts receivable, net | 493,824 | (657,030) |
| Loans receivable | 119,068 | 159,700 |
| Inventories | (263,231) | (15,420) |
| Prepaid expenses and other assets | (213,332) | (8,230) |
| Resources related to pension and OPEB obligations | 3,043,561 | (6,997,322) |
| Increase (decrease) in operating liabilities and deferred inflows: | | |
| Accounts payable | (3,495,475) | 4,862,554 |
| Accrued payroll and fringe benefits | (455,363) | 755,805 |
| Accrued interest and other liabilities | (341,929) | (223,267) |
| Accrued workers' compensation | 33,541 | (45,422) |
| Student deposits and unearned revenue | 416,752 | (109,961) |
| Accrued compensated absences | (100,585) | 97,532 |
| Accrued pension and OPEB obligations | (9,784,998) | 11,795,946 |
| Resources related to pension and OPEB obligations | 9,832,341 | (287,359) |
| Net cash used in operating activities | <u>\$ (44,114,671)</u> | <u>\$ (32,110,198)</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, 2020 and 2019, the Foundation distributed \$1,926,081 and \$1,544,510, 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 _____, 2020, 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.

WORCESTER STATE UNIVERSITY
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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 \$41,391,739 and \$39,781,632 for the years ended June 30, 2020 and 2019, respectively. State supported tuition, in the amounts of \$304,826 and \$381,197 for the years ended June 30, 2020 and 2019, 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 from the Commonwealth of \$78,070 and \$64,854 as of June 30, 2020 and 2019, 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, 2020. 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
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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 84, *Fiduciary Activities* is required for periods beginning after December 15, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and reporting financial purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should present a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. The University is in the process of evaluating this Statement and expects the impact on their financial reporting to be immaterial.

GASB Statement No. 87, *Leases* is required for periods beginning after June 15, 2021. 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 underlying 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
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NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - PRIOR PERIOD ADJUSTMENT

In August 2020, the University was notified by the Commonwealth of Massachusetts of errors in the actuarial calculations and reports used to account for its proportionate share of the Commonwealth's unfunded other post-employment benefits as of and for the year ended June 30, 2018, which is period used for reporting in the University's 2019 financial statements. Revised calculations were issued, and the University's 2019 financial statement have been adjusted accordingly through the following prior period adjustment:

| | 2019 As Originally Presented | Prior Period Adjustment | 2019 As Restated |
|--|------------------------------------|----------------------------|---------------------|
| Deferred outflows of resources related to pension and OPEB obligations | \$ 18,052,985 | \$ 43,100 | \$ 18,096,085 |
| Accrued pension and OPEB obligations | 56,685,255 | 8,878,188 | 65,563,443 |
| Deferred inflows of resources related to pension and OPEB obligations | 13,729,296 | (7,301,725) | 6,427,571 |
| Total operating expenses | 112,628,847 | 1,533,363 | 114,162,210 |

3 - RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses, including the University. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the University operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the University, the University expects significant impacts to its business operations from government restrictions and mandated operating protocols surrounding re-opening from prior quarantine and isolation orders.

Additionally, it is possible that estimates made in the financial statements may be materially and adversely impacted in the near term as a result of these conditions, including the allowances for uncollectible accounts and contributions receivable.

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - CASH AND CASH EQUIVALENTS

The University's cash and temporary investments are as follows as of June 30, 2020 and 2019:

| | 2020 | 2019 |
|--------------------------------------|---------------|---------------|
| Carrying amount | \$ 23,877,110 | \$ 23,315,422 |
| Bank balance | \$ 26,480,424 | \$ 26,673,611 |
| Less amounts | | |
| Covered by depository insurance | 1,528,304 | 1,530,652 |
| Collateralized repurchase agreements | 16,412,435 | 18,034,634 |
| Remaining bank balance | \$ 8,539,685 | \$ 7,108,325 |

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, 2020 and 2019, the University held \$893,045 and \$329,950 respectively, in money market funds maintained by its investment custodian.

As of June 30, 2020 and 2019, the University was party to a repurchase agreement with a bank. The value of this agreement was \$16,412,435 and \$18,034,634 as of June 30, 2020 and 2019, 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.

5 - 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 \$254,552 and \$3,601,527 as of June 30, 2020 and 2019, respectively. In addition, the State Treasurer held cash for certain University trust funds in the amounts of \$6,370,930 and \$5,536,488 as of June 30, 2020 and 2019, respectively. None of these cash balances are insured or collateralized.

6 - 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, 2020 and 2019 are as follows:

| | Investment Maturities (in years) | | | |
|----------------------|----------------------------------|----------------|---------------|-------------------|
| | Fair Value | Less Than 1 | 1 to 5 | Greater than 5 |
| <u>June 30, 2020</u> | | | | |
| Investment type | | | | |
| U.S. Treasuries | \$ 19,298,200 | \$ - | \$ 12,666,268 | \$ 6,631,932 |
| U.S. Agencies | 2,445,952 | - | 2,445,952 | - |
| Total | \$ 21,744,152 | \$ - | \$ 15,112,220 | \$ 6,631,932 |

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - INVESTMENTS (Continued)

| <u>June 30, 2019</u> | Investment Maturities (in years) | | | |
|----------------------|----------------------------------|---------------------|----------------------|---------------------|
| | Fair Value | Less Than 1 | 1 to 5 | Greater than 5 |
| Investment type | | | | |
| U.S. Treasuries | \$ 15,425,842 | \$ 1,383,237 | \$ 8,534,363 | \$ 5,508,242 |
| U.S. Agencies | 5,420,780 | 1,477,831 | 3,613,068 | 326,881 |
| Total | <u>\$ 20,846,622</u> | <u>\$ 2,861,068</u> | <u>\$ 12,147,431</u> | <u>\$ 5,835,123</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, 2020 was 3.6 years.

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

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

| | 2020 | 2019 |
|-------------------------------------|---------------------|---------------------|
| Interest | \$ 430,419 | \$ 487,546 |
| Realized gain (loss) on investments | 15,653 | (5,546) |
| Unrealized gain on investments | 1,073,202 | 706,164 |
| | <u>\$ 1,519,274</u> | <u>\$ 1,188,164</u> |

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - INVESTMENTS (Continued)

Component Unit

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

| | 2020 | | 2019 | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Money market funds | \$ 1,509,027 | \$ 1,509,027 | \$ 309,669 | \$ 309,669 |
| Mutual funds - equity based | 17,406,505 | 20,383,522 | 17,136,675 | 19,595,626 |
| Mutual funds - bonds based | 7,937,246 | 8,300,120 | 8,078,591 | 8,115,076 |
| Limited partnership interest | 250,000 | 357,440 | 250,000 | 437,501 |
| | <u>\$ 27,102,778</u> | <u>\$ 30,550,109</u> | <u>\$ 25,774,935</u> | <u>\$ 28,457,872</u> |

7 - 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, 2020 and 2019.

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. Fair value hierarchy for each is based on the level of active trading within the respective markets for each asset or liability.

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, 2020 as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|----------------------|-------------|-------------|----------------------|
| Investments | | | | |
| U.S. Treasuries | \$ 19,298,200 | \$ - | \$ - | \$ 19,298,200 |
| U.S. Agencies | 2,445,952 | - | - | 2,445,952 |
| Total investments, at fair value | <u>\$ 21,744,152</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 21,744,152</u> |

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - 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, 2019 as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|----------------------|-------------|-------------|----------------------|
| Investments | | | | |
| U.S. Treasuries | \$ 15,425,842 | \$ - | \$ - | \$ 15,425,842 |
| U.S. Agencies | 5,420,780 | - | - | 5,420,780 |
| Total investments, at fair value | <u>\$ 20,846,622</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 20,846,622</u> |

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

8 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30, 2020 and 2019:

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Students | \$ 803,147 | \$ 824,428 |
| Other | 893,776 | 1,373,156 |
| | 1,696,923 | 2,197,584 |
| Less: Allowance for uncollectible accounts | 299,628 | 306,465 |
| | <u>\$ 1,397,295</u> | <u>\$ 1,891,119</u> |

9 - 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, 2020 are expected to be received as follows:

| | |
|--|---------------------|
| 2021 | \$ 793,206 |
| 2022 | 291,570 |
| 2023 | 176,078 |
| 2024 | 122,062 |
| 2025 | 112,144 |
| Thereafter | 182,339 |
| | 1,677,399 |
| Less: Discount on contributions receivable | 8,199 |
| Less: Allowance for uncollectible contributions receivable | 12,000 |
| | <u>\$ 1,657,200</u> |

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - 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, 2020 and 2019.

11 - 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 \$406,623 and \$525,691 as of June 30, 2020 and 2019, respectively, represents student loans issued through the Perkins Loans program and consists of the following as of June 30, 2020 and 2019:

| | 2020 | 2019 |
|-----------------------|-------------------|-------------------|
| Enrolled students | \$ 1,500 | \$ 71,781 |
| Repayment on schedule | 156,200 | 144,412 |
| In default | 248,923 | 309,498 |
| | <u>\$ 406,623</u> | <u>\$ 525,691</u> |

12 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---------------------------------------|----------------------|--------------------|---------------------|----------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 188,650 | \$ - | \$ - | \$ 188,650 |
| Construction in process | 2,940,085 | 29,500 | 2,940,085 | 29,500 |
| Capital assets, being depreciated | | | | |
| Land improvements | 5,273,909 | 4,691,368 | - | 9,965,277 |
| Buildings, including improvements | 155,173,706 | - | - | 155,173,706 |
| Furnishings and equipment | 14,524,250 | 693,211 | - | 15,217,461 |
| Total capital assets | <u>178,100,600</u> | <u>5,414,079</u> | <u>2,940,085</u> | <u>180,574,594</u> |
| Less accumulated depreciation for | | | | |
| Land improvements | 4,319,689 | 437,168 | - | 4,756,857 |
| Buildings, including improvements | 61,023,843 | 4,300,914 | - | 65,324,757 |
| Furnishings and equipment | 12,060,847 | 734,608 | - | 12,795,455 |
| Total accumulated depreciation | <u>77,404,379</u> | <u>5,472,690</u> | <u>-</u> | <u>82,877,069</u> |
| Capital assets, net | <u>\$100,696,221</u> | <u>\$ (58,611)</u> | <u>\$ 2,940,085</u> | <u>\$ 97,697,525</u> |

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2019 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---------------------------------------|----------------------|-----------------------|-------------|----------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 188,650 | \$ - | \$ - | \$ 188,650 |
| Construction in process | - | 2,940,085 | - | 2,940,085 |
| Capital assets, being depreciated | | | | |
| Land improvements | 5,273,909 | - | - | 5,273,909 |
| Buildings, including improvements | 155,173,706 | - | - | 155,173,706 |
| Furnishings and equipment | 13,686,298 | 837,952 | - | 14,524,250 |
| Total capital assets | 174,322,563 | 3,778,037 | - | 178,100,600 |
| Less accumulated depreciation for | | | | |
| Land improvements | 4,141,911 | 177,778 | - | 4,319,689 |
| Buildings, including improvements | 56,553,529 | 4,470,314 | - | 61,023,843 |
| Furnishings and equipment | 11,260,665 | 800,182 | - | 12,060,847 |
| Total accumulated depreciation | 71,956,105 | 5,448,274 | - | 77,404,379 |
| Capital assets, net | <u>\$102,366,458</u> | <u>\$ (1,670,237)</u> | <u>\$ -</u> | <u>\$100,696,221</u> |

13 - 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, 2020 and 2019, in the amounts of \$9,051,234 and \$9,133,569, 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 into 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
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NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - DEFERRED SERVICE CONCESSION ARRANGEMENTS

Deferred service concession arrangements as of June 30, 2020 and 2019 in the amounts of \$4,458,311 and \$4,879,123, 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 \$420,812 and \$422,405 for the years ended June 2020 and 2019, respectively.

15 - LONG-TERM LIABILITIES

Long-term liabilities of the university as of June 30, 2020 were as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|--------------------------------------|----------------------|-------------------|----------------------|----------------------|---------------------|
| Bonds payable | \$ 22,697,441 | \$ - | \$ 741,361 | \$ 21,956,080 | \$ 730,667 |
| Capital lease obligations | 572,209 | 612,053 | 449,857 | 734,405 | 412,712 |
| Accrued workers' compensation | 944,929 | 33,541 | - | 978,470 | 216,588 |
| Accrued compensated absences | 5,720,920 | - | 100,585 | 5,620,335 | 3,446,838 |
| Accrued pension and OPEB obligations | 65,563,443 | - | 9,784,998 | 55,778,445 | - |
| Refundable grant | 780,610 | - | 242,158 | 538,452 | - |
| | <u>\$ 96,279,552</u> | <u>\$ 645,594</u> | <u>\$ 11,318,959</u> | <u>\$ 85,606,187</u> | <u>\$ 4,806,805</u> |

Long-term liabilities of the university as of June 30, 2019 (as restated) were as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|--------------------------------------|----------------------|----------------------|---------------------|----------------------|---------------------|
| Bonds payable | \$ 23,413,803 | \$ - | \$ 716,362 | \$ 22,697,441 | \$ 705,667 |
| Capital lease obligations | 156,134 | 767,198 | 351,123 | 572,209 | 275,694 |
| Accrued workers' compensation | 990,351 | - | 45,422 | 944,929 | 226,897 |
| Accrued compensated absences | 5,623,388 | 97,532 | - | 5,720,920 | 3,464,725 |
| Accrued pension and OPEB obligations | 53,052,262 | 12,511,181 | - | 65,563,443 | - |
| Refundable grant | 778,313 | 2,297 | - | 780,610 | - |
| | <u>\$ 84,014,251</u> | <u>\$ 13,378,208</u> | <u>\$ 1,112,907</u> | <u>\$ 96,279,552</u> | <u>\$ 4,672,983</u> |

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

16 - 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.
- (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, 2020, was \$5,848. The remaining loss to be amortized as June 30, 2020 is \$76,015.
- (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, 2020 is as follows:

| | 2020 | 2019 |
|------------------------------------|----------------------|----------------------|
| (A) Bond payable, MDFA 2007 Series | \$ 41,334 | \$ 62,000 |
| (B) Bond payable, MDFA 2012 Series | 8,878,097 | 9,188,720 |
| (C) Bond payable, MSCBA | 13,036,649 | 13,446,721 |
| | 21,956,080 | 22,697,441 |
| Less: Current maturities | 730,667 | 705,667 |
| | <u>\$ 21,225,413</u> | <u>\$ 21,991,774</u> |

Debt service requirements as of June 30, 2020 are as follows:

| Year Ended June 30 | Principal | Interest |
|---------------------|----------------------|---------------------|
| 2021 | \$ 730,667 | \$ 654,488 |
| 2022 | 760,666 | 623,363 |
| 2023 | 770,000 | 593,563 |
| 2024 | 1,120,000 | 560,413 |
| 2025 | 1,165,000 | 519,563 |
| 2026 - 2030 | 6,340,000 | 2,074,182 |
| 2031 - 2035 | 5,495,000 | 1,122,150 |
| 2036 - 2040 | 3,400,000 | 538,500 |
| 2041 - 2045 | 1,510,000 | 68,250 |
| | 21,291,333 | 6,754,472 |
| Unamortized premium | 664,747 | - |
| | <u>\$ 21,956,080</u> | <u>\$ 6,754,472</u> |

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NOTES TO FINANCIAL STATEMENTS
(Continued)

17 - 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 \$6,904 and \$7,302 for 2020 and 2019, respectively.

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

| | 2020 | 2019 |
|-----------------------------------|---------------------|-------------------|
| Buildings, including improvements | \$ 789,809 | \$ 789,809 |
| Furnishings and equipment | 2,307,877 | 1,786,568 |
| Total capital assets | 3,097,686 | 2,576,377 |
| Less: Accumulated depreciation | 1,820,879 | 1,837,953 |
| | <u>\$ 1,276,807</u> | <u>\$ 738,424</u> |

Future minimum lease payments under leases, together with the present value of future minimum lease payments as of June 30, 2020 are as follows:

| Year Ending | Capital Lease | Operating Lease |
|---|-------------------|--------------------|
| 2021 | \$ 458,050 | \$ 1,070 |
| 2022 | 281,110 | - |
| 2023 | 9,964 | - |
| 2024 | 4,981 | - |
| Total minimum lease payments | 754,105 | <u>\$ 1,070</u> |
| Less: Amount representing interest | 19,700 | |
| Present value of minimum lease payments | <u>\$ 734,405</u> | |

18 - 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, 2020 and 2019, unrestricted net position from operations of \$25,628,678 and \$22,272,641, respectively, has been internally designated by the University for future capital investments. The remaining undesignated unrestricted net position from operations was \$13,569,170 and \$14,091,647 as of June 30, 2020 and 2019, 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:

| | 2020 | 2019 |
|-------------------------------|-------------------|-------------------|
| Restricted - expendable | | |
| Capital projects | \$ 139,434 | \$ 135,362 |
| Scholarships and other grants | 653,958 | 467,961 |
| | <u>\$ 793,392</u> | <u>\$ 603,323</u> |

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NOTES TO FINANCIAL STATEMENTS
(Continued)

18 - 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.

19 - 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, 2020 and 2019 of \$2,574,373 and \$2,604,019 respectively, has been included accrued payroll in the financial statements.

20 - 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, 2020 and 2019. Based upon the Commonwealth's analyses, accrued workers' compensation in the amount of \$978,470 and \$944,929 as of June 30, 2020 and 2019, respectively have been recorded in the unrestricted current fund. Workers' compensation expense charged to operations was \$386,920 and \$406,136 in 2020 and 2019, respectively. The actual workers' compensation paid by the University was \$353,379 and \$451,558 in 2020 and 2019, respectively.

21 - ACCRUED COMPENSATED ABSENCES

Included in accrued compensated absences are \$2,795,616 for accrued vacation time and \$2,824,719 for accrued sick time as of June 30, 2020 and \$2,880,435 for accrued vacation time and \$2,840,485 for accrued sick time as of June 30, 2019. Of these balances, \$454,949 and \$248,194 for June 30, 2020 and 2019, respectively, represent obligations due to employees funded through sources other than State appropriations, and \$5,165,386 and \$5,472,726 as of June 30, 2020 and 2019, 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.

22 - 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 2020, the University reimbursed the State a total of \$5,050,500 (\$2,179,291 for pensions and \$2,871,209 for health care premiums). For 2019, the University reimbursed the State a total of \$4,430,811 (\$1,691,684 for pensions and \$2,739,127 for health care premiums).

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NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - 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 is a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts State Retirement Board. Under the cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits through the plan, regardless of the status of the employers' payment of its pension obligations to the plan. The plan provides retirement, disability and death benefits to plan members and beneficiaries.

Benefit Provisions

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

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable 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 |

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NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - 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 14.08% and 12.06% of annual covered payroll for the fiscal years ended June 30, 2020 and June 30, 2019, respectively. The University contributed \$1,450,748 and \$1,315,547 for the fiscal years ended June 30, 2020 and June 30, 2019, 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, 2020 and 2019, the University reported a net pension liability of \$19,332,813 and \$20,564,468, respectively, 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, 2019, 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 2019 and 2018. The Commonwealth's proportionate share was based on actual employer contributions to the MSERS for fiscal years 2019 and 2018 relative to total contributions of all participating employers for each respective fiscal year. As of June 30, 2019 and 2018, the University's proportion was 0.14% and 0.17% respectively. For the year end June 30, 2020 and 2019, the University recognized pension expense of \$2,972,160 and \$3,029,723, respectively.

As of June 30, 2020 and 2019, the University reported in the statement of net position deferred outflows and deferred inflows of resources related to pensions from the following sources:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Deferred outflows of resources: | | |
| Change in plan actuarial assumptions | \$ 1,433,032 | \$ 2,084,081 |
| Differences between expected and actual experience | 642,047 | 652,131 |
| Changes in proportion from Commonwealth due to internal allocation | 1,645,536 | 2,730,789 |
| Contributions subsequent to the measurement date | 1,450,748 | 1,315,547 |
| | <u>\$ 5,171,363</u> | <u>\$ 6,782,548</u> |
| Deferred inflows of resources: | | |
| Differences between expected and actual experience | \$ 251,433 | \$ 419,105 |
| Differences between projected and actual earnings on plan investments | 288,375 | 714,800 |
| Changes in proportion from Commonwealth due to internal allocation | 3,066,220 | 1,330,242 |
| | <u>\$ 3,606,028</u> | <u>\$ 2,464,147</u> |

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - RETIREMENT PLAN (Continued)

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

Contributions of \$1,450,748 and \$1,315,547, respectively, are reported as deferred outflows of resources related to pensions resulting from the University contributions in fiscal year 2020 and 2019 subsequent to the measurement date, which will be recognized as a reduction of the net pension liability for the year ended June 30, 2021 and 2020. 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:

| | |
|------|-------------------|
| 2021 | \$ 179,950 |
| 2022 | (56,549) |
| 2023 | 159,767 |
| 2024 | (191,901) |
| 2025 | 23,320 |
| | <u>\$ 114,587</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:

| | 2019 | 2018 |
|---|---------------|---------------|
| Cost of living increases (on the first \$13,000 per year for 2019 and 2018) | 3.00% | 3.00% |
| Salary increases | 4.00 to 9.00% | 4.00 to 9.00% |
| Investment rate of return | 7.25% | 7.35% |
| Interest rate credit to the annuity savings fund | 3.50% | 3.50% |

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 reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward one year.

Experience studies were performed as of February 27, 2014, encompassing the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2016 for post-retirement mortality.

