



Fitchburg State University

Board of Trustees Personnel Committee Meeting

Published on January 19, 2023 at 4:04 PM EST
Amended on March 16, 2023 at 1:48 PM EDT

Date and Time

Wednesday January 25, 2023 at 2:00 PM EST

Location

Presidents' Hall, Mazzaferro Center, 291 Highland Ave., Fitchburg, MA 01420

Notice of a meeting of the Fitchburg State University Personnel Committee on Tuesday, January 25, 2023 at 2:00 p.m.

Presidents' Hall, Mazzaferro Center, 291 Highland Ave., Fitchburg, MA 01420

Agenda

	Purpose	Presenter	Time
I. Opening Items			2:00 PM
A. Record Attendance			1 m
B. Call the Meeting to Order			
C. Approve Minutes	Approve Minutes		1 m
II. Elect a Chair			2:02 PM
A. Elect a Chair			
III. Personnel			2:02 PM

	Purpose	Presenter	Time
A. Review the faculty union's petition	Discuss		45 m
IV. Closing Items			2:47 PM
A. Adjourn Meeting	Vote		

Coversheet

Review the faculty union's petition

Section:	III. Personnel
Item:	A. Review the faculty union's petition
Purpose:	Discuss
Submitted by:	
Related Material:	MSCA Financial Presentation 11 1 22 (4).pdf Petition to the Board of Trustees.pdf

A Perceived Budgetary *paroxysm* or An Actual Budgetary *Crisis* ?

The FSU administration asserted the following in a recent presentation (emphasis  or added):

Where Are the Greatest Opportunities?

Three Basic Ways To Achieve Greater Financial Sustainability



Grow Revenues

- Expand enrollment in existing high-demand programs
- Launch new high-demand programs



Reduce Non-Instructional Staff

- Share support staff across units
- Merge academic units (colleges, schools, departments)



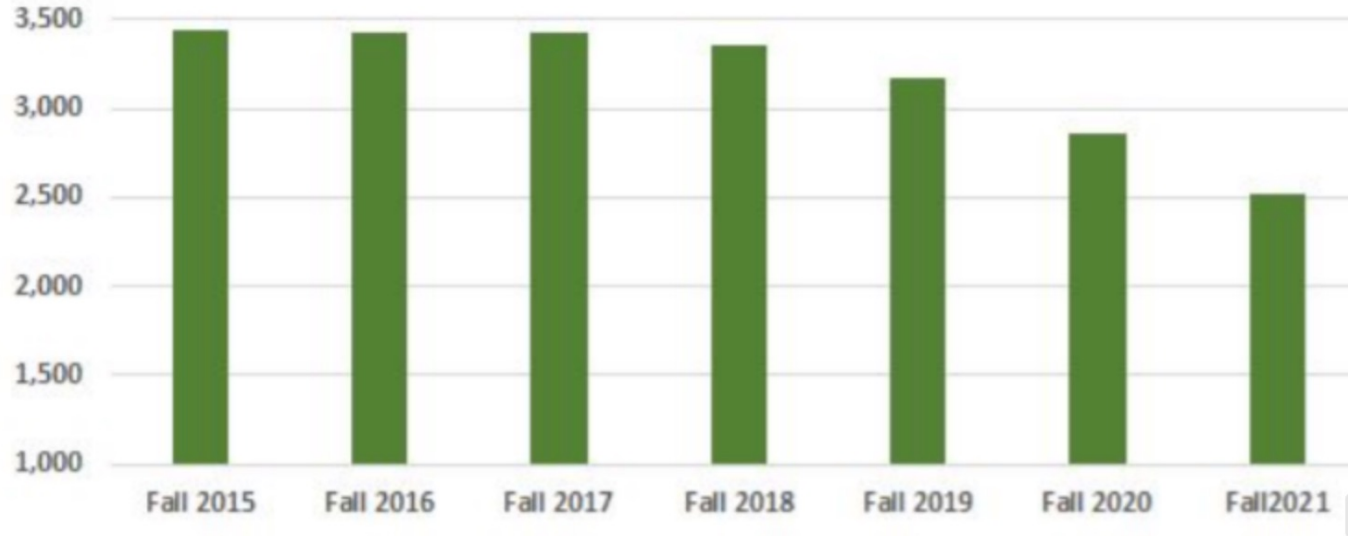
Reduce Instructional Staff

- Increase output per instructor
- Disinvest in selected degree programs



ENROLLMENTS CONTINUE TO DROP

UG Day FTE



FALL 2022 = UG FTE 2383

We have had stalled or declining enrollments since 2016.

We only reorganized our Enrollment Management area in 2021. This has not helped us yet.

Fall 2022 FTE UG enrollments are 2383. We are down 249 from target, and potentially more. Even SOGCE did not meet expectations and are 425K in the red. This has produced a 2.2 million shortfall for expected revenues.

The current plan is not working, what next?