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, 2019 and 2018 are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - RETIREMENT PLAN (Continued)

Actuarial Assumptions (continued)

| Asset Class | Target allocation | Long-term expected real Rate of return | |
|---------------------------------|-------------------|---|-------|
| | | 2019 | 2018 |
| Global equity | 39% | 4.90% | 5.00% |
| Core fixed income | 15% | 1.30% | 0.90% |
| Private equity | 13% | 8.20% | 6.60% |
| Real estate | 10% | 3.60% | 3.80% |
| Value added fixed income | 8% | 4.70% | 3.80% |
| Portfolio completion strategies | 11% | 3.90% | 3.70% |
| Timber/natural resources | 4% | 4.10% | 3.40% |
| Total | 100% | | |

Discount Rate

The discount rate used to measure the total pension liability was 7.25% and 7.35% for 2019 and 2018, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following illustrates the sensitivity of the net pension liability to changes in the discount rate as of June 30, 2019 and 2018. 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:

| | 2019 | 2018 |
|---|---------------|---------------|
| 1% decrease to 6.25% for 2019 and 6.35% for 2018 | \$ 25,732,601 | \$ 27,717,465 |
| Current discount rate 7.25% for 2019 and 7.35% for 2018 | 19,332,813 | 20,564,468 |
| 1% increase to 8.25% for 2019 and 8.35% for 2018 | 13,864,501 | 14,452,507 |

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NOTES TO FINANCIAL STATEMENTS
(Continued)

24 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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's 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, 2019 and 2018 and as of the valuation date (January 1, 2019), Commonwealth participants contributed 10% to 20% of premium costs, depending on the date of hire and whether the participant is active, retiree, or survivor status.

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

As of June 30, 2020 and 2019, the University reported a net OPEB liability of \$36,445,632 and \$44,998,975, respectively, 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, 2019, 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 2019 and 2018. The Commonwealth's proportionate share was based on actual employer contributions to the OPEB Plan for fiscal years 2019 relative to total contributions of all participating employers for each respective fiscal year. As of June 30, 2019 and 2018, the University's proportion was 0.21% and 0.25% respectively. For the year end June 30, 2019 and 2018, the University recognized OPEB expense of \$2,577,708 and \$4,708,011, respectively.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

24 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

As of June 30, 2019 and 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:

| | 2020 | 2019 (As restated) |
|---|----------------------|-----------------------|
| Deferred outflows of resources: | | |
| Changes in proportion from Commonwealth due to internal allocation | \$ 7,639,954 | \$ 9,872,428 |
| Changes in plan actuarial assumption | 28,043 | 43,100 |
| Differences between expected and actual experience | 1,461,640 | 438,719 |
| Contributions subsequent to the measurement date | 751,524 | 959,290 |
| | <u>\$ 9,881,161</u> | <u>\$ 11,313,537</u> |
| Deferred inflows of resources: | | |
| Changes in proportion from Commonwealth due to internal allocation | \$ 7,109,964 | \$ |
| Change in plan actuarial assumptions | 5,480,487 | 3,796,132 |
| Differences between expected and actual experience | 16,762 | 77,097 |
| Differences between projected and actual earnings on plan investments | 46,671 | 90,195 |
| | <u>\$ 12,653,884</u> | <u>\$ 3,963,424</u> |

Contributions of \$751,524 and \$959,290, respectively are reported as deferred outflows of resources related to OPEB resulting from the University contributions in fiscal year 2020 and 2019 subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability for the year ended June 30, 2021 and 2020. 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:

| | |
|------|-----------------------|
| 2021 | \$ (490,165) |
| 2022 | (490,165) |
| 2023 | (466,105) |
| 2024 | (715,692) |
| 2025 | (1,362,120) |
| | <u>\$ (3,524,247)</u> |

Actuarial Assumptions

The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019. The total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2018. This valuation used the following assumptions:

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NOTES TO FINANCIAL STATEMENTS
(Continued)

24 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions (continued)

1. For 2019, the following annual healthcare cost trend rates: (1) 7.5%, decreasing by 0.5% each year to 5.5% in 2023 and 2024 and then decreasing 0.5% each year to an ultimate rate of 4.5% in 2026 for medical and (2) 4.5% for administration costs. Healthcare costs are offset by reimbursements for Employer Group Waiver Plans (EGWP), which are assumed to increase 5.0% per year until 2025, then decrease to 4.5% in 2026.
2. For 2018, the following annual healthcare cost trend rates: (1) 8.0%, decreasing by 0.5% each year to 5.5% in 2023 and then decreasing 0.25% each year to an ultimate rate of 5.0% in 2025 for medical and (2) 5.0% for administration costs. Healthcare costs are offset by reimbursements for Employer Group Waiver EGWP, which are assumed to increase 5.0%.
3. For 2019 and 2018, 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.
4. 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. 85% for 2019 and 80% for 2018 of current and future contingent eligible participants will elect health care benefits at age 65, or current age if later.
 - d. For 2019, Actives, upon retirement, take coverage, and are assumed to have the following coverage:

| | Retirement Age | |
|-----------|----------------|---------|
| | Under 65 | Age 65+ |
| Indemnity | 25% | 85% |
| POS/PPO | 60% | 0% |
| HMO | 15% | 15% |

- e. For 2018, Actives, upon retirement, take coverage, and are assumed to have the following coverage:

| | Retirement Age | |
|-----------|----------------|---------|
| | Under 65 | Age 65+ |
| Indemnity | 40% | 85% |
| POS/PPO | 50% | 0% |
| HMO | 10% | 15% |

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NOTES TO FINANCIAL STATEMENTS
(Continued)

24 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions (continued)

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, 2019 and 2018 are summarized in the following table:

| Asset Class | Target allocation | Long-term expected real Rate of return | |
|---------------------------------|-------------------|---|-----------------------|
| | | 2019 | 2018 (As restated) |
| Global equity | 39% | 4.90% | 5.00% |
| Portfolio completion strategies | 11% | 3.90% | 3.70% |
| Core fixed income | 15% | 1.30% | 0.90% |
| Private equity | 13% | 8.20% | 6.60% |
| Value added fixed income | 8% | 4.70% | 3.80% |
| Real Estate | 10% | 3.60% | 3.80% |
| Timber/natural resources | 4% | 4.10% | 3.40% |
| Total | 100% | | |

Discount Rate

The discount rates used to measure the OPEB liability as of June 30, 2019 and 2018 was 3.63% and 3.92%, respectively. This rate was based on a blend of the Bond Buyer Index rates of 3.51% and 3.87% as of the measurement date of June 30, 2019 and 2018, respectively 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 2025. Therefore, the long-term expected rate of return on plan investments of 7.25% and 7.35% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019 and 2018, respectively.

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:

| | 2019 | 2018 (As restated) |
|---|---------------|-----------------------|
| 1% decrease to 2.63% for 2019 and 2.92% for 2018 | \$ 43,504,306 | \$ 53,489,477 |
| Current discount rate 3.63% for 2019 and 3.92% for 2018 | 36,445,632 | 44,998,975 |
| 1% increase to 4.63% for 2019 and 4.92% for 2018 | 31,761,203 | 38,263,446 |

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NOTES TO FINANCIAL STATEMENTS
(Continued)

24 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Sensitivity Analysis (continued)

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:

| | 2019 | 2018 (As restated) |
|---|---------------|-----------------------|
| 1% decrease for Medical and EGWP and Administrative costs | \$ 30,035,805 | \$ 38,065,280 |
| Current discount rate of 7.5% for 2019 8.0% for 2018 for Medical and 5% for EGWP and administrative costs | 36,445,632 | 44,998,975 |
| 1% increase for Medical and EGWP and Administrative costs | 44,902,713 | 53,764,312 |

25 - 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 2020 were \$4,777,043 and \$6,293,741, respectively. The estimated amounts of funding attributable for the State retirement system contribution and the employer's share of health care premiums for 2019 were \$3,958,583 and \$6,409,627, respectively.

26 - 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:

| | 2020 | 2019 |
|---|----------------------|----------------------|
| Direct unrestricted appropriations | \$ 30,320,955 | \$ 29,684,752 |
| Fringe benefits for benefitted employees on state payroll | 11,070,784 | 10,096,880 |
| Tuition remitted | (304,826) | (381,197) |
| Total appropriations | <u>\$ 41,086,913</u> | <u>\$ 39,400,435</u> |

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NOTES TO FINANCIAL STATEMENTS
(Continued)

26 - MANAGEMENT ACCOUNTING NAD REPORTING SYSTEM – (UNAUDITED) (Continued)

A reconciliation between the University and MMARS fund 901 activity as of June 30, 2020 is as follows:

| | |
|--|---------------------|
| Revenue per MMARS | \$ 77,133,397 |
| Revenue per University | <u>77,695,553</u> |
| Net reporting classification and differences | <u>\$ (562,156)</u> |

27 - 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 service fees for allowing the University to use the facilities. Service agreement fees were \$250,000 for the years ended June 30, 2020 and 2019. 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 \$350,084 and \$354,412 for the years ended June 30, 2020 and 2019 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 \$110,026 and \$79,623 during the years ended June 30, 2020 and 2019, respectively.

28 - 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, 2020 and 2019 are as follows:

| | 2020 | | 2019 | |
|---|-------------------------------|--------------------|-------------------------------|--------------------|
| | Residence Life and Housing | Health Services | Residence Life and Housing | Health Services |
| Total revenue | \$ 10,526,553 | \$ 439,597 | \$ 12,843,230 | \$ 448,282 |
| Total expenses | <u>12,261,180</u> | <u>512,646</u> | <u>12,461,827</u> | <u>493,157</u> |
| Increase (decrease) in net position before transfers | <u>\$ (1,734,627)</u> | <u>\$ (73,049)</u> | <u>\$ 381,403</u> | <u>\$ (44,875)</u> |

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

29 - 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.

30 - RECLASSIFICATIONS

Certain reclassifications have been made to the 2019 financial statements, with no effect on change in net position, to conform to the 2020 presentation.

31 - SUBSEQUENT EVENTS

On July 1, 2020, the MSCBA closed on \$395,735,000 of Refunding Revenue Bonds Series 2020A (Federally Taxable) for the purpose of providing budgetary relief to the Commonwealth of Massachusetts nine state universities in fiscal years 2021 and 2022. These bonds were issued to refund and restructure approximately \$338 million of debt outstanding from multiple series of bonds. In addition to the advance refunding, the May 2021 principal payment and a portion of the May 2022 principal payment from sixteen other series of bonds were also included in the refunding escrow to provide budgetary relief. The reduction of the fiscal year 2021 debt service assessment for Worcester State University is approximately \$4,470,000. The reduction of the fiscal year 2022 debt service assessment is approximately \$2,350,000. The overall impact through 2043 was an increase in gross debt service costs of approximately \$740,000.

The first principal payment is due on May 1, 2024, and the final term bond maturity is on May 1, 2043, which matches the final maturity of Worcester State University outstanding commitments prior to the 2020A. Interest is due semiannually each May 1st and November 1st. The bonds carry interest at rates ranging from 1.044% in 2024 to 3.072% in 2043. The refunding escrow is invested in Treasuries and State and Local Government Series ("SLGS") to the various call dates or maturity dates for non-callable maturities. The 2020A refunding and other reductions in assessments as a multi-faceted plan to reduce expenses in response to the impact of COVID-19 on the nine State Universities.

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Massachusetts State Employees' Retirement Plan

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2014 through 2019)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| University's proportion of the net pension liability | 0.14% | 0.17% | 0.15% | 0.15% | 0.18% | 0.14% | 0.14% |
| University's proportion of the net pension liability | \$ 19,332,813 | \$ 20,564,468 | \$ 18,014,320 | \$ 18,674,184 | \$ 18,901,770 | \$ 9,357,928 | \$ 11,308,376 |
| University's covered-employee payroll | \$ 12,561,991 | \$ 12,922,066 | \$ 11,336,488 | \$ 11,331,835 | \$ 11,013,323 | \$ 10,245,240 | \$ 11,163,731 |
| University's proportionate share of the net pension liability as a percentage of its covered employee payroll | 153.90% | 159.14% | 158.91% | 164.79% | 171.63% | 91.34% | 101.30% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.28% | 67.91% | 67.21% | 63.48% | 67.87% | 76.32% | 70.31% |

See accompanying independent auditor's report.

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

SCHEDULE OF UNIVERSITY PENSION CONTRIBUTIONS
Massachusetts State Employees' Retirement Plan

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2014 through 2019)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|------------------|------------------|------------------|----------------|------------------|----------------|----------------|
| Statutorily required contribution* | \$ 1,315,547 | \$ 1,421,424 | \$ 1,098,173 | \$ 972,477 | \$ 1,039,592 | \$ 741,444 | \$ 700,426 |
| Contributions in relation to the statutorily required contribution* | <u>1,315,547</u> | <u>1,421,424</u> | <u>1,098,173</u> | <u>972,477</u> | <u>1,039,592</u> | <u>741,444</u> | <u>700,426</u> |
| Annual contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| University's covered-employee payroll | \$ 12,561,991 | \$ 12,922,066 | \$ 11,336,488 | \$ 11,331,835 | \$ 11,013,323 | \$ 10,245,240 | \$ 11,163,731 |
| Contributions as a percentage of covered-employee payroll | 11.02% | 11.00% | 9.69% | 8.58% | 9.44% | 7.24% | 6.27% |

* Annual contribution are reported one year in arrears as required by GASB 68

See accompanying independent auditor's report.

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

NOTES TO SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND SCHEDULE OF UNIVERSITY CONTRIBUTIONS

JUNE 30, 2015 THROUGH 2020

1 - CHANGES IN ACTUARIAL ASSUMPTIONS

The actuarial assumptions used as of the June 30, 2018 measurement date included a change in the investment rate of return from 7.35% in 2018 to 7.25% for 2019.

The actuarial assumptions used as of the June 30, 2018 measurement date included a change in mortality rates for disability. As of this date, mortality rates for disability reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward one year.

The actuarial assumptions used as of the June 30, 2017 measurement date included a change cost of living increases whereby such increases are on only the first \$13,000 per year.

The Actuarial assumptions used as of the June 30, 2017 measurement date included a change in mortality rates. As of this date, 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).

The actuarial assumptions used as of the June 30, 2016 measurement date included a change in the range of assumed salary increases from 3.5% to 9.0% in 2015 to 4.0% to 9.0%.

Chapter 176 of the Acts of 2011 created a one-time election for eligible members of the Optional Retirement Plan (ORP) to transfer to the State Employees' Retirement System (SERB) and purchase service for the period while members of the ORP. As a result, the total pension liability of SERB has increased by approximately \$400 million as of June 30, 2016.

The actuarial assumptions used as of the June 30, 2015 measurement date included a change in the investment rate of return and discount rate from 8.0% to 7.5%. The projection of cash flows used to determine the investment rate of return and discount rate assumed that plan member contributions will be made at the current contributions rates and the members rates.

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

The Actuarial assumptions used as of the June 30, 2015 measurement date included a change in mortality rates. As of this date, pre-retirement mortality rates reflect the RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct). Post-retirement mortality rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scan BB (gender distinct). Disability rates 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).

Mortality rates included as of the June 30, 2014 included pre-retirement mortality rates reflecting the RP-2000 Employees table projected 20 years with Scale AA (gender distinct). Post-retirement mortality rates reflect the RP-2000 Healthy Annuitant table projected 15 years with Scan AA (gender distinct). Disability rates were assumed to be in accordance with the RP- 2000 table projected 5 years with Scale AA (gender distinct) set forward 3 years for males.

See accompanying independent auditor's report.

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

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Commonwealth of Massachusetts Postemployment Benefits Other Than Pensions (OPEB) Plan

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2017 through 2019)

| | 2020 | 2019 (As restated) | 2018 | 2017 |
|---|---------------|-----------------------|---------------|---------------|
| University's proportion of the net OPEB liability | 0.21% | 0.25% | 0.21% | 0.18% |
| University's proportion of the net OPEB liability | \$ 36,445,632 | \$ 44,998,975 | \$ 35,037,942 | \$ 33,225,679 |
| University's covered-employee payroll | \$ 12,561,991 | \$ 12,922,066 | \$ 11,336,488 | \$ 11,331,835 |
| University's proportionate share of the net OPEB liability as a percentage of its covered employee payroll | 290.13% | 348.23% | 309.07% | 293.21% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 6.96% | 7.38% | 5.39% | 4.37% |

See accompanying independent auditor's report.

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

SCHEDULE OF UNIVERSITY OPEB CONTRIBUTIONS
Commonwealth of Massachusetts Postemployment Benefits Other Than Pensions (OPEB) Plan

YEAR ENDED JUNE 30, 2020

| | 2020 | 2019 (As restated) | 2018 | 2017 |
|---|---------------|-----------------------|---------------|---------------|
| Statutorily required contribution* | \$ 959,290 | \$ 1,076,188 | \$ 882,031 | \$ 745,202 |
| Contributions in relation to the statutorily required contribution* | 959,290 | 1,076,188 | 882,031 | 745,202 |
| Annual contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| University's covered-employee payroll | \$ 12,561,991 | \$ 12,922,066 | \$ 11,336,488 | \$ 11,331,835 |
| Contributions as a percentage of covered-employee payroll | 8.04% | 8.33% | 7.78% | 6.58% |

* Annual contribution are reported one year in arrears as required by GASB 75

See accompanying independent auditor's report.

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

NOTES TO SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY AND SCHEDULE OF UNIVERSITY OPEB CONTRIBUTIONS

JUNE 30, 2018 THROUGH 2020

1 - CHANGES IN ACTUARIAL ASSUMPTIONS

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in the annual healthcare cost trend rates used to measure the OPEB liability decreasing from 8.0% in 2018 to 7.5% in 2019, then decreasing 0.5% each year to an ultimate rate of 4.5% in 2026 for medical and (2) 4.5% for administration costs. Healthcare costs are offset by reimbursements for Employer Group Waiver Plans (EGWP), which are assumed to increase 5.0% per year until 2025, then decrease to 4.5% in 2026.

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in participant rates whereby 80% of current and future contingent eligible participants will elect health care benefits at age 65, or current age if later was increased to 85% in 2019.

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in participant rates whereby in 2018 actives under age 65 taking coverage were assumed to have indemnity (40%), POS/PPO (50%) or HMO (10%) have been adjusted in 2019 to indemnity (25%), POS/PPO (60%) or HMO (15%).

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in the long-term expected rate of return on plan investments from 7.35% to 7.25%.

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in the discount rates used to measure the OPEB liability from 3.92% to 3.63%. This rate was based on a blend of the Bond Buyer Index rates of 3.51% and 3.87% as of the measurement date of June 30, 2019 and 2018, respectively and the expected rates of return.

The actuarial assumptions used as of the June 30, 2018 measurement date included a change in the discount rates used to measure the OPEB liability from 3.65% to 3.92%. This rate was based on a blend of the Bond Buyer Index rates of 3.87% and 3.58% as of the measurement date of June 30, 2019 and 2018, respectively and the expected rates of return.

The actuarial assumptions used as of the June 30, 2018 measurement date included a change in the long-term expected rate of return on plan investments from 7.50% to 7.35%.

See accompanying independent auditor's report.

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

UNIVERSITY NET POSITION ANALYSIS

JUNE 30, 2020
(With Comparative Totals for 2014 through 2019)

| | 2020 | 2019 (As Restated) | 2018 | 2017 | 2016 |
|--|---------------|-----------------------|---------------|---------------|----------------|
| Invested in Capital Assets, Net | \$ 75,835,001 | \$ 78,092,336 | \$ 79,046,212 | \$ 83,469,474 | \$ 87,321,688 |
| Restricted - Expendable for | | | | | |
| Other | 653,958 | 467,961 | 90,205 | 178,233 | 3,241,368 |
| Capital Projects | 139,434 | 135,362 | 130,815 | 127,017 | 123,819 |
| Total expendable | 793,392 | 603,323 | 221,020 | 305,250 | 3,365,187 |
| Unrestricted | | | | | |
| Unrestricted from operations | 39,197,848 | 36,364,288 | 32,009,954 | 29,588,807 | 25,566,310 |
| Accumulated Commonwealth pension obligations | (17,767,478) | (16,246,067) | (14,531,894) | (13,517,481) | (11,973,992) |
| Accumulated Commonwealth OPEB obligations | (39,218,355) | (37,648,861) | (34,136,535) | - | - |
| Total unrestricted | (17,787,985) | (17,530,640) | (16,658,475) | 16,071,326 | 13,592,318 |
| Total Net Position | \$ 58,840,408 | \$ 61,165,019 | \$ 62,608,757 | \$ 99,846,050 | \$ 104,279,193 |

See accompanying independent auditor's report.

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

FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020
(With Comparative Totals for 2019)

| | Instruction | Academic Support | Student Services | Institutional Support | Operation and Maintenance of Plant | Totals | |
|--|---------------|------------------|------------------|-----------------------|------------------------------------|---------------|---------------|
| | | | | | | 2020 | 2019 |
| Regular employee compensation | \$ 22,002,938 | \$ 3,485,395 | \$ 4,828,083 | \$ 5,653,299 | \$ 4,540,451 | \$ 40,510,166 | \$ 40,065,815 |
| Special employee contracted services | 9,557,851 | 333,048 | 956,578 | 421,106 | 87,933 | 11,356,516 | 10,204,014 |
| Pension and insurance | 9,366,830 | 1,287,811 | 2,319,659 | 2,608,971 | 3,153,478 | 18,736,749 | 20,063,385 |
| Total payroll and employee benefits | 40,927,619 | 5,106,254 | 8,104,320 | 8,683,376 | 7,781,862 | 70,603,431 | 70,333,214 |
| Regular employee related expenses | 218,097 | 100,687 | 87,146 | 114,208 | 82,764 | 602,902 | 719,325 |
| Administrative | 1,733,178 | 727,919 | 659,798 | 1,717,623 | 420,514 | 5,259,032 | 5,270,998 |
| Facility operations support and related expenses | 475,307 | 94,942 | 501,720 | 659,333 | 54,031 | 1,785,333 | 2,141,997 |
| Energy and space rental | 156,502 | 21,349 | 633,337 | 43,697 | 2,385,017 | 3,239,902 | 3,249,816 |
| Professional services | 241,258 | 41,077 | 110,824 | 685,046 | 516,465 | 1,594,670 | 2,450,374 |
| Operational services | 416,304 | 26,106 | 396,607 | 428,343 | 44,311 | 1,311,671 | 1,162,993 |
| Equipment purchases | 816,085 | 22,396 | 221,917 | 133,679 | 261,125 | 1,455,202 | 640,032 |
| Equipment lease and maintenance | 116,604 | 11,737 | 472,833 | 127,479 | 269,491 | 998,144 | 1,307,670 |
| Construction and building improvements | - | - | - | - | 3,405,390 | 3,405,390 | 5,721,368 |
| Total operating expenses | 4,173,335 | 1,046,213 | 3,084,182 | 3,909,408 | 7,439,108 | 19,652,246 | 22,664,573 |
| Total educational and general expenses | \$ 45,100,954 | \$ 6,152,467 | \$ 11,188,502 | \$ 12,592,784 | \$ 15,220,970 | \$ 90,255,677 | \$ 92,997,787 |

See accompanying independent auditor's report.

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

RESIDENCE LIFE AND HOUSING

STATEMENTS OF NET POSITION

JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|-------------------------------|--------------|--------------|
| ASSETS | | |
| Cash | \$ 2,535,923 | \$ 4,300,250 |
| Accounts receivable, net | 109,817 | 106,049 |
| Total assets | 2,645,740 | 4,406,299 |
| LIABILITIES | | |
| Unearned rental income | 211,057 | 245,598 |
| Accrued and other liabilities | 222,847 | 214,238 |
| Total liabilities | 433,904 | 459,836 |
| NET POSITION | | |
| Unrestricted | \$ 2,211,836 | \$ 3,946,463 |

See accompanying independent auditor's report.

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

RESIDENCE LIFE AND HOUSING

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| REVENUES | | |
| Fees | \$ 9,897,508 | \$ 12,437,212 |
| Other income | <u>629,045</u> | <u>406,018</u> |
| Total revenues | <u>10,526,553</u> | <u>12,843,230</u> |
| EXPENSES | | |
| Regular employee compensation | 1,241,331 | 1,134,982 |
| Special employees/contracted services | 191,842 | 263,347 |
| Pension and insurance | 470,627 | 408,391 |
| Regular employee related expenses | 14,224 | 9,848 |
| Administrative | 140,580 | 138,270 |
| Debt payment | 8,043,399 | 8,076,627 |
| Facility operations support and related expenses | 211,473 | 220,825 |
| Energy and space rental | 588,679 | 725,259 |
| Professional services | 12,415 | 12,730 |
| Operational services | 4,250 | 3,499 |
| Equipment purchases | 7,402 | 8,950 |
| Equipment lease and maintenance | 125,171 | 108,046 |
| Building improvements | 684,471 | 778,194 |
| Benefits programs | <u>525,316</u> | <u>572,860</u> |
| Total expenses | <u>12,261,180</u> | <u>12,461,827</u> |
| Change in net position | (1,734,627) | 381,403 |
| NET POSITION | | |
| Beginning of year | <u>3,946,463</u> | <u>3,565,060</u> |
| End of year | <u><u>\$ 2,211,836</u></u> | <u><u>\$ 3,946,463</u></u> |

See accompanying independent auditor's report.

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

HEALTH SERVICES

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|--|---------------------------|---------------------------|
| REVENUES | | |
| Fees | \$ 438,934 | \$ 448,194 |
| Other income | 663 | 88 |
| Total revenues | <u>439,597</u> | <u>448,282</u> |
| EXPENSES | | |
| Regular employee compensation | 79,895 | 85,315 |
| Special employees/contracted services | 6,533 | 7,800 |
| Pension and insurance | 28,746 | 46,416 |
| Regular employee related expenses | - | 3,073 |
| Administrative | 7,495 | 4,187 |
| Facility operations support and related expenses | 12,528 | 13,204 |
| Professional services | 376,924 | 302,188 |
| Operational services | - | 30,399 |
| Equipment maintenance | 325 | 325 |
| Benefits programs | 200 | 250 |
| Total expenses | <u>512,646</u> | <u>493,157</u> |
| Change in net position | <u><u>\$ (73,049)</u></u> | <u><u>\$ (44,875)</u></u> |

See accompanying independent auditor's report.

STATISTICAL INFORMATION
(UNAUDITED)

Worcester State University
Schedule of Net Position by Component
June 30, 2015 through 2020

Exhibit E-1

| | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|---|-------------|-------------------|-------------|--------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|
| Invested in capital assets, net of related debt | \$ | 56,137,097 | \$ | 87,321,688 | \$ | 83,469,474 | \$ | 79,046,212 | \$ | 78,092,336 | \$ | 75,835,001 |
| Restricted-expendable | | 2,630,207 | | 3,365,187 | | 305,250 | | 221,020 | | 603,323 | | 793,392 |
| Restricted-nonexpendable | | - | | - | | - | | - | | - | | - |
| Unrestricted | | 24,104,278 | | 13,592,318 | | 16,071,326 | | (16,658,475) | | (17,530,640) | | (17,787,985) |
| Total primary government net position | \$ | 82,871,582 | \$ | 104,279,193 | \$ | 99,846,050 | \$ | 62,608,757 | \$ | 61,165,019 | \$ | 58,840,408 |

**Worcester State University
Tuition & Mandatory Fees**

Exhibit E-2

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <i>Resident Undergraduate</i> | | | | | | | | | | |
| Tuition | \$ 970 | \$ 970 | \$ 970 | \$ 970 | \$ 970 | \$ 970 | \$ 970 | \$ 970 | \$ 970 | \$ 970 |
| Mandatory Fees | 6,186 | 6,683 | 7,187 | 7,587 | 7,587 | 7,887 | 8,232 | 8,562 | 8,562 | 8,562 |
| <i>Total Annual</i> | \$ 7,156 | \$ 7,653 | \$ 8,157 | \$ 8,557 | \$ 8,557 | \$ 8,857 | \$ 9,202 | \$ 9,532 | \$ 9,532 | \$ 9,532 |
| <i>Non Resident Undergraduate</i> | | | | | | | | | | |
| Tuition | \$ 7,050 | \$ 7,050 | \$ 7,050 | \$ 7,050 | \$ 7,050 | \$ 7,050 | \$ 7,050 | \$ 7,050 | \$ 7,050 | \$ 7,050 |
| Mandatory Fees | 6,186 | 6,683 | 7,187 | 7,587 | 7,587 | 7,887 | 8,232 | 8,562 | 8,562 | 8,562 |
| <i>Total Annual</i> | \$ 13,236 | \$ 13,733 | \$ 14,237 | \$ 14,637 | \$ 14,637 | \$ 14,937 | \$ 15,282 | \$ 15,612 | \$ 15,612 | \$ 15,612 |
| <i>Resident Graduate</i> | | | | | | | | | | |
| Tuition | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 169 | \$ 169 | \$ 169 |
| Mandatory Fees | 112 | 115 | 115 | 117 | 117 | 138 | 148 | 153 | 153 | 153 |
| <i>Total per Credit Hours</i> | \$ 262 | \$ 265 | \$ 265 | \$ 267 | \$ 267 | \$ 288 | \$ 298 | \$ 322 | \$ 322 | \$ 322 |

Worcester State University
Schedule of Employment
2015-2019

Exhibit E-3

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Faculty - Primary Instruction ^{/1} | 416 | 419 | 441 | 466 | 455 |
| Part-time | 214 | 215 | 230 | 248 | 236 |
| Full-time | 202 | 204 | 211 | 218 | 219 |
| Staff and Administrators | 353 | 354 | 356 | 356 | 356 |
| Part-time | 13 | 12 | 12 | 12 | 12 |
| Full-time | 340 | 342 | 344 | 344 | 344 |
| Total Faculty & Staff Employees | 769 | 773 | 797 | 822 | 811 |
| Part-time | 227 | 227 | 242 | 260 | 248 |
| Full-time | 542 | 546 | 555 | 562 | 563 |
| Non-Benefitted Employees ^{/2} | 615 | 385 | 436 | 446 | 627 |
| Contract Workers | 141 | 174 | 214 | 191 | 230 |
| Student Workers | 474 | 211 | 222 | 255 | 397 |
| Total All Employees | 1,384 | 1,158 | 1,233 | 1,268 | 1,438 |

/1 Includes Instruction, Research & Public Service

Notes: 1) This schedule reflects personnel as of November 1 and includes employees paid from both state appropriation and local trust funds.

2) Beginning 2009 all benefitted and non-benefitted personnel are reflected regardless of funding source.

Worcester State University
Admissions, Enrollment, and Degree Statistics
Last Five Years

Exhibit E-4

| | Fall Term | | | | |
|--|------------------|-------------|-------------|-------------|-------------|
| Admissions-Freshman /1 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Applications | 4,828 | 4,963 | 4,822 | 5,123 | 4,773 |
| Applications accepted | 3,458 | 3,651 | 3,742 | 4,062 | 3,931 |
| Accepted as a percentage of applications | 71.62% | 73.56% | 77.60% | 79.29% | 82.36% |
| Students enrolled /2 | 1,454 | 1,366 | 1,494 | 1,461 | 1,420 |
| Enrolled as a percentage of accepted | 42.05% | 37.41% | 39.93% | 35.97% | 36.12% |

/1 Includes all undergraduate admissions including transfer students.

/2 Includes only students who were accepted and enrolled. Enrolled alone would include students who were not accepted but enrolled as non-degree seeking students.

| | Annual | | | | |
|-------------------------------|---------------|-------------|-------------|-------------|-------------|
| Enrollment | FY16 | FY17 | FY18 | FY19 | FY20 |
| Full-time equivalent | 5,339.5 | 5,409.8 | 5,449.0 | 5,465.3 | 5,273.7 |
| Unduplicated credit headcount | 9,774 | 10,679 | 10,276 | 9,691 | 8,694 |
| Percent undergraduate /3 | 87.44% | 83.16% | 85.41% | 86.54% | 85.94% |
| Percent graduate | 12.56% | 16.84% | 14.59% | 13.46% | 14.06% |

/3 Percent undergraduate/graduate based on Fall semester registration, unduplicated headcount.

| | Fall Term | | | | |
|---|------------------|-------------|-------------|-------------|-------------|
| Student Population Demographics /4 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Percentage of men | 38.31% | 37.09% | 38.72% | 38.06% | 36.04% |
| Percentage of women | 61.69% | 62.91% | 61.28% | 61.94% | 63.96% |
| Percentage of African-American | 6.85% | 7.08% | 7.77% | 8.09% | 7.64% |
| Percentage of White | 70.42% | 68.95% | 66.86% | 65.03% | 64.94% |
| Percentage of Latino | 8.18% | 9.21% | 10.68% | 11.60% | 11.73% |
| Percentage of Other /5 | 6.77% | 6.75% | 6.92% | 7.32% | 7.58% |
| < 20 | 24.08% | 23.74% | 25.58% | 27.19% | 27.40% |
| 20 to 30 | 58.76% | 56.35% | 57.09% | 57.23% | 56.90% |
| 31 to 40 | 7.96% | 8.54% | 7.44% | 6.89% | 6.90% |
| 41 & Over | 9.20% | 11.36% | 9.89% | 8.69% | 8.70% |

/4 Percents within category are based on population of students who reported this information (gender, race/ethnicity, and age).

/5 Other includes American Indian/Alaskan Native, Asian, Native Hawaiian or Other Pacific Islander, Cape Verdean and Two or more races.

| Degrees Granted | FY16 | FY17 | FY18 | FY19 | FY20 |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Bachelor's | 1,115 | 1,076 | 1,095 | 1,112 | 1,050 |
| Master's | 205 | 225 | 227 | 234 | 242 |

Worcester State University
Schedule of Capital Asset Information

Exhibit E-5

| | Academic Year | |
|------------------------------|----------------|----------------|
| | <u>2019</u> | <u>2020</u> |
| Land (acreage) | 57 | 57 |
| Buildings (square feet) | | |
| 100 Instruction/classroom | 57,369 | 57,369 |
| 200 Labs | 55,893 | 55,893 |
| 300 Administrative | 117,172 | 117,172 |
| 400 Study facilities | 27,750 | 27,750 |
| 52x Athletic | 66,049 | 66,049 |
| 5xx Other Special Use | 6,470 | 6,470 |
| 600 General Use | 77,736 | 77,736 |
| 700 Support facilities | 173,502 | 173,502 |
| 000 Unclassified | - | - |
| Unassigned/unassignable | 379,910 | 379,910 |
| Total Sq Ft | 961,851 | 961,851 |
| Residence Halls | 462,513 | 462,513 |
| Rental space | - | - |
| Dormitories - # of residents | 1,577 | 1,577 |

Note: Classification of facilities space is consistent with Facilities Inventory & Classification Code guide.

| | Fiscal Year | | | | |
|---------------------------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Source of Revenue | | | | | |
| Student charges (net of scholarships) | \$ 48,411,331 | \$ 48,483,889 | \$ 50,357,398 | \$ 52,375,323 | \$ 49,988,138 |
| Grants & contracts | 10,924,592 | 11,975,305 | 12,637,198 | 12,763,645 | 13,156,982 |
| Auxiliary enterprises | 444,478 | 440,172 | 796,446 | 854,299 | 629,708 |
| Other operating revenue | 1,146,016 | 1,032,424 | 1,265,178 | 1,468,693 | 1,129,543 |
| Total operating revenue | 60,926,417 | 61,931,790 | 65,056,220 | 67,461,960 | 64,904,371 |
| State and Federal support | 33,605,906 | 35,169,690 | 35,415,371 | 39,400,435 | 43,021,317 |
| Other non-operating revenue | 811,842 | (188,427) | (39,057) | 1,188,164 | 1,519,274 |
| Total non-operating revenue | 34,417,748 | 34,981,263 | 35,376,314 | 40,588,599 | 44,540,591 |
| Total revenue | \$ 95,344,165 | \$ 96,913,053 | \$ 100,432,534 | \$ 108,050,559 | \$ 109,444,962 |
| Functional Expense | | | | | |
| Instruction | \$ 34,662,566 | \$ 35,523,651 | \$ 38,782,984 | \$ 42,272,512 | \$ 45,100,954 |
| Academic support | 7,768,616 | 7,072,401 | 7,376,332 | 6,349,745 | 6,152,467 |
| Student services | 9,396,733 | 11,153,602 | 11,098,900 | 11,685,388 | 11,188,502 |
| Institutional support | 15,447,340 | 14,397,858 | 13,736,523 | 13,662,913 | 12,592,784 |
| Plant operations & maintenance | 9,297,557 | 11,230,348 | 13,958,602 | 17,493,866 | 15,220,970 |
| Research | - | - | - | - | - |
| Public service | 955,701 | 1,270,991 | - | - | - |
| Scholarships | 2,653,815 | 2,763,487 | 2,634,749 | 2,089,119 | 4,429,390 |
| Sub-total | 80,182,328 | 83,412,338 | 87,588,090 | 93,553,543 | 94,685,067 |
| Auxiliary enterprises | 11,838,607 | 12,170,935 | 11,839,524 | 12,954,983 | 12,773,826 |
| Independent operations | - | - | - | - | - |
| All other | 289,560 | 497,152 | 695,557 | 672,047 | 645,168 |
| Total operating expense | \$ 92,310,495 | \$ 96,080,425 | \$ 100,123,171 | \$ 107,180,573 | \$ 108,104,061 |
| Memo: Depreciation | \$ 4,664,588 | \$ 5,328,423 | \$ 5,655,439 | \$ 5,448,274 | \$ 5,472,690 |

Note: This schedule does not include component units, such as foundations. Total operating expense does not include depreciation.

DISCUSSION DRAFT 11.04.2020

OTHER REPORTS

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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Worcester State University's basic financial statements, and have issued our report thereon dated _____, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Worcester State 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 Worcester State University's internal control. Accordingly, we do not express an opinion on the effectiveness of Worcester State 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 Worcester State 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
_____, 2020



To: Chairman Stephen Madaus
From: Trustee William Mosley
Subject: Recommendations regarding Trustee engagement in Diversity, Equity and Inclusion
Date: November 4, 2020

Thank you for the opportunity to explore and recommend a mechanism for the Board of Trustees to consider Worcester State University (WSU) diversity, equity and inclusion initiatives. I enlisted the support of Trustees Maryann Hammond and Anna Johnson and we held two meetings with the President, the Dean of Students, and the General Counsel/Assistant to the President for Employment and Equal Opportunity. In forming my recommendation, I reviewed the 2020 annual reports of the University's Diversity, Equity and Inclusion Committees: Advisory Committee for Equal Opportunity, Diversity & Affirmative Action; Bias Incident Response Team; Campus Climate Committee; and LGBTQ+ Advisory Group and attended their opening meetings on October 30, 2020. Based upon my research and considerable expertise in institutional diversity, I recommend the following:

- Amend Bylaws SECTION 4. AGENDA OF REGULAR BOARD MEETINGS to implement a format structured around issues and operating results, to be considered on a regular basis to include: ***Review and discuss the furtherance of diversity, equity and inclusion.***
- Amend Bylaws SECTIONS 6-10 COMMITTEES to implement the responsibility for each committee to include: ***To consider the furtherance of diversity, equity and inclusion and make recommendations to the Board of Trustees with respect thereto.***
- In addition to the Report of the Chairman and the Report of the President, establish the "Report on Diversity, Equity and Inclusion" to be provided as follows:
 1. September-LGBTQ
 2. October -Mental Health and Accessibility
 3. November -Veterans Services
 4. January- Campus Climate
 5. April- AAEO
 6. June- BIRT

In accordance with our bylaws, I request that the Board of Trustees consider these recommendations at our November meeting and vote to approve the changes to the Bylaws at our January Meeting.

Note: A copy of the proposed amendments to the By-laws is attached (amendments in bold).



WORCESTER
S T A T E
UNIVERSITY

Board of Trustees
Phone: 508-929-8020
Fax: 508-929-8191

WORCESTER STATE UNIVERSITY

BOARD OF TRUSTEES

BY-LAWS

PREAMBLE: The Worcester State University is a public university in the system of public institutions of higher education in Massachusetts. The University is governed by an eleven member Board of Trustees. These By-Laws shall govern the proceedings and acts of the Board of Trustees of Worcester State University.

ARTICLE I. ORGANIZATION AND OFFICERS OF THE BOARD OF TRUSTEES

SECTION 1. COMPOSITION AND FUNCTIONS OF THE BOARD. The composition, functions, duties, powers, and responsibilities of the Board of Trustees, its committees, or subcommittees, shall be as provided and authorized by the laws General Laws of the Commonwealth as in effect, and by such rules, regulations, policies or guidelines as the Board of Higher Education may, from time to time, adopt amend or repeal for the management, control, administration, or regulation of the system of public institutions of higher education, or any part thereof.

SECTION 2. OFFICERS OF THE BOARD. The officers shall consist of a Chair, two Vice Chairs, a Secretary and an Assistant Secretary, all of whom shall be elected at the annual meeting of the Board.

The Chair and Vice Chairs of the Board shall be Trustees.

The Officers shall serve until their successors have been elected and sworn to the duties of their respective offices.

SECTION 3. THE CHAIR OF THE BOARD OF TRUSTEES. The Chair of the Board of Trustees shall have the following powers and duties:

- (a) To preside at all meetings of the Board of Trustees at which he/she is present.
- (b) To call special meetings of the Board of Trustees.
- (c) To serve ex officio, with voting power, as a member of all standing committees of the Board of Trustees.
- (d) To appoint standing committees, a nominating committee and other special committees or task forces of the Board of Trustees and Chair thereof.
- (e) To appoint successor members and chairs of standing committees, other than the Executive Committee, in the event that for any reason a vacancy occurs in any such office. A successor so appointed shall serve until the next annual meeting of the Board of Trustees.
- (f) To appoint substitute members and chairs of standing committees, other than the Executive Committee, in the event that any such member or chair thereof declares an

inability to serve for any period. A substitute so appointed shall serve during such inability.

- (g) To designate a minimum of two Trustees as members of standing committees, other than the Executive Committee. In the event of an increase in the number of Trustees appointed to the Board, the number of members of such committees shall be enlarged by such appointment. A member so appointed shall serve until the next annual meeting of the Board of Trustees.

SECTION 4. THE VICE CHAIRS OF THE BOARD OF TRUSTEES. The Vice Chairs of the Board of Trustees shall have the following powers and duties:

- (a) To perform the duties of the Chair of the Board of Trustees at the Chair's request or in the case of absence or incapacity of the Chair. In the absence of the Chair and the Vice Chair, the Board of Trustees shall elect a Chair Pro Temore.

SECTION 5. THE SECRETARY. The secretary shall have the following duties:

- (a) To give written notice of all regular and special meetings of the Board of Trustees and of standing and special committees thereof. And to compile and distribute agendas therefor.
- (b) To record the proceedings and to prepare minutes of the meetings of the Board of Trustees, and of standing and special committees thereof.
- (c) To preserve all documents, papers and records of the Board of Trustees determined by the Board to be a part of its official records or necessary to the performance of its duties.
- (d) To conduct correspondence as directed by the Board of Trustees and to certify official documents and proceedings.
- (e) To perform duties, not inconsistent with those prescribed by these Bylaws or by the Board of Trustees as prescribed from time to time by the Chair of the Board of Trustees.
- (f) To serve as Parliamentarian of the Board of Trustees.

SECTION 6. THE ASSISTANT SECRETARY. The Assistant Secretary shall perform the duties of the Secretary in the event of his absence or illness and assist in the preparation and conduct of general Trustee business under the direction of the Secretary.

ARTICLE II. ROLE OF THE BOARD. The Board shall be responsible to execute all of its duties and functions as mandated by Chapter 15A of the General Laws of the Commonwealth, any other provision of applicable law, and by its own bylaws. The key responsibilities of the Board shall include:

- (a) To appoint, support, and assess the performance of the President;
- (b) To provide guidance, direction, feedback, approve and assess the overall mission and strategic direction of the University in the long range;
- (c) To provide guidance, direction, feedback to major initiatives of the University and to approve new academic programs;
- (d) To ensure adequate financial resources and financial management of the University;

- (e) To preserve the institutional autonomy, represent the University to the community and the community to the University;
- (f) To periodically review and provide guidance to the president on major issues facing the University.
- (g) To develop and submit to the Secretary and the Council a mission statement for the University. *(Secretary would be Commissioner and Council refers to the former Higher Education Coordinating Council which is now the Department of Higher Education.)*

The Board places responsibility on the President, as its Chief Executive Officer, to act with administrative authority on all matters pertaining to the conduct of the University business.

For the purpose of executing its fiduciary and statutory responsibilities, as mandated through its bylaws, BHE policies and procedure guidelines, the full Board may delegate to appropriate committee(s) the responsibility and authority to deliberate an action agenda as presented to it by the President. The appropriate Vice President shall serve as a resource person to Committee Chairs in providing detailed data and information on agenda items under consideration. Positive or negative recommendations of committees shall be forwarded to the full Board.

ARTICLE III. MEETINGS OF THE BOARD

SECTION 1. ANNUAL MEETING: Annual Meetings of the Board of Trustees shall be held at the last scheduled Board Meeting during which the Board will elect officers, adopt its organizational issues, establish standing committees and meeting schedules.

REGULAR MEETINGS: The Board shall conduct its regular meetings through bi-monthly sessions and meet at least five times a year or more as necessary.

SECTION 2. SPECIAL MEETINGS: Special Meetings of the Board of Trustees may be held at any time and place within the Commonwealth when called by the Chair of the Board of Trustees or the President of the University or by three Trustees in writing given to the Secretary specifying the purpose(s) of said meeting. The time and place of such meeting shall be fixed by the Chair of the Board of Trustees, except for those called by three or more Trustees, who shall have the right to fix the time and place of said meeting. Written notice of such meetings shall be sent to each Trustee by mail at least three days prior to the date fixed for said meeting, which notice shall state the time, place, and the purpose(s) for which it has been called; provided, that no notice need be given to any Trustee who waives the same by a written waiver executed before or after the meeting. Each such waiver shall be filed with the records of the meeting.

SECTION 3. NOTICE OF REGULAR MEETING; WAIVER. Written notice of each regular meeting of the Board of Trustees shall be sent to each trustee by mail at least seven days prior to the date fixed for said meeting, which notice shall state the time and place thereof; provided, that no notice need be given to any trustee who waives the same by a written waiver executed before or after the meeting. Each such waiver shall be filed with the records of the meeting.

SECTION 4. AGENDA OF REGULAR BOARD MEETINGS. A written agenda of matters to be considered at each regular meeting of the Board of Trustees shall be sent to each Trustee by mail at least five days prior to the date fixed for said meetings. Items to be included in the

agenda for a regular meeting shall be submitted to the Secretary in writing by (a) recommendation of a standing or other committees of the Board of Trustees, (b) the Chair of the Board of Trustees, or (c) the President of the University, and any Trustee upon majority vote of said Board, shall be entitled to present matters to the Board of Trustees for its consideration without prior reference to a committee.

The focus of the Board should be on a format structured around issues and operating results rather than a series of individual reports. The structured areas to be considered on a regular basis include:

- Review and discussion of major policies or issues and formal adoption of such programs.
- Review and status of previously implemented policies and initiatives.
- An operational report concerning current status of the programs and the finance of the University.
- Review of administrative matters requiring Board approval.
- **Review and discuss the furtherance of diversity, equity and inclusion.**

At least one meeting a year would be devoted to a strategic review which can be used as the benchmark for discussions for the remainder of the year.

SECTION 5. QUORUM. The number of Trustees necessary to constitute a quorum for the transaction of business shall be a majority of members (Trustees) then in office, but a lesser number may adjourn any meeting from time to time, and such meetings may be held as adjourned without further notice. When a quorum is present at any meeting, a majority of the Trustees present may take action on behalf of the Trustees unless a larger number is required by other provisions of these Bylaws. By vote of a majority of a quorum of Trustees present, any meeting may be recessed.

ARTICLE IV. COMMITTEES OF THE BOARD OF TRUSTEES

SECTION 1. STANDING COMMITTEES. There shall be five standing committees of the Board as follows: (a) Executive Committee; (B) Committee on Finance and Facilities; (c) Committee on Academic and Student Development; (d) Committee on Human Resources; (e) Committee on Planning and Development.

SECTION 2. NOMINATING AND SPECIAL COMMITTEES OR TASK FORCES. Nominating and Special Committees or task forces for any purpose may be appointed by the Chair.

SECTION 3: MEMBERS OF STANDING COMMITTEES. The Chair of the Board of Trustees at the annual meeting shall fix the number and appoint the Chair and the members of each standing committee other than the Executive Committee provided that each standing shall have no fewer than two members. The Chair of the Board of Trustees, with voting power, and the President of the University, without voting power, shall be members ex officio of each standing committee.

SECTION 4. COMMITTEE MEETINGS. Committee meetings may be held at any time and place when called but the Chair of the committee, the Chair of the Board of Trustees, the President of the University, or a majority of members of the committee. The Secretary shall send a written notice of the time and place of the meeting by mail to each member and any special member of such committee at least five days prior to such meeting. Notice need not be given to any member or special member who waives such notice in writing before or after the meeting, or who attends the meeting. Should any matter be an appropriate subject for consideration by more than one committee, the Chair after consultation with the respective chairs of said committees shall determine to which committee or committees the matter shall be referred, and whether a joint committee meeting shall be held.

As a principle, the quorum for a meeting shall be determined by the presence of a majority of members on a standing committee. The chair of the committee may, from time to time, invite students, faculty, administrators, alumni, and others to participate in committee meetings in seeking their advice.

Any member of the Board other than those as bonafide members of the committee may attend and participate in committee discussions but without voting power.

SECTION 5. AGENDA OF COMMITTEES OF THE BOARD. A written agenda of matters to be considered at each meeting of a committee of the Board of Trustees shall be sent to each committee member as early as possible in advance of the meeting. Copies of committee agendas will be sent to all trustees for their information as will minutes of committee meetings. Items to be included on committee agendas shall be submitted to the Secretary in writing by:

- (a) The President of the University, or
- (b) Any Trustee.

SECTION 6. THE EXECUTIVE COMMITTEE. The Executive Committee shall be composed of the Chair and Vice Chairs of the Board of Trustees, the President of the University, and one additional Board member elected to this committee by the Trustees at the annual meeting. The Trustees will also elect an alternate to serve in the event that the elected Board member is unable to serve or be present at a meeting of the committee. This Committee shall have the following powers and duties:

- (a) The Executive Committee of the Board will meet, upon due notification by the Chair and the President, to transact business between regular board meetings and to act with the full power and authority of the Board.
- (b) To consider and act upon proposals by the President for action which the Board may have generally or specifically authorized the President to take with the concurrence of the Executive Committee.
- (c) To recommend honorary degree candidates for approval by the Board of Trustees.
- (d) To assign to an officer of the University any matter for which a hearing by the Board of Trustees or any committee thereof is deemed necessary by the Executive Committee, or

is required under the laws of the Commonwealth or the rules and regulations for said Board.

- (e) To consider, propose, and recommend to the Board of Trustees the adoption, amendment, or revisions of rules and regulations for the governance of the Board of Trustees and the University, its administration, faculty, staff, students and activities.
- (f) To report to the Board of Trustees all actions taken or concurred in by said Committee at the next regular meeting of the Board of Trustees or as soon thereafter as possible.
- (g) To consider the furtherance of governance, legislative and public relations policy interests of the Board of Trustees and of the University and to make recommendations to the Board of Trustees with respect thereto.
- (h) To consider recommendations regarding relationships between the university and its alumni bodies and other groups having or desiring a special relationship to the University, and to make recommendations to the Board of Trustees with respect thereto.
- (i) To consider recommendations of the President of the University with respect to programs concerning the various constituencies of the university and to make recommendations to the Board of Trustees with respect thereto.
- (j) To consider the furtherance of diversity, equity and inclusion and make recommendations to the Board of Trustees with respect thereto.**

SECTION 7. THE COMMITTEE ON ACADEMIC AND STUDENT DEVELOPMENT.

The committee on Academic and Student Involvement shall have the following powers and duties:

- (a) To consider all matters related to academic affairs.
- (b) To consider policies regarding the quality, character and extent of instruction and research at the University, including policies governing admission requirements, programs of instruction, curriculum, academic personnel, new degree programs and changes to existing degree programs, public service activities and research, and to make recommendations to the Board of Trustees with respect thereto.
- (c) To consider policies related to the educational purposes and responsibilities of the university and evaluate the same on a long-range basis, and to make recommendations to the Board of Trustees with respect thereto.
- (d) To consider all matters related to Student Development.
- (e) To consider policy matters pertaining to student life and activity, student government and other recognized student organizations and groups, and to make recommendations to the Board of Trustees with respect thereto.
- (f) To consider policies relating to the health and well-being of the student body, including advisement and counseling, and to make recommendations to the Board of Trustees with respect thereto.
- (g) To advise the President on any matter within the scope of the committee's duties.
- (h) To consider the furtherance of diversity, equity and inclusion and make recommendations to the Board of Trustees with respect thereto.**

SECTION 8. THE COMMITTEE ON FINANCE AND FACILITIES. The committee on Finance and Facilities shall have the following powers and duties:

- (a) To consider all matters related to administration and finance.
- (b) To consider and act upon operating budget requests and capital outlay budget requests submitted by the University and to make recommendations to the Board of Trustees with respect thereto.
- (c) To review proposals for the transfer of funds between subsidiary accounts, and to make recommendations to the Board of Trustees with respect thereto.
- (d) To consider policies and other matters pertaining to the investment of endowment funds and other funds of the University that may from time to time be invested and reinvested, and to make recommendations to the Board of Trustees with respect thereto.
- (e) To review the financial records and controls of the University; to review and develop policies respecting the receipt, management, and disbursement of funds of the University from whatever source received, the purchase of services, supplies and materials and internal controls over the same; to review proposals for fees, rents, and charges; to consider policies and other matters pertaining to the leasing of private property by the University, to review audits of financial activities of the University and to report thereon, and to make recommendations with respect thereto to the Board of Trustees.
- (f) To consider the fidelity and performance bonding of the University personnel and to report thereon, and to make recommendations to the Board of Trustees with respect thereto.
- (g) To consider policies and other matters pertaining to the physical properties of the University, including all buildings, land acquisition and transfer, landscape plans, and developments and construction thereon, and to make recommendations to the Board of Trustees with respect thereto.
- (h) To consider plans and policies governing campus master planning and capital outlay budgets, and to make recommendations to the Board of Trustees with respect thereto.
- (i) To consider and make recommendations to the Board of Trustees with respect to design plans, bid taking, and other building project matters, contracts, and combinations for architects and engineers on all buildings, structures and facilities to be built on University property, prior to any final action thereon by the Board of Trustees.
- (j) To inspect University lands and buildings as required; to consider the acceptance of completed construction; and to make recommendations to the Board of Trustees with respect thereto.
- (k) To consider plans for lots, roads, streets, paths, and ways, and regulations for pedestrian and vehicular use thereof on property of the University, and to make recommendations to the Board of Trustees with respect thereto.
- (l) To consider names for buildings, streets, ways and other properties of the University and to make recommendations to the Board of Trustees with respect thereto.
- (m) To consider the furtherance of diversity, equity and inclusion and make recommendations to the Board of Trustees with respect thereto.**

SECTION 9. THE COMMITTEE ON HUMAN RESOURCES. The committee on Human Resources shall have the following powers and duties:

- (a) To consider all matters related to personnel.
- (b) To consider general policies relating to formulation of budgets and appropriate compensation policies for the University and to make recommendations to the Board of Trustees with respect thereto.
- (c) To consider policies on personnel staffing patterns and to make recommendations to the Board of Trustees with respect thereto.
- (d) To consider recommendations from the President on the appointment, change in status or termination of University personnel and to make recommendations to the Board of Trustees with respect thereto.
- (e) **To consider the furtherance of diversity, equity and inclusion and make recommendations to the Board of Trustees with respect thereto.**

SECTION 10. THE COMMITTEE ON PLANNING AND DEVELOPMENT. The Committee shall consist of the following members: The two trustees elected by the Board to serve on the board of the Worcester State Foundation and one other trustee named by the Chair of the Board. The Committee on PLanning and Development shall have the following powers and duties:

- (a) Consider matters relating to long-range development quality enhancement and growth of the University.
- (b) Consider strategic plans to achieve key mission initiatives including but not limited to:
 - (i) Academic programs
 - (ii) Student life development
 - (iii) Support services
 - (iv) Financial, human, physical and capital resource development
 - (v) External community relations
 - (vi) Alumni relations
 - (vii) Governmental relations
- (c) Consider such joint projects which may be appropriate with the Worcester State Foundation.
- (d) To review programs to raise private funds for the University through special gifts, endowment bequests and other means, and to make recommendations to the Board of Trustees with respect thereto.
- (e) **To consider the furtherance of diversity, equity and inclusion and make recommendations to the Board of Trustees with respect thereto.**

ARTICLE 11 MISCELLANEOUS

SECTION 1. THE SEAL OF THE UNIVERSITY. The Common Seal of Worcester State University and of the Board of Trustees shall consist of a circle in which the latitudinal and longitudinal lines of the Earth are inscribed over which the outline of the Commonwealth of Massachusetts is superimposed. An open book and a twig with three leaves is within the outline. Two rings circle the representation of the earth. The words "Worcester State University 1874" are formed around the outer ring, and another ring circles outside these words. The border of the seal is formed by a twelve pointed scallop which encloses it.

The Earth is used as a background to show the universality of education.

The Commonwealth of Massachusetts is superimposed on the Earth to show its relationships and contributions to the word of which it is a part.

The book, representing knowledge, is placed on the Commonwealth of Massachusetts where the City of Worcester would be located and thereby indicates the placement of the University within the city and the state.

The leaves symbolize the living, growing nature of the university and the process of education of which it is a part.

SECTION 12. AMENDMENT, REVISION OR REPEAL OF BYLAWS. These Bylaws may be amended, revised or repealed by vote of a two-thirds majority of the entire number of Trustees at any meeting of the Board of Trustees; provided, however, that the text of any amendment, revision or repeal as originally proposed shall be sent to the Trustees at least thirty days before the meeting.

SECTION 13. PARLIAMENTARY PROCEDURE. Roberts Rules of Order shall be a guide in conducting the meeting of the Board of Trustees unless otherwise provided by the Board.

President's Update

November 2020



President's Message

As I write this message in early November, Worcester State had seen a cluster of student COVID-19 cases arise, then seen the number of new cases decline. At this moment, we have very few in isolation or quarantine, and our positive test rate is well below one percent. This month, Governor Baker ordered new restrictions – on private and public gathering

sizes, public mask wearing, and business hours, to name a few. We are currently moving forward with the Safe Reopening Plan, with the modification that we are now mandating use of the CoVerified symptom-checker app. Anyone coming to campus must be cleared by the app before doing so.

While these are strange times, I am heartened by how our community has pulled together to support students. Worcester State University's faculty have been exemplary. From the time we pivoted to fully remote last spring, they have put their students' needs first, quickly determining how to move most coursework remote to preserve the semester and enable learning. Those who were able to postpone sabbaticals previously approved by the Board of Trustees did so, in recognition of the financial struggle the university faces at this time. (Those sabbaticals will be honored in the next academic year.) Faculty revamped their courses to provide blended learning this fall and met a July deadline for informing deans of their plans. This allowed our students time to adjust schedules, so that they could choose the course modalities they preferred.

The commitment to synchronous remote learning meant that whole new technologies had to be mastered by our professors, and they learned to use teaching tools that promote interactivity and engagement. The director of the Center for Teaching and Learning, Dr. Emily Soltano, organized numerous training sessions on these technologies and best practices for faculty over the summer, and dozens of them participated.

With all that has changed over the past year, our faculty's commitment to students has not wavered. That is tremendously reassuring.



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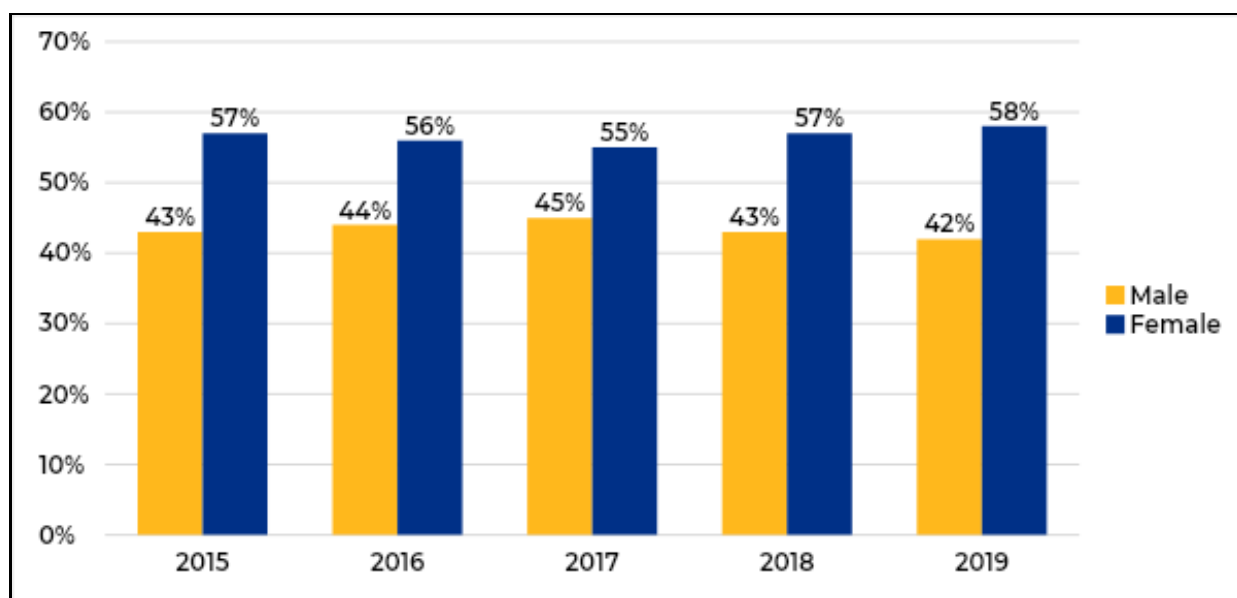
PRESIDENT'S OFFICE

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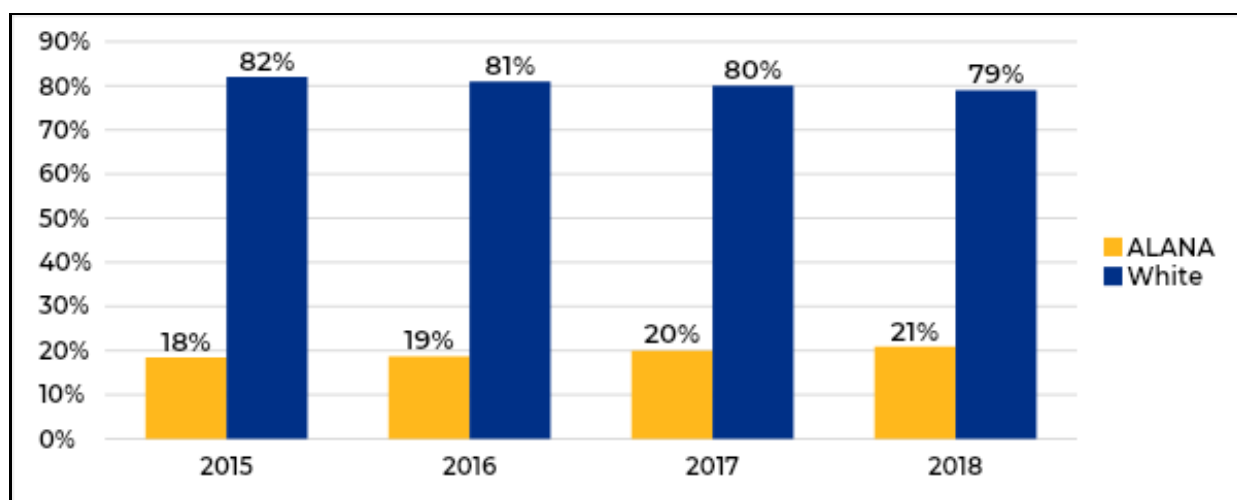
Faculty Demographics

Worcester State has maintained a majority of female faculty and has increased the percentage of ALANA (African American, Latinx, Asian, Native American) faculty from 18% to 21%. In previous years, the ratio of white female to white male faculty was higher than the ratio of ALANA female to ALANA male faculty. However, in 2019, the ratio of female to male ALANA faculty matched the ratio of female to male white faculty. Lastly, 94% of faculty have earned a terminal degree in their field and the majority of faculty with a non-terminal degree are non-tenure track, full-time faculty.

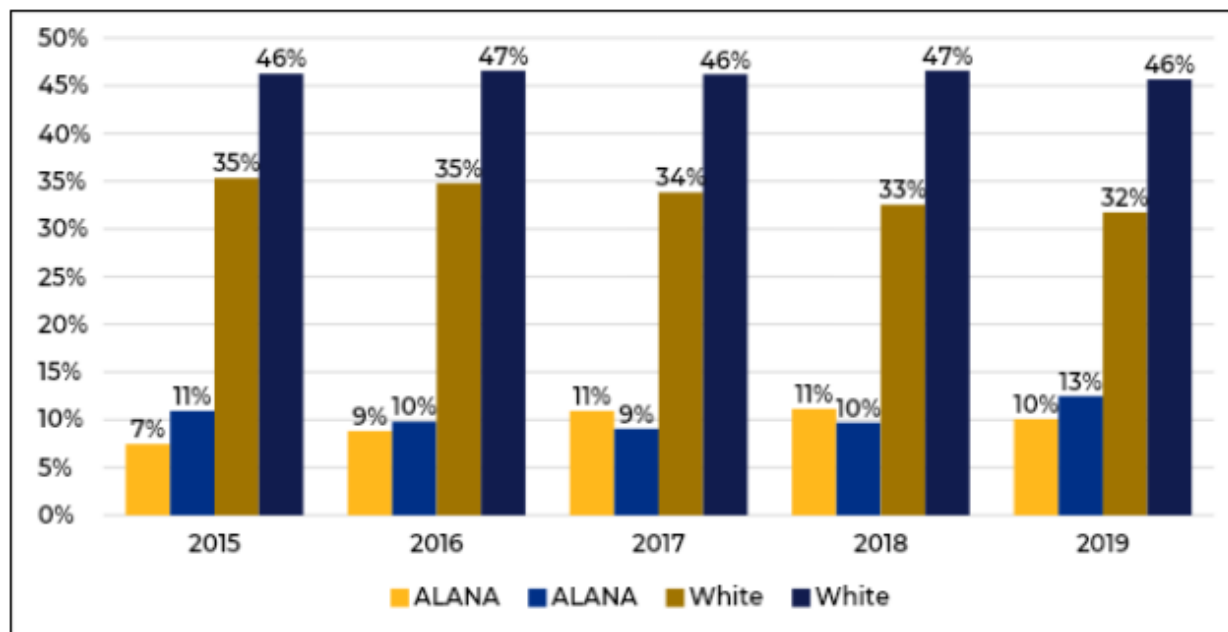
Full-time Faculty by Gender



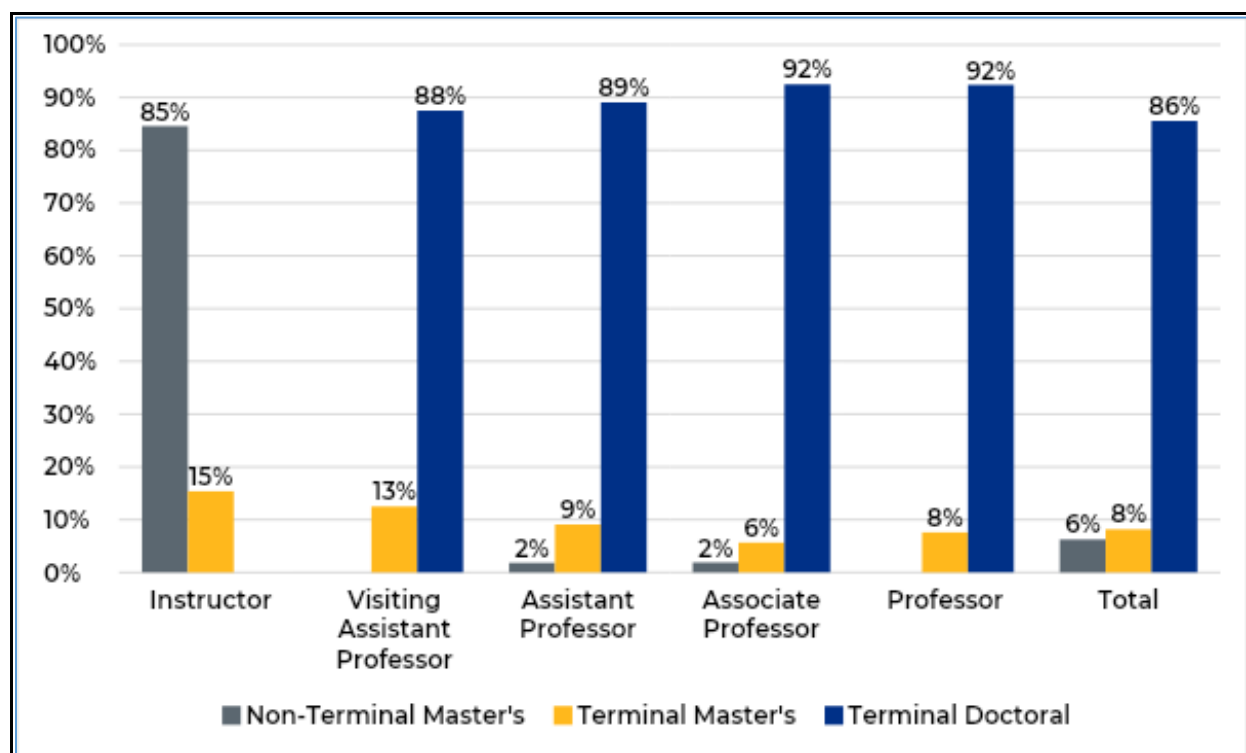
Full-time Faculty by Race/Ethnicity



Full-time Faculty by Race/Ethnicity and Gender



Full-time Faculty Highest Degree Earned



Faculty Supporting Students

Faculty play an important role in supporting student graduation success. In this time of COVID-19, faculty have used new modalities to teach and advise their students. One example is the Spring 2020 and Fall 2020 phone call and outreach campaigns in which all students were contacted to check on their academic and personal well-being. These efforts demonstrate to the students the university's interest in their success and highlight available resources to help them in this most challenging time.

Due to the restrictions associated with COVID-19, Worcester State is hosting a greater number of virtual recruitment efforts for new students. This fall, faculty members have played significant roles in these efforts by holding open office hours for prospective students, contributing to the university's new drive-through campus tours, and participating in all-online new student open houses.

University Supporting Faculty

Worcester State offers faculty several pools of financial support for key initiatives. The University has raised more than, \$1.6 million for them, including:

- \$484,130 from Strategic Grant Partners to support admissions and retention efforts;
- \$198,130 from the Greater Worcester Community Foundation to support multiple department and divisional priorities;
- \$60,000 from DCU to support faculty-led academic and community-based initiatives;
- and \$25,000 from Santander Bank, N.A. in support of entrepreneurship programs.

Additionally, Worcester State alumnus Dr. Imoigele Aisiku's \$1 million gift to the Aisiku STEM Center continues to support numerous interdisciplinary grants that provide research funding for supplies, travel, and summer cash stipends so that faculty can continue their research throughout the academic year and during the summer months. And Faculty & Student Research Grants, funded by the Worcester State Foundation annually, provide up to \$40,000 for faculty and student research.

For the Fall 2020 semester, the university supported the research and projects of nine faculty members and six students in the disciplines of Chemistry, Earth/Environment Science and Physics, Mathematics, Education, Biology, Sociology, Psychology, and Urban Studies. This includes support for interdisciplinary projects, presentations at a virtual conference, and collaboration with faculty at other universities. Study topics ranged from extracting sediment from soil cores for environmental analysis, the role of inhibition in visual long-term memory, the accessibility of higher education to undocumented students in Worcester, the impact of COVID-19 on the LGBTQ community, cancer treatment options, anti-bacterial alternatives, and identification of yeast in fermented apple cider.

Finally, the university opened fiscal year 2021 by securing private foundation and corporate funding for the following campus priorities:

- The Mass Humanities Foundation awarded a \$500 sponsorship to underwrite the "[Reading Frederick Douglass Together](#)" campus event.
- The George F. & Sybil H. Fuller Foundation renewed student scholarship support through a \$10,000 grant.
- Cornerstone Bank fulfilled its 3-year pledge of \$18,000 in support of the Aisiku STEM Center's Summer Bridge Program.
- The Lloyd G. Balfour Foundation, Bank of America, N.A., Trustee, awarded an \$80,000 grant to the Latino Education Institute (LEI) for college access programming.
- Nellie Mae Education Foundation awarded a 3-year grant of \$205,500 to the Latino Education Institute (LEI) for community-based youth engagement.



Faculty External Grants

Faculty in both the School of Education, Health, and Natural Sciences and the School of Humanities and Social Sciences have been successful in bringing in external grant funding to support various initiatives that connect directly with students and the broader Worcester community. Such funding is critical in enabling faculty to contribute to their disciplines, raising the profile of the university in an ever-increasingly competitive higher education market, and providing students with cutting-edge learning opportunities. Below are a few of the many instances of how faculty initiative in obtaining external grant funding can contribute to the success of Worcester State.

Dr. Karl Wurst (Computer Science)

Karl Wurst is the principal investigator for the National Science Foundation IUSE grant titled "Collaborative Research: Broadening Participation in Computing through Authentic, Collaborative Engagement with Computing for the Greater Good (OpenPace)." The \$1.9M award covers the years 2020-2025 and investigates ways to broaden participation in undergraduate computer science. This grant is in collaboration with Drexel University, Nassau Community College, Western New England University, and Dickinson College, involving eleven faculty at eight institutions. The Worcester State University portion of the grant is \$126,322. This grant allows Dr. Wurst to hire two students to work on the grant.

Dr. Benjamin Jee (Psychology)

Dr. Benjamin Jee is co-principal investigator for the \$450,000 external grant ["Exploring Religious Cognition and Development in Indonesia,"](#) funded as a subaward by the Templeton Foundation through the University of California, Riverside, and Boston University. Dr. Jee also published, with co-authors from the College of the Holy Cross and the University of Delaware, the article "Children's spontaneous gestures reflect verbal understanding of the day/night cycle" in the peer-reviewed journal *Frontiers in Psychology: Developmental Psychology*. With co-authors from Northwestern University and WestEd, he presented the poster "Spatial alignment supports comparison of life science visuals for 7th graders" at the 42nd Annual Meeting of the Cognitive Science Society, held virtually July 27 – August 1.

Prof. Elaine Vescio (Business Administration and Economics)

The Center for Entrepreneurship, within the Department of Business Administration and Economics, and in partnership with the Center for Business and Industry, to date has received a total of \$125,000 in external grants from the Esler Foundation to support Center programming, as well as \$25,000 from Santander Venture and Scholarship grants. Elaine Vescio, the Director of the Center for Entrepreneurship and Innovation, is the principal investigator for these grants, which support initiatives that include the university's Entrepreneurs in Residence program and the inauguration of an Entrepreneur Ambassador Program, in which 20 Worcester State student entrepreneur ambassadors work in small teams on projects that support the Center's mission. Additionally, she is part of a broader regional application for federal grant funds to support a Small Business Resiliency Program, which would provide training, technical assistance, and business coaching to help small businesses in greater Worcester mitigate some effects of the pandemic on their operations.

Drs. Adam Saltsman and Thomas Conroy (Urban Studies)

The Urban Action Institute, within the Department of Urban Studies, received a \$40,000 grant from the Central Massachusetts Agency on Aging to carry out the community engagement project titled, "Intergenerational Engagement: A Program to Reduce Elder Social Isolation in the Time of COVID-19." Dr. Adam Saltsman, assistant professor of Urban Studies and director of the Urban Action Institute, and Dr. Thomas Conroy, chair of Urban Studies, are co-principal investigators for the grant. The grant has allowed a variety of professors and students to develop ways to help senior citizens combat isolation in the community through a series of programs and subcontracts spanning both schools within the university.



Faculty Scholarship

In addition to their teaching, advising, and service responsibilities, Worcester State faculty engage in a wide range of scholarly activities, many of which lead to publication in prestigious academic and professional books and journals. What follows is a small sample of the publication success demonstrated by Worcester State faculty.

Dr. Erika Briesacher (History)

Dr. Erika Briesacher published the article "Makers of Living, Breathing History: The Material Culture of Homemade Facemasks" in the peer-reviewed journal, *Nursing Clio*. The article then was picked up by the National Council on Public History, the American Historical Association, and the National Humanities Center, which archived it as a professional-level Open Educational Resource article in their repository. Based on this article, Dr. Briesacher has been asked to submit a book proposal to the Costume Society of America Series, published by Kent State University Press. Her book project ***Make Me a Mask: Material/Culture in a Pandemic*** is going under formal contract. Additionally, Dr. Briesacher's book, ***Nordic Days: Festival, Culture, and Identity in Lübeck, 1920-1960***, is forthcoming in 2021 from Lexington Books.

Dr. Julie Frechette (Communication)

Dr. Frechette authored the chapter "The Reverberations of #MeToo on Pop Culture and Politics: How the Movement is Shaking Patriarchal Power Structures" in ***Gender, Race, and Class in Media: A Critical Reader, 6th Edition***, published by Sage Publications. Dr. Frechette also published "It Takes More Than Screen Time to Make a Meaningful Impact in a Student's Life" in the June 2020 issue of the Massachusetts State Colleges Association's newsletter ***Perspective***. Dr. Frechette participated in two virtual conferences: "The Critical Media Literacy Conference of The Americas: Decolonizing Media Education," sponsored by California State University, East Bay, held October 17-18, and the "World Media Literacy Symposium Part I: Mis/Disinformation," sponsored by the U.S. Department of State's Citizen Diplomacy Action Fund, held on September 23, 2020.

Dr. Laura Kane (Philosophy)

Dr. Kane published the peer-reviewed article "Accountability and Community on the Internet: a Plea for Restorative Justice" in ***The Journal of Applied Philosophy***. She presented papers at two virtual conferences: "Fragile Alliances and Moral Harm: The Ontological Status of Internet Mobs" for the 12th Biennial Collective Intentionality Conference, held in July, and "Engaging Students with Focused Reading Responses and Commenting," for the Critical and Creative Thinking Conference, held in October.

Dr. Margaret Kerr (Chemistry)

As part of her ongoing collaboration with Dr. Anchalee Samphao at Ubon Ratchathani University in Thailand, Dr. Kerr recently published a paper in the journal ***Talanta***, "A portable selective electrochemical sensor amplified with Fe₃O₄@Au-cysteamine-thymine acetic acid as conductive mediator for determination of mercuric ion." Mercury ion (Hg 2+) is considered to be one of the most toxic heavy metal ions and can cause adverse effects on kidney function, the central nervous system, and the immune system. Therefore, it is important to develop a fast and simple method for sensitive

and selective detection of Hg 2+ in the environment. This research proposes a portable electrochemical sensor for rapid and selective detection of Hg 2+.

Dr. Steven Morreale (Criminal Justice)

Dr. Morreale co-authored, with Dr. Lois Wims, provost and vice president of academic affairs, the op-ed "The time for meaningful community dialogue is here," published June 21 in the **Telegram and Gazette** newspaper. The op-ed addressed power relations between communities and their police forces. Dr. Morreale continues in his role as a Fulbright Specialist to help coordinate discussions about potential solutions to aid the *An Garda Síochána*, the Irish National Police, in dealing with crisis intervention. Most recently, Dr. Morreale facilitated a discussion between leaders of the Garda and mental health clinicians about jail diversion programs.

Dr. Shruti Nagpal (Computer Science)

Dr. Nagpal published "Raising Student Motivation During the Pandemic" in a recent edition of **Faculty Focus: Higher Ed Teaching Strategies**. This article delves into approaches for constructive student engagement that can help raise student motivation during a pandemic. Faculty need to walk a tightrope of keeping students motivated while not letting their own morale decline. Teaching is based on the "Boomerang Principle," which implies that what one gives, one gets in return. Continuous student involvement and engagement adds fuel to teacher motivation, which completes the circle. In order to live and practice this principle, there has to be mutual trust, mutual admiration, and mutual motivation.

Dr. Matthew Palm (Urban Studies)

Dr. Palm published, with co-authors from the University of Toronto, the article "A Social Equity Lens on Bus Bridging and Ride-hailing Responses to Unplanned Subway Disruptions" in the peer-reviewed **Journal of Transport Geography**. With co-authors from the University of California Davis, the article "Are we keeping up? Accessibility, Equity and Air Quality in Regional Planning" will be forthcoming in the **Journal of Transport Geography**.

Dr. Heather Treseler (English)

Dr. Treseler received the Jean Pedrick Chapbook Prize for her chapbook **Parturition** from the New England Poetry Club in September. The prize is given to the best chapbook published by a New England poet. Dr. Treseler gave a reading for the Pedrick Prize on September 13 and read at the Cambridge Public Library on August 22. She recorded a reading of "The Lucie Odes" for The Missouri Review Editors' Prize on September 8; last spring, she published two poems, "Sonnet" and "Quarantine," in **On the Seawall**, and this fall, Green Mountains Review published four new poems from a new manuscript: "Petrichor," "Oculus," "Death by Water: Margaret Fuller," and "Aubade." Over the summer, her review of Susan Barba's *Geode*, "Driving to the Interior," appeared in the **Los Angeles Review of Books**, and her review of Scott Harney's **The Blood of San Gennaro** appeared in Harvard Review. Her book publication was also featured in the profile in Worcester Living magazine entitled "Worcester State associate professor and poet earning accolades for first book." Her poem "Blue Madonna" was published in the Journal of the American Medical Association in May.



Engaging Students

One of the hallmarks of effective undergraduate education is providing students with opportunities to work with faculty on research projects, which introduces them to a broader academic and professional world. At Worcester State, students can work with some of the very best scholars in their fields, gaining valuable experience in learning how their disciplines have real-world impact.

Dr. Nada AlSallami (Computer Science)

Dr. AlSallami sponsored Anthony Pacheco and Grace E. Ciampa in the Massachusetts Undergraduate Research Conference. Their project was titled, "Learning Database Implementation through Minecraft Mod Development."

Dr. Kristina Camacho (Education)

Dr. Camacho participated in a presentation with students Ali Duchemin, Andrew Nickerson, and Rebecca Wallace titled, "Leveraging School Discipline Policies to Address Disparate School Discipline Outcomes." This presentation offered a five-year follow-up study that examined that many school discipline policies have become more progressive.

Drs. Tanya Mears (History), Hardeep Sidhu (English), and Heather Treseler (English)

Drs. Tanya Mears, Hardeep Sidhu, and Heather Treseler received a grant from Mass Humanities, the state affiliate for the National Endowment for the Humanities, to sponsor a "Reading Frederick Douglass Together" event for the campus and greater Worcester community on September 9.

Dr. Alessandra Bazo Vienrich (Sociology)

Dr. Vienrich was a panelist for "Navigating Graduate/Professional School as an Undocumented Scholar: A Panel of Current and Former Students" at the 2020 UndocuGrad Conference, held at the University of California, Merced.

Department of Urban Studies (multiple faculty)

Scholars within CityLab, the Department of Urban Studies' research institute, received seed money from University Advancement to devise ways to study the impact of the COVID-19 pandemic. In addition to a deepening oral history project, scholars are working in interdisciplinary research teams from more than ten academic departments and the university library on five different studies. This seed funding enables the teams to develop larger funding streams from outside the university to continue their work.

Dr. Imoigele Aisiku Stem Center Grants

In 2017, Dr. Imoigele Aisiku's generous donation helped found the Imoigele P. Aisiku, M.D., '92 STEM Center whose mission is centered on enhancing student learning and success in science, technology, and math fields by facilitating interdisciplinary collaboration and initiatives. As part of its offerings, students can apply for a one-year opportunity to work closely with faculty mentors from several disciplines. This year, these projects were able to continue through the Summer 2020, as faculty members and students collected data in the field and held virtual lab meetings while continuing to analyze data. The following is a representative list of projects funded by the Center's grants:

Title: *Worcester Election Results – Cleaning and Preprocessing*

PI: Dr. Elena Braynova (Computer Science)

Student Researcher: Migena Shkruti

Title: *Forest Composition and Canopy Changes in Central Massachusetts: An assessment using Lidar, Drone data and vegetation surveys.*

PI: Dr. William Hansen (Earth, Environment, and Physics)

Student Researcher: Cameron Dietz

Title: *Investigation of Summer-time Air Pollution in Worcester Neighborhood*

PI: Dr. Nabin Malakar (Earth, Environment, and Physics)

Student Researcher: Logan Laflamme

Title: *An Investigation of Tools and Platforms to Support Deployment of an Open Source Project to Support Campus Food Pantries*

PI: Dr. Karl Wurst (Computer Science)

Student Researcher: Grace Ciampa

Title: *Total Synthesis Study of Thielavin T antibacterial compounds*

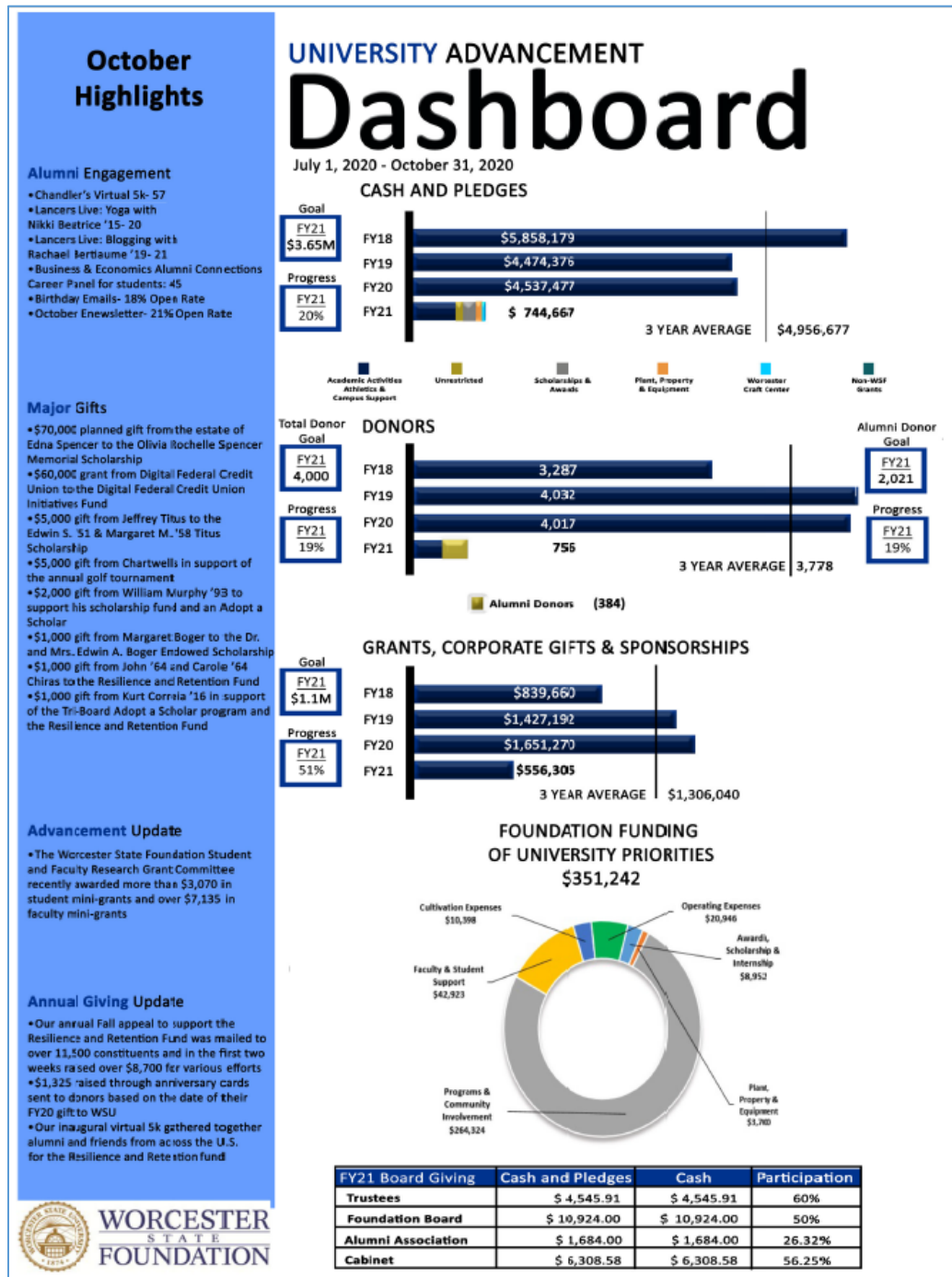
PI: Dr. Weichu Xu (Chemistry)

Student Researcher: Han Nguyen



Additional Information

University Advancement's Dashboard





Executive Summary
COVID-19 Response Survey
Fall 2020

Survey Deployment and Responses

On October 4, 2020, the Worcester State COVID-19 Response Survey was sent from the Assistant Vice President for Assessment and Planning to all faculty, staff, and students. A reminder was sent on October 13, 2020 and the survey closed on October 18, 2020.

A total of 978 responses were recorded, with 634 from students, 176 from faculty, and 168 from staff. 20% came from ALANA respondents, 14% from LGBTQ+ respondents, and 11% from respondents with a disability.

Scale Question Responses

Scaled questions were analyzed for students, faculty, and staff separately. In addition, group comparisons for scaled questions were also conducted. In general, responses to scaled questions were favorable.

Areas of concern for student responses include:

- Knowing who to ask for questions.
- Lack of information about how changes affect their ability to pay for college.
- Dissatisfaction with support in adjusting.
- Worry about school, responsibilities, money, food, and shelter.
- Feeling under pressure from deadlines, overwhelmed by amount of schoolwork, and a lack of motivation.
- Not feeling a sense of connection with Worcester State.

Areas of concern for faculty responses include:

- Dissatisfaction with information on how changes will affect their employment and the viability of Worcester State.
- Worry about juggling too many responsibilities, losing connections, doing well in work, access to technology, and contracting COVID-19.
- Feeling overwhelmed by the amount of work and under pressure from deadlines.

Areas of concern for staff responses include:

- Dissatisfaction with information on how changes will affect the viability of Worcester State.
- Worry about juggling too many responsibilities, job security, contracting COVID-19, and losing connections.
- Feeling overwhelmed by the amount of work.

Areas of concern for specific groups include:

- Lower ratings for questions relating to sense of belonging and connection among ALANA respondents, LGBTQ+ respondents and respondents with a disability.
- More worries about financial, housing, health insurance, and food security for ALANA respondents.
- Dissatisfaction with support and communication, as well as being more worried and concerned about doing well in their courses/work, losing connections, juggling responsibilities and contracting COVID-19 for respondents with a disability.

Open-ended Question Responses

The open-ended questions allowed respondents to discuss topics that may not have been addressed in the scaled questions. Not all respondents answered open ended questions. The first three questions had approximately 550 responses and the last question had 329 responses.

Open-ended responses were analyzed by examining each question separately for themes and then tallying the number of responses that related to that theme. Responses may have been counted in more than one category.

Responses were also categorized by faculty, staff, or student role. For the first three questions, responses were tallied for everyone who answered, as well as for faculty, staff, and students separately. For the last question, regarding any other comments, responses were tallied for all only, due to the smaller number of responses and consistency of responses across groups.

Major themes for each question are indicated below.

What have you appreciated most about Worcester State's response to COVID-19?

- Communication, transparency, precautions taken, testing protocol, and remote course/work options were the most common for all respondents .
- Students indicated communication and transparency as well as the precautions and testing most frequently. Students also mentioned student support and services, and support from faculty.
- In addition to communication and transparency, faculty respondents also appreciated the flexibility for course modalities, the ability to teach online courses, and support from the CTL and IT.

- Staff also appreciated the communication and transparency, the precautions taken and the ability to work remotely, as well as the work of leadership and that everyone is working together.

What part of Worcester State's response to COVID-19 has caused you the most stress or anxiety?

- For all respondents, having to be on campus or take in person courses was causing the most stress or anxiety. In addition, wanting more communication was also mentioned frequently.
- For students, besides having to take in-person courses, excessive coursework, lack of flexibility in due dates, and the quality of online courses were mentioned, as well as difficulties in adapting to online/blended courses.
- For faculty, wanting more communication, and feeling a lack of transparency or trust was causing stress, as well as having to be on campus, wanting more testing, and more support. In addition, slow decision making was also mentioned.
- For staff, having to be on campus, wanting more communication and feeling a lack of transparency or trust also was stressful, as well as slow decision making.

What are your biggest worries or concerns as you think about what is coming up in the next few months?

- The most common concerns of all respondents was an outbreak or surge in COVID-19 cases, having to be on campus, take in-person classes, or come back to campus. In addition, concerns about mental health and uncertainty were mentioned frequently.
- For students, the most common concern was an overwhelming amount of course work. Students were also concerned about not doing well in school, having a surge or outbreak, and having to be on-campus or come back to campus. Mental health concerns and uncertainty were also mentioned.
- For faculty, uncertainty, mental health, and WSU's finances were of great concern, followed by personal finance and a surge or outbreak. Faculty also mentioned having to be on campus and self or family contracting COVID-19 as concerns.
- Staff indicated that WSU's finances was of most concern, followed by personal finances and having to be on campus. Staff also mentioned mental health, an outbreak or surge, and contracting COVID-19 frequently.

Any other comments?

- For all respondents, a good response by WSU was mentioned, as well as wanting more consistent communication, going 100% remote, and making decisions quickly and decisively.
- Respondents want more testing of those on campus including commuters, adjunct faculty, and contractors.
- Students indicated they would like more flexibility in due dates and understanding from professors and would like more food options and hours.

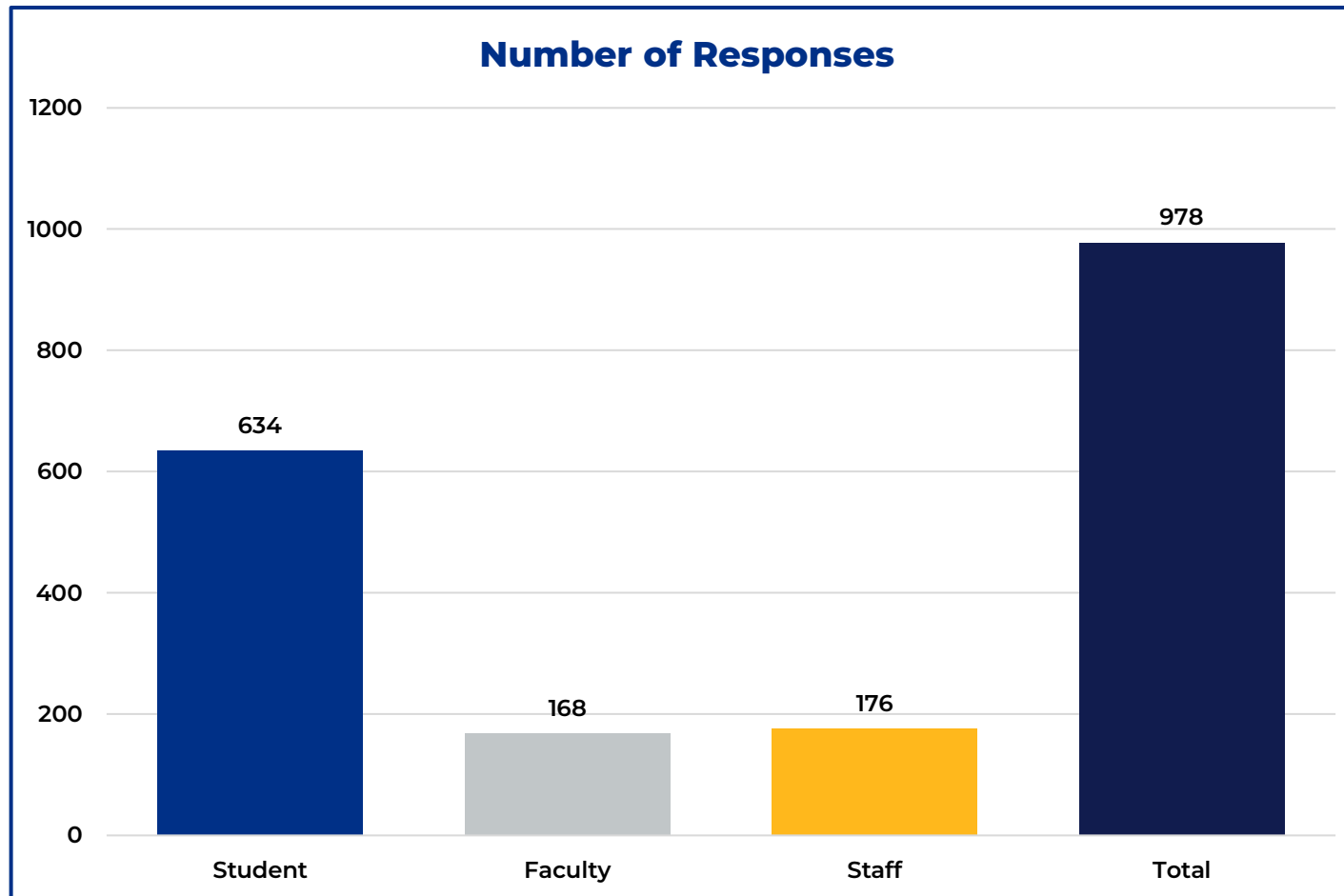


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COVID-19 Response Survey

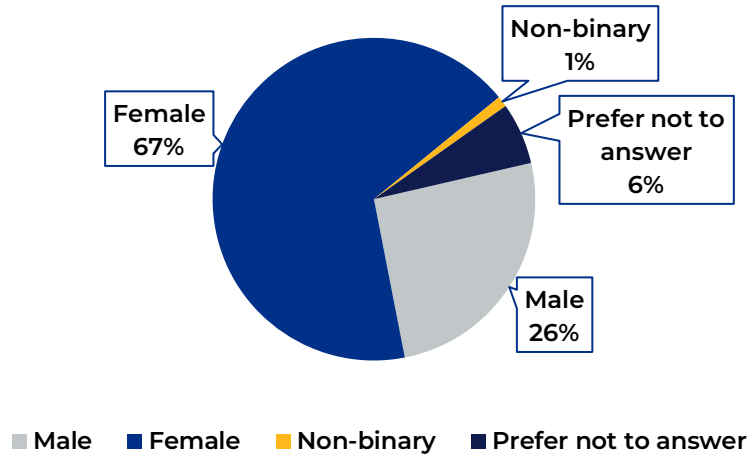
Fall 2020

Responses

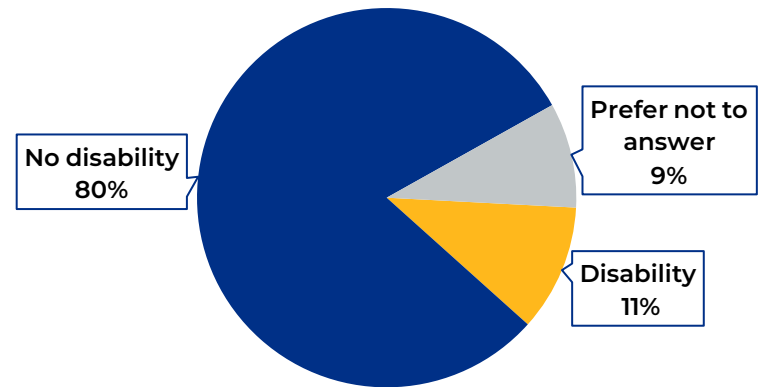


Demographic Information

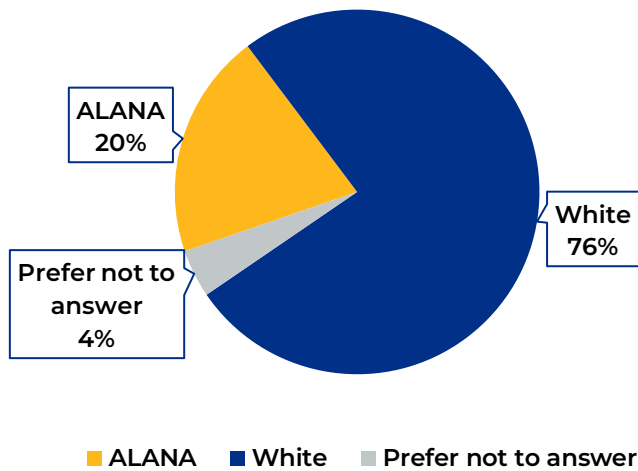
Gender



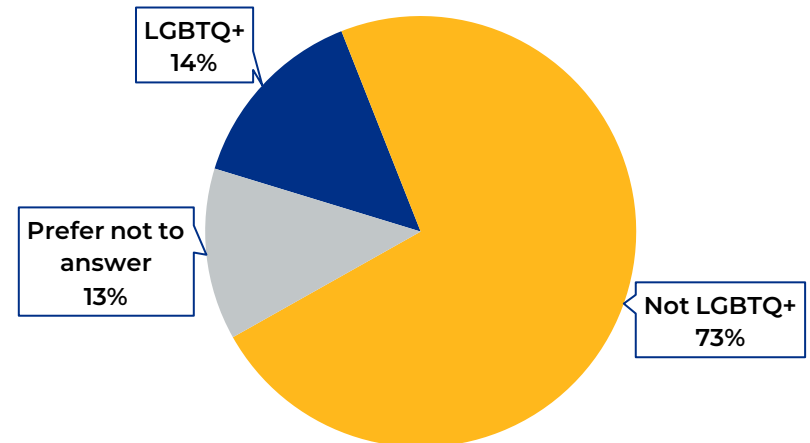
Disability Status



Race/Ethnicity

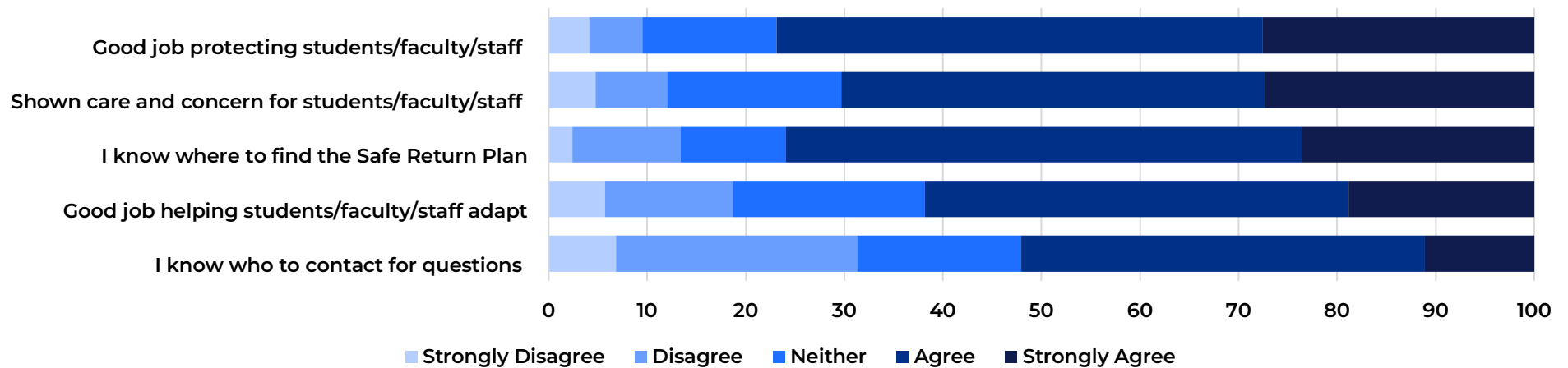


LGBTQ+

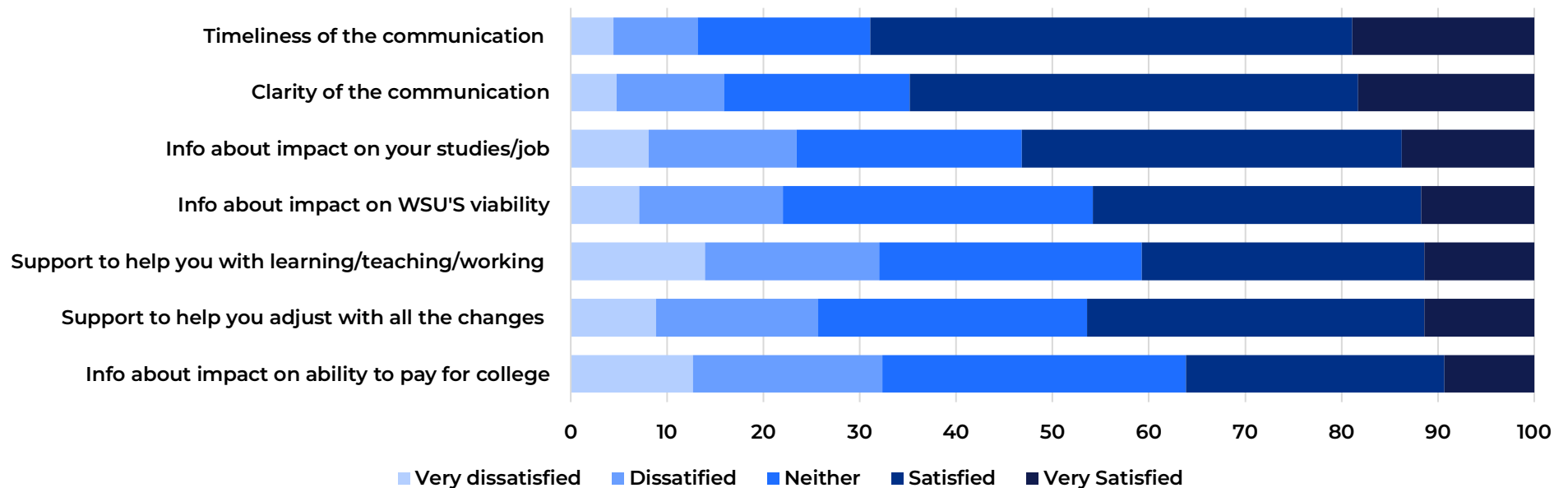


Student Responses by Percentage

Level of Agreement

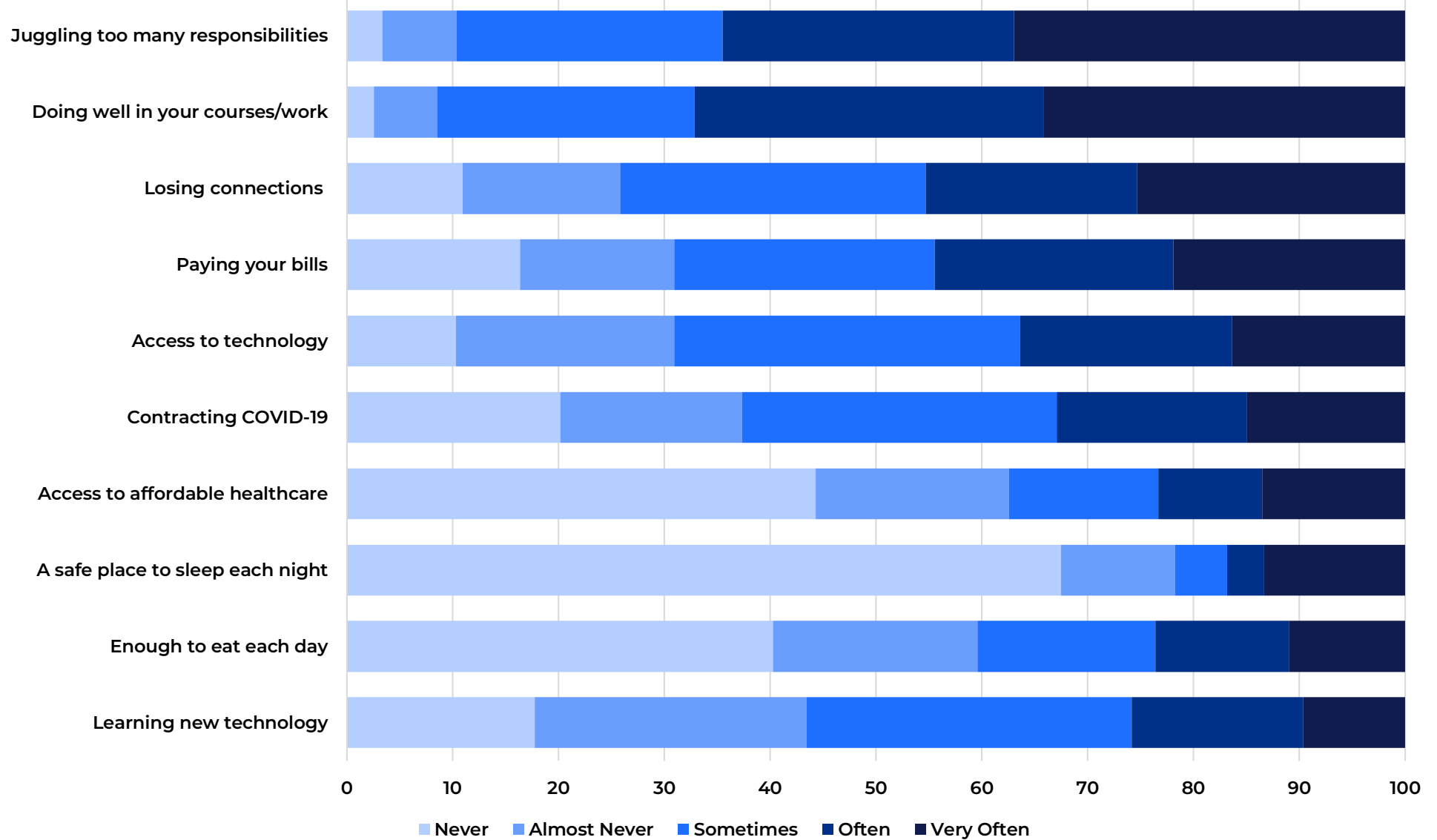


Level of Satisfaction



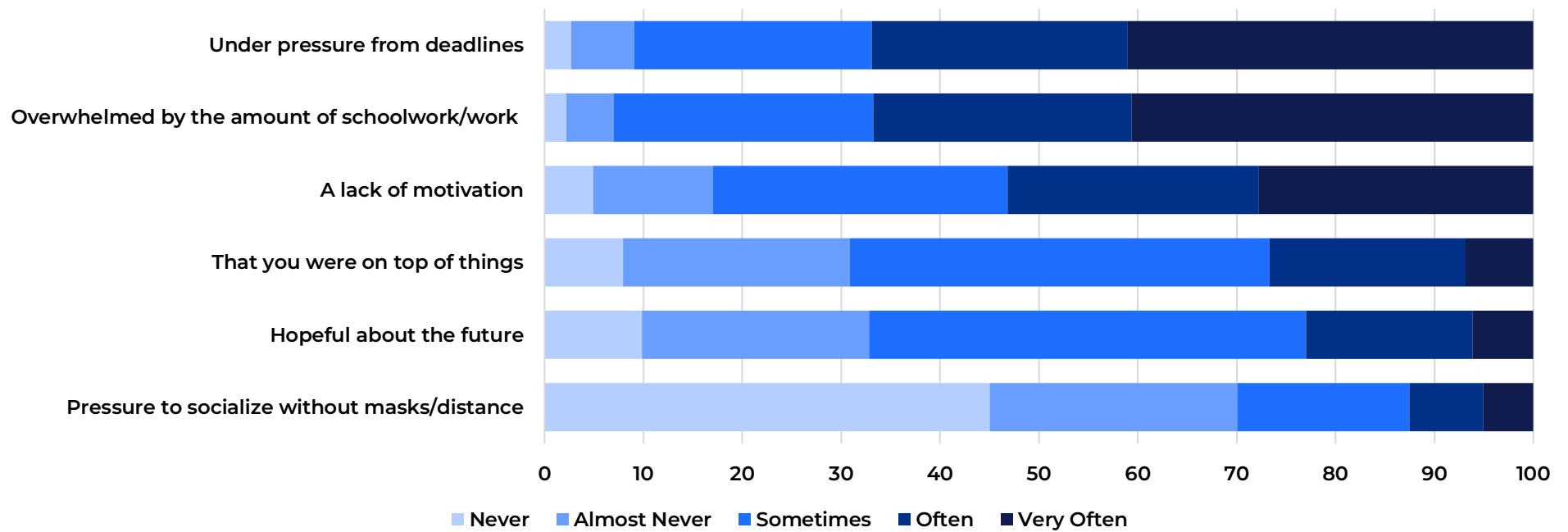
Worcester State COVID-19 Response Survey

Frequency of Worry

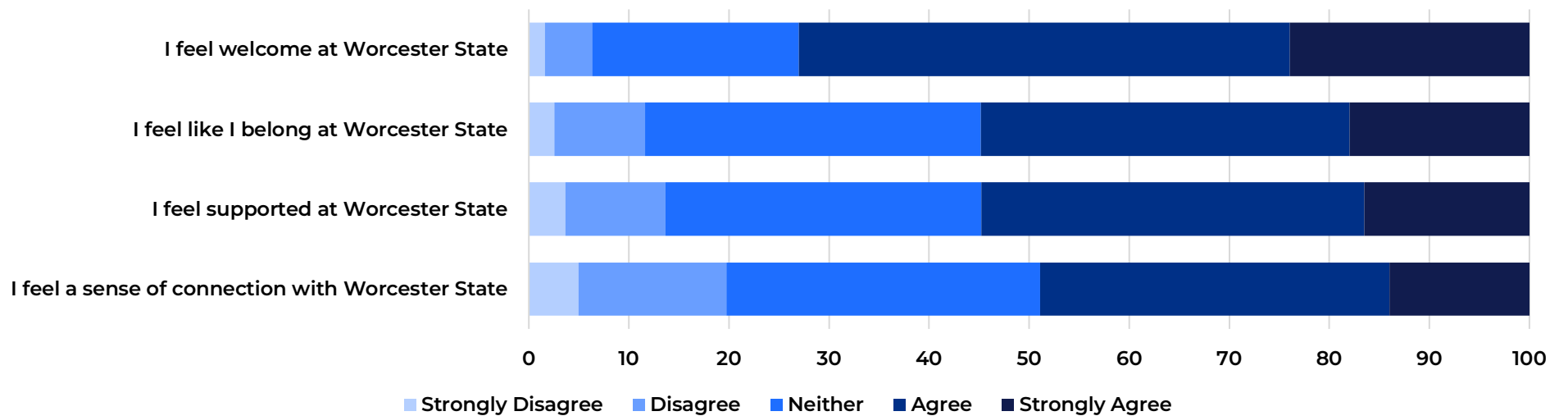


Worcester State COVID-19 Response Survey

Frequency of Feeling

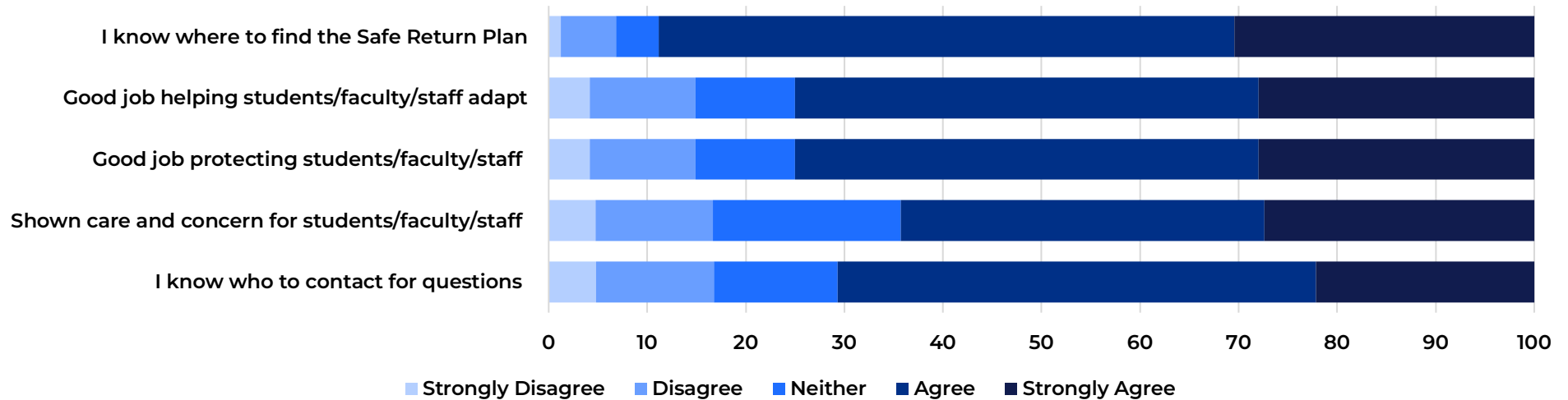


Level of Agreement

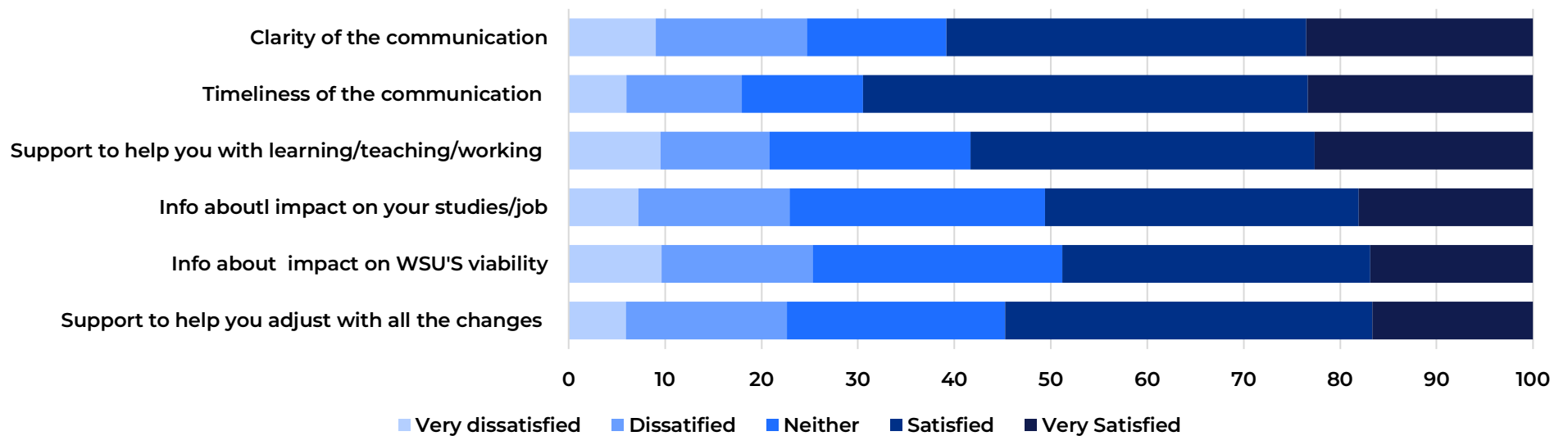


Faculty Responses by Percentage

Level of Agreement

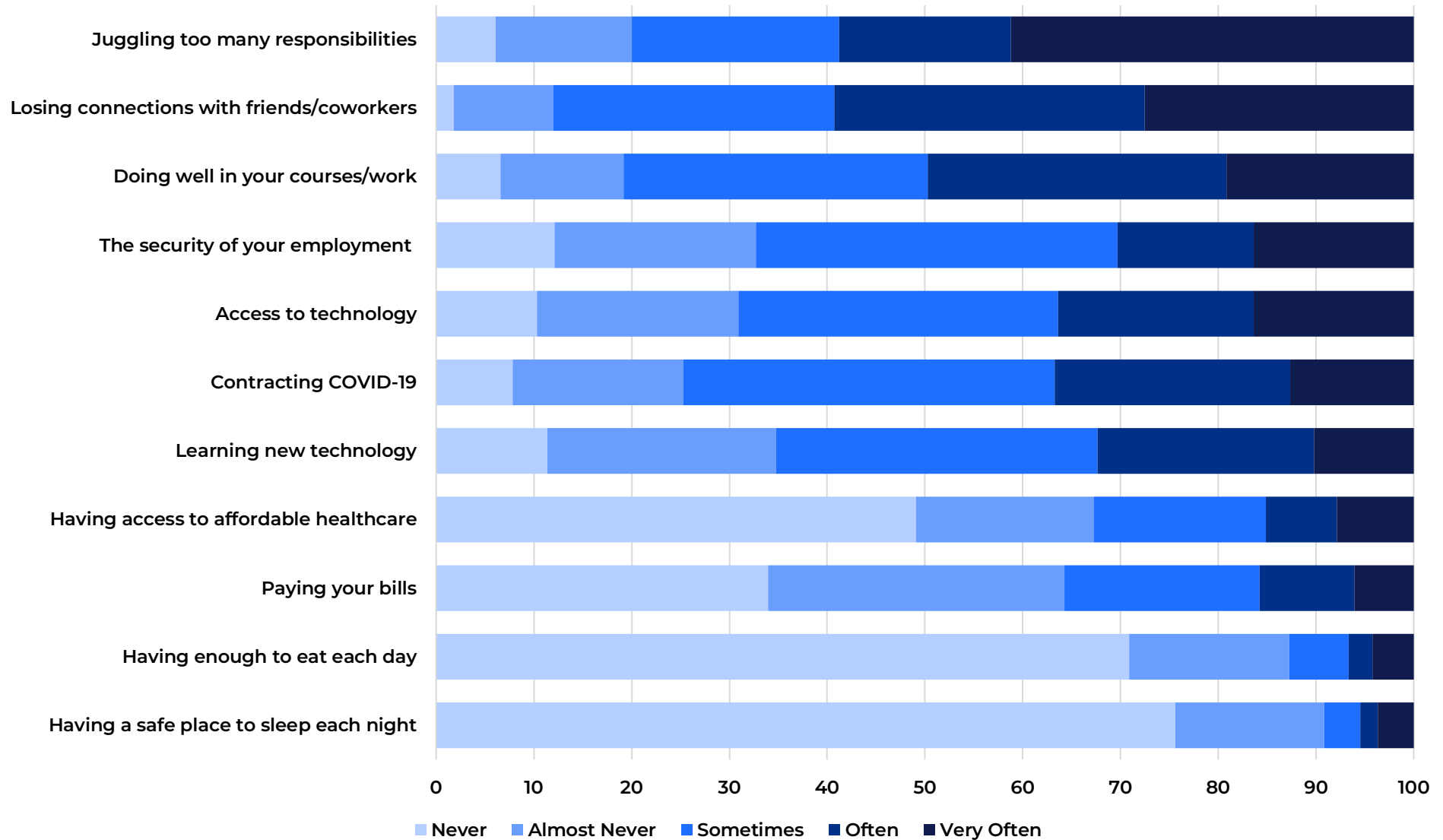


Level of Satisfaction



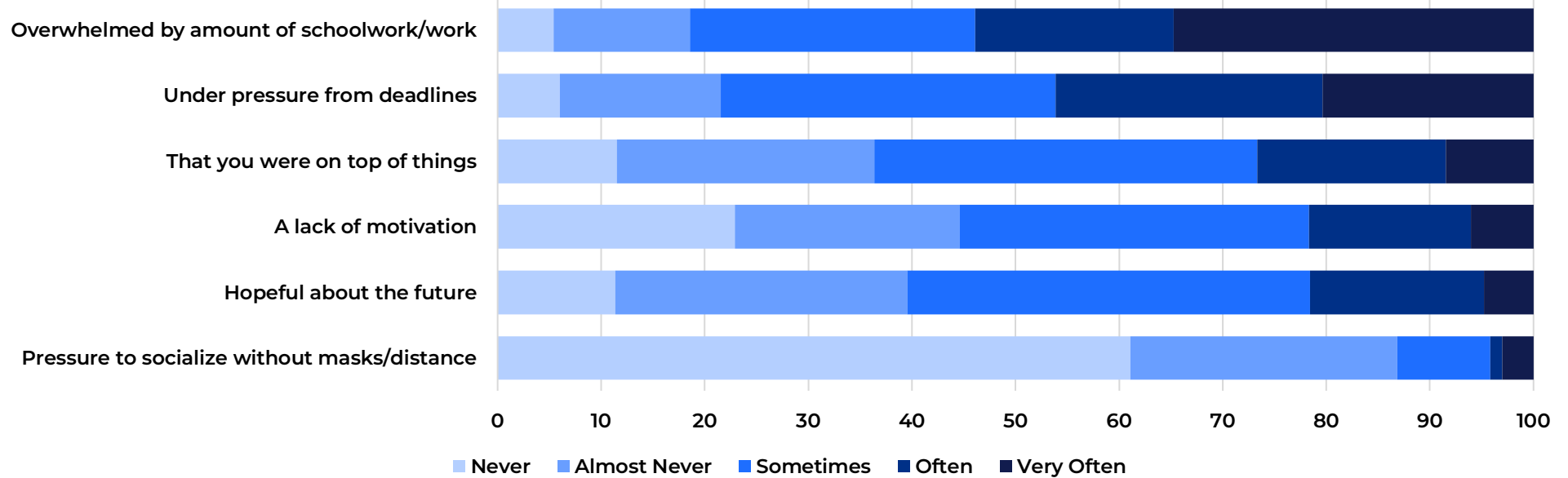
Worcester State COVID-19 Response Survey

Frequency of Worry

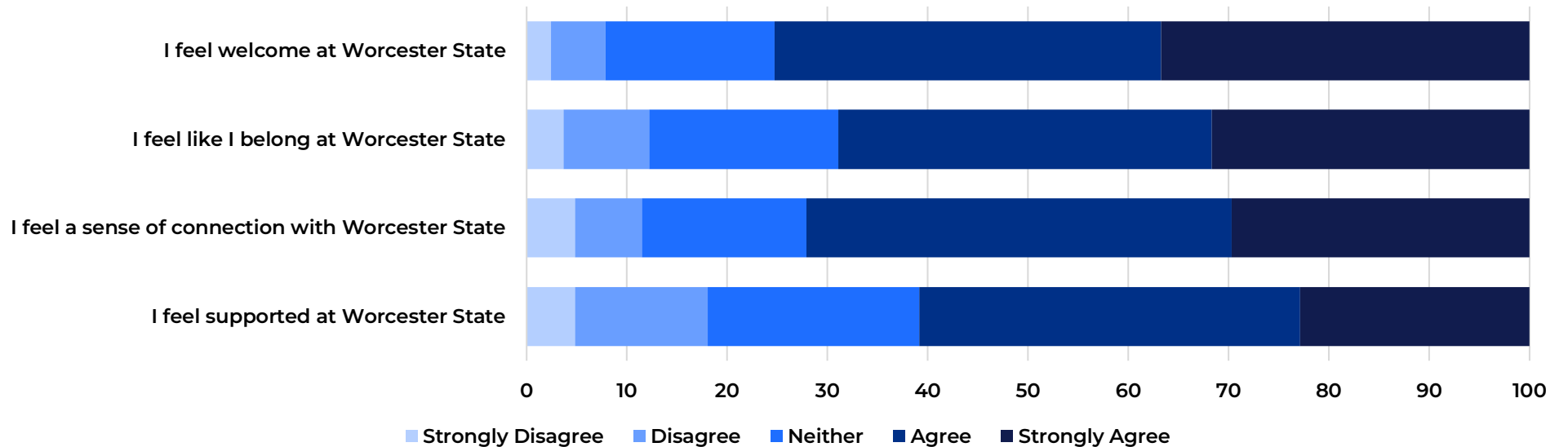


Worcester State COVID-19 Response Survey

Frequency of Feeling

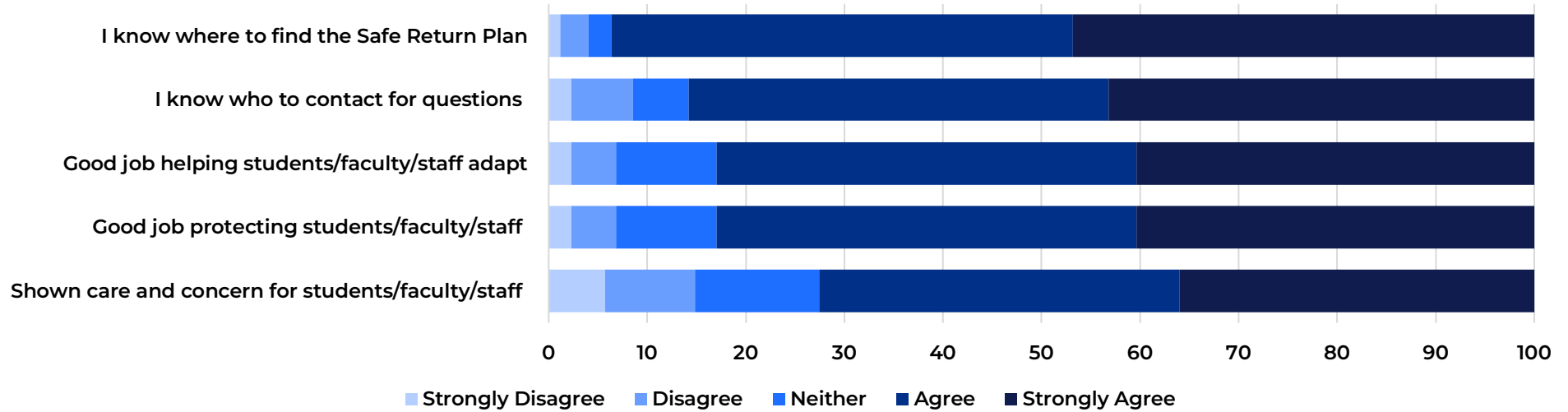


Level of Agreement

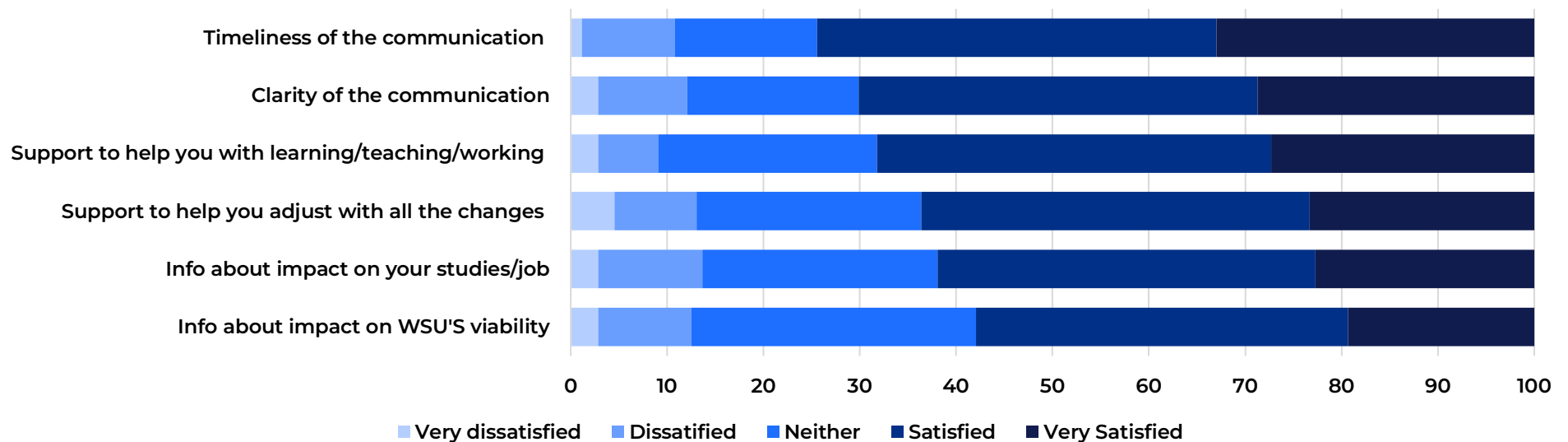


Staff Responses by Percentage

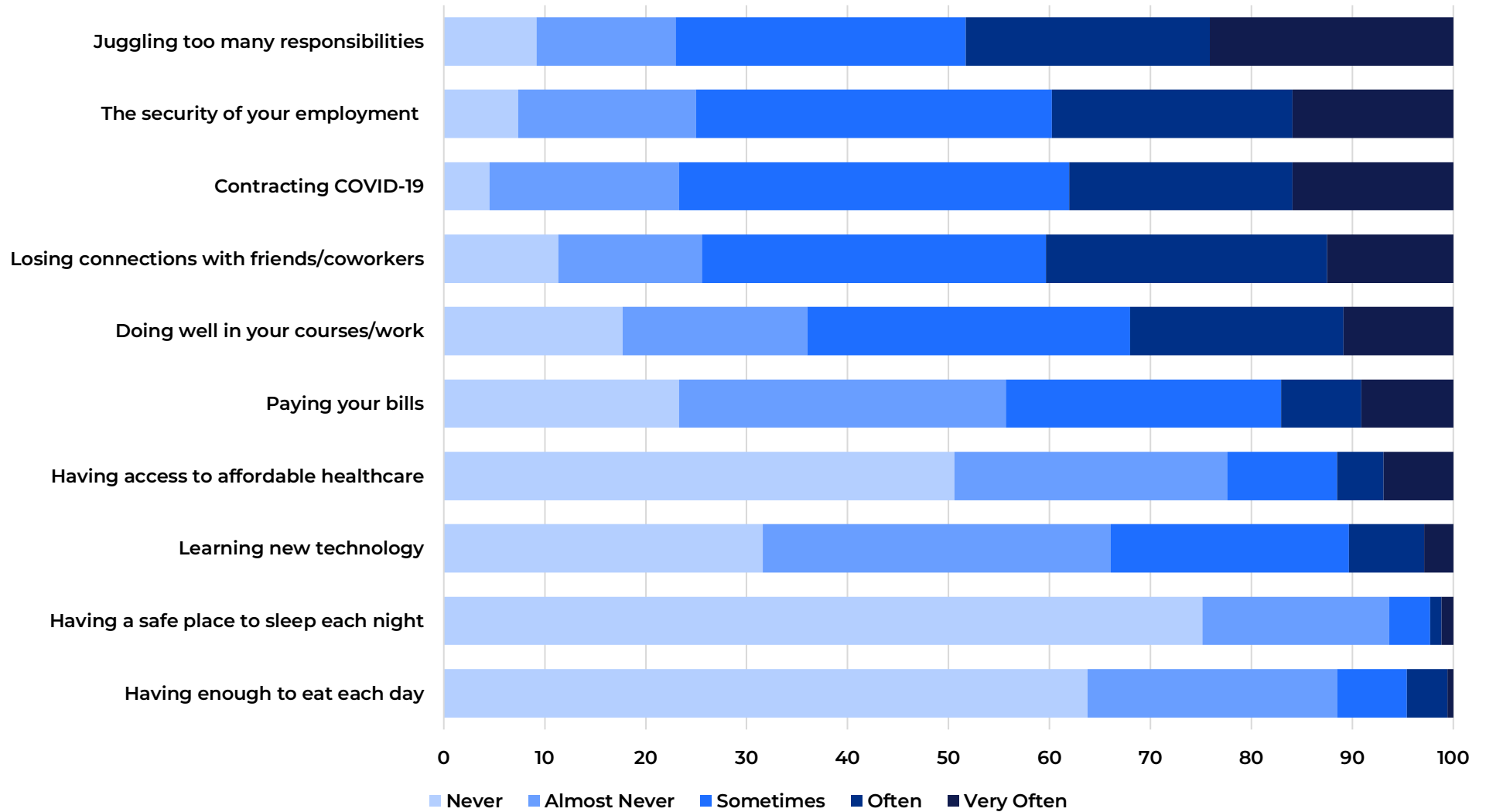
Level of Agreement



Level of Satisfaction

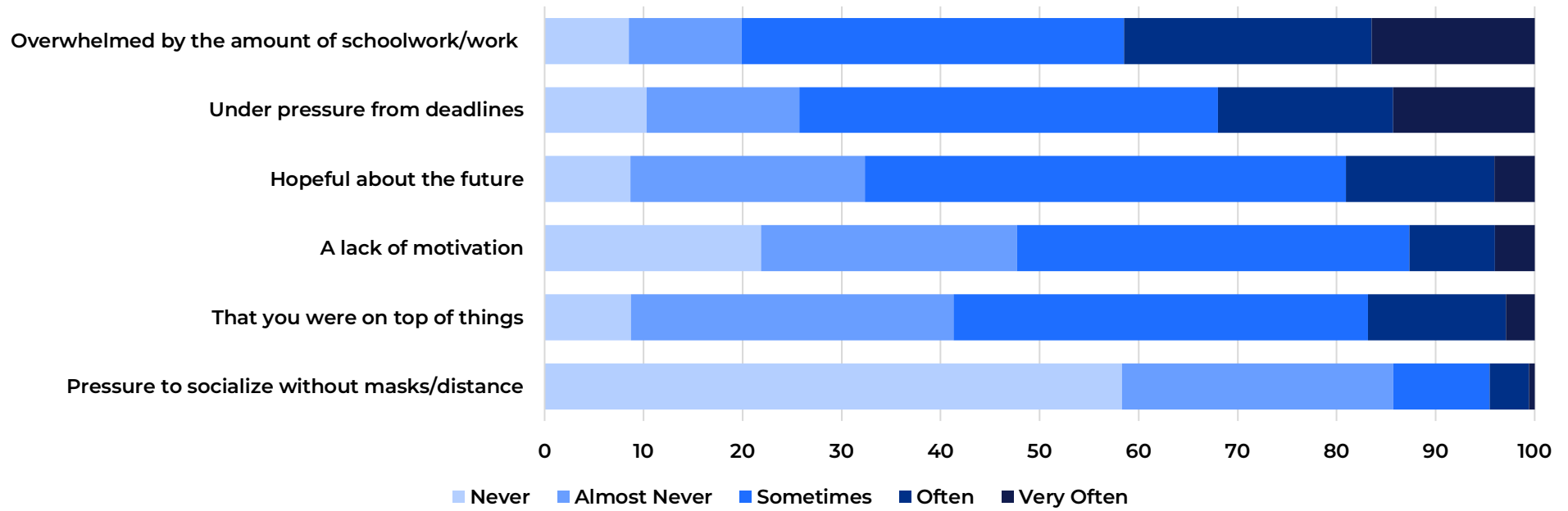


Frequency of Worry

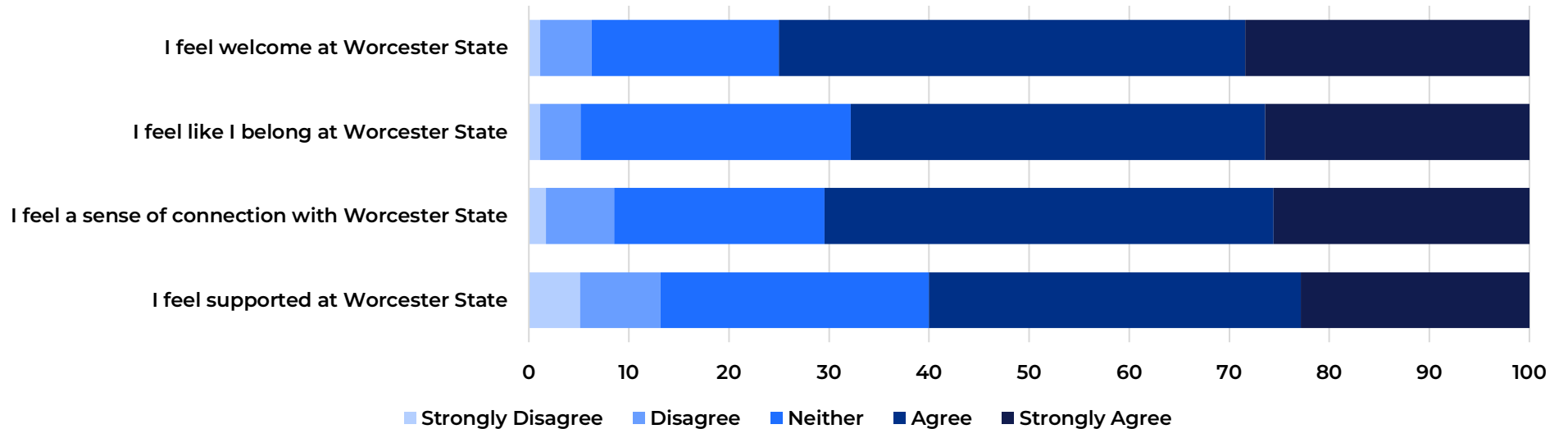


Worcester State COVID-19 Response Survey

Frequency of Feeling



Level of Agreement



Group Differences

ALANA Respondents

More worried about:

- Access to technology
- Paying bills
- Having enough food to eat
- Access to affordable healthcare
- Safe place to sleep

Less likely to agree with:

- I feel welcome at Worcester State
- I feel a sense of connection with Worcester State
- I feel like I belong at Worcester State
- I feel supported at Worcester State

LGBTQ+ Respondents

Less likely to agree with:

- I feel welcome at Worcester State
- I feel a sense of connection with Worcester State
- I feel like I belong at Worcester State
- I feel supported at Worcester State

Respondents with a Disability

Less likely to agree with:

- Worcester State has done a good job helping students adapt
- I know who to contact for questions
- I know where to find the Safe Return Plan

More worried about:

- Doing well in your courses/work
- Losing connections
- Juggling responsibilities
- Contracting COVID-19

More likely to feel:

- Overwhelmed by the amount of schoolwork/work
- Under pressure from deadlines
- A lack of motivation

Less likely to agree with:

- I feel welcome at Worcester State
- I feel a sense of connection with Worcester State
- I feel like I belong at Worcester State
- I feel supported at Worcester State

Less satisfied with:

- Timeliness of the communication
- Clarity of the communication
- Info about impact on your studies/job
- Info about impact on WSU'S viability
- Info about impact on ability to pay for college
- Support to help you adjust with all the changes
- Support to help you with learning/teaching/working

Open-ended Questions

What have you appreciated most about Worcester State's response to COVID-19?

| All (Total: 564) | # | % |
|-------------------------------------|----------|----------|
| Communication, Transparency | 225 | 40% |
| Precautions, Taking it seriously | 154 | 27% |
| Testing | 86 | 15% |
| Online/blended courses, Remote work | 68 | 12% |
| Student support & services | 37 | 7% |
| Leadership, Shared responsibility | 28 | 5% |
| Flexibility for faculty | 27 | 5% |
| Caring & sympathetic | 21 | 4% |
| Low infection rates | 20 | 4% |
| CTL & IT support | 18 | 3% |
| Budget, Job protection | 7 | 1% |

What have you appreciated most about Worcester State's response to COVID-19?

| Students (Total: 354) | # | % |
|-------------------------------------|----------|----------|
| Communication, Transparency | 130 | 37% |
| Precautions, Taking it seriously | 107 | 30% |
| Testing | 55 | 16% |
| Student support & services | 36 | 10% |
| Online/blended courses, Remote work | 35 | 10% |
| Low infection rates | 18 | 5% |
| Leadership, Shared responsibility | 10 | 3% |
| Caring & sympathetic | 7 | 2% |
| CTL & IT support | 3 | 1% |
| Flexibility for faculty | 3 | 1% |

What have you appreciated most about Worcester State's response to COVID-19?

| Faculty (Total: 100) | # | % |
|-------------------------------------|----------|----------|
| Communication, Transparency | 36 | 36% |
| Flexibility for faculty | 22 | 22% |
| Precautions, Taking it seriously | 18 | 18% |
| Online/blended courses, Remote work | 14 | 14% |
| Testing | 13 | 13% |
| CTL & IT support | 11 | 11% |
| Caring & sympathetic | 7 | 7% |
| Leadership, Shared responsibility | 5 | 5% |
| Budget, Job protection | 4 | 4% |

What have you appreciated most about Worcester State's response to COVID-19?

| Staff (Total: 110) | # | % |
|-------------------------------------|----------|----------|
| Communication, Transparency | 59 | 54% |
| Precautions, Taking it seriously | 29 | 26% |
| Online/blended courses, Remote work | 19 | 17% |
| Testing | 18 | 16% |
| Leadership, Shared responsibility | 13 | 12% |
| Caring & sympathetic | 7 | 6% |
| CTL & IT support | 4 | 4% |
| Budget, Job protection | 3 | 3% |

What part of Worcester State's response to COVID-19 has caused you the most stress or anxiety?

| All Respondents (Total: 549) | # | % |
|---|----------|----------|
| Being on campus, Having In-person courses | 128 | 23% |
| Communication | 101 | 18% |
| Transparency, Trust | 52 | 9% |
| Testing | 42 | 8% |
| Dashboard, Testing communication | 42 | 8% |
| Support, Resources | 40 | 7% |
| Slow decision making | 40 | 7% |
| Rule enforcement | 34 | 6% |
| Financial concerns | 29 | 5% |
| No in-person classes | 10 | 2% |

What part of Worcester State's response to COVID-19 has caused you the most stress or anxiety?

| Students (Total: 348) | # | % |
|---|----------|----------|
| Being on campus, Having In-person courses | 80 | 23% |
| Excessive coursework, Course flexibility, Online course quality | 72 | 21% |
| Adapting to online/blended courses | 66 | 19% |
| Communication | 48 | 14% |
| Support, Resources | 40 | 11% |
| Dashboard, Testing communication | 25 | 7% |
| Rule enforcement | 17 | 5% |
| Transparency, Trust | 17 | 5% |
| Testing | 16 | 5% |
| Lack of Connection, Isolation | 15 | 4% |
| Slow decision making | 13 | 4% |
| No in-person classes | 7 | 2% |
| Financial concerns | 6 | 2% |

What part of Worcester State's response to COVID-19 has caused you the most stress or anxiety?

| Faculty (Total: 88) | # | % |
|---|----------|----------|
| Communication | 27 | 31% |
| Transparency, Trust | 19 | 22% |
| Being on campus, Having In-person courses | 19 | 22% |
| Support, Resources | 17 | 19% |
| Testing | 17 | 19% |
| Slow decision making | 14 | 16% |
| Financial concerns | 11 | 13% |
| Rule enforcement | 11 | 13% |
| Dashboard, Testing communication | 8 | 9% |
| No in-person classes | 2 | 2% |
| Increased workload | 2 | 2% |

What part of Worcester State's response to COVID-19 has caused you the most stress or anxiety?

| Staff (Total: 113) | # | % |
|---|----------|----------|
| Being on campus, Having In-person courses | 29 | 26% |
| Communication | 26 | 23% |
| Transparency, Trust | 16 | 14% |
| Slow decision making | 13 | 12% |
| Financial concerns | 12 | 11% |
| Testing | 9 | 8% |
| Dashboard, Testing communication | 9 | 8% |
| Increased workload | 9 | 8% |
| Support, Resources | 8 | 7% |
| Rule enforcement | 6 | 5% |

What are your biggest worries or concerns as you think about what is coming up in the next few months?

| All Respondents (Total: 595) | # | % |
|---|----------|----------|
| COVID-19 surge or outbreak | 124 | 21% |
| Being on campus, In-person classes, Having to come back | 122 | 21% |
| Mental Health, Connections, Life Balance | 105 | 18% |
| Uncertainty, When will life go back to 'normal' | 83 | 14% |
| Personal finance, Losing job | 81 | 14% |
| WSU finances, budget, enrollment | 75 | 13% |
| Self or family getting COVID-19 | 53 | 9% |
| Campus closing or going fully remote | 35 | 6% |

What are your biggest worries or concerns as you think about what is coming up in the next few months?

| Students (Total: 372) | # | % |
|--|----------|----------|
| Overwhelming amount of course work | 187 | 50% |
| Not doing well in class, Not graduating on time | 101 | 27% |
| Another COVID surge or outbreak | 83 | 22% |
| Being on campus, Having to come back to campus, More in-person classes | 71 | 19% |
| Mental health and well-being | 59 | 16% |
| Uncertainty, When will things go back to 'normal' | 48 | 13% |
| Having to leave residence hall | 45 | 12% |
| Campus closing, Going fully remote | 26 | 7% |
| Self or family getting COVID | 24 | 6% |
| Personal finance concerns, Losing job | 18 | 5% |

What are your biggest worries or concerns as you think about what is coming up in the next few months?

| Faculty (Total: 99) | # | % |
|--|----------|----------|
| Uncertainty, When will things go back to 'normal' | 22 | 22% |
| Mental health and well-being | 22 | 22% |
| WSU's finances, Enrollment | 20 | 20% |
| Personal finance concerns, Losing job | 19 | 19% |
| Another COVID surge or outbreak | 18 | 18% |
| Being on campus, Having to come back to campus, More in-person classes | 12 | 12% |
| Self or family getting COVID | 12 | 12% |
| Campus closing, Going fully remote | 5 | 5% |

What are your biggest worries or concerns as you think about what is coming up in the next few months?

| Staff (Total: 124) | # | % |
|--|----------|----------|
| WSU's finances, Enrollment | 52 | 42% |
| Personal finance concerns, Losing job | 44 | 35% |
| Being on campus, Having to come back to campus, More in-person classes | 39 | 31% |
| Mental health and well-being | 24 | 19% |
| Another COVID surge or outbreak | 23 | 18% |
| Self or family getting COVID | 17 | 14% |
| Uncertainty, When will things go back to 'normal' | 13 | 11% |
| Campus closing, Going fully remote | 4 | 3% |


Any other comments?

| Other Comments (Total: 329) | # | % |
|---|----------|----------|
| Great response | 68 | 21% |
| More often and more consistent communication | 45 | 14% |
| Go 100% remote | 45 | 14% |
| Make decisions quickly/decisively and communicate early | 36 | 11% |
| Test all faculty, staff, and students who go to campus weekly | 32 | 10% |
| Lack of concern for staff | 32 | 10% |
| More flexibility and understanding from faculty | 29 | 9% |
| Increase food options and hours | 26 | 8% |
| More social options/allow dorm visitors | 24 | 7% |
| Increase, upgrade, and train on technology | 16 | 5% |
| Enforce rules better | 15 | 5% |
| Consistency across Blackboard | 12 | 4% |



WORCESTER
S T A T E
UNIVERSITY

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TO: Members, WSU Board of Trustees
FROM: Barry M. Maloney, President 
RE: 2021 Commencement Speaker/Honorary Degree
DATE: November 11, 2020

I am forwarding to you my recommendation for the 2021 Commencement Speaker, Brian Skerry. Mr. Skerry's nomination was vetted through the Speaker/Awards Committee and approved by the All University Committee. I am now recommending him to the Board for inclusion in the pool of candidates for Speakers/Awards, and to serve as our Commencement Speaker.

Brian Skerry is a photojournalist specializing in marine wildlife and underwater environments. Brian is a 1985 graduate and has been the recipient of various awards since that time. Since 1998 he has been a contract photographer for *National Geographic Magazine* covering a wide range of subjects and stories. In 2014 he was one of five photographers named as a National Geographic Photography Fellow. In 2015 he was named a Nikon Ambassador and in June 2017 he was awarded the title of *Ro/ex National Geographic Explorer of the Year*.

He is truly a successful graduate and one that continues to bring great pride to WSU as a successful alumnus.

I ask that you will act favorably upon my recommendation to approve Brian Skerry as the 2021 Commencement Speaker and a recipient of an Honorary Degree at the November 17, 2020 meeting of the Board of Trustees.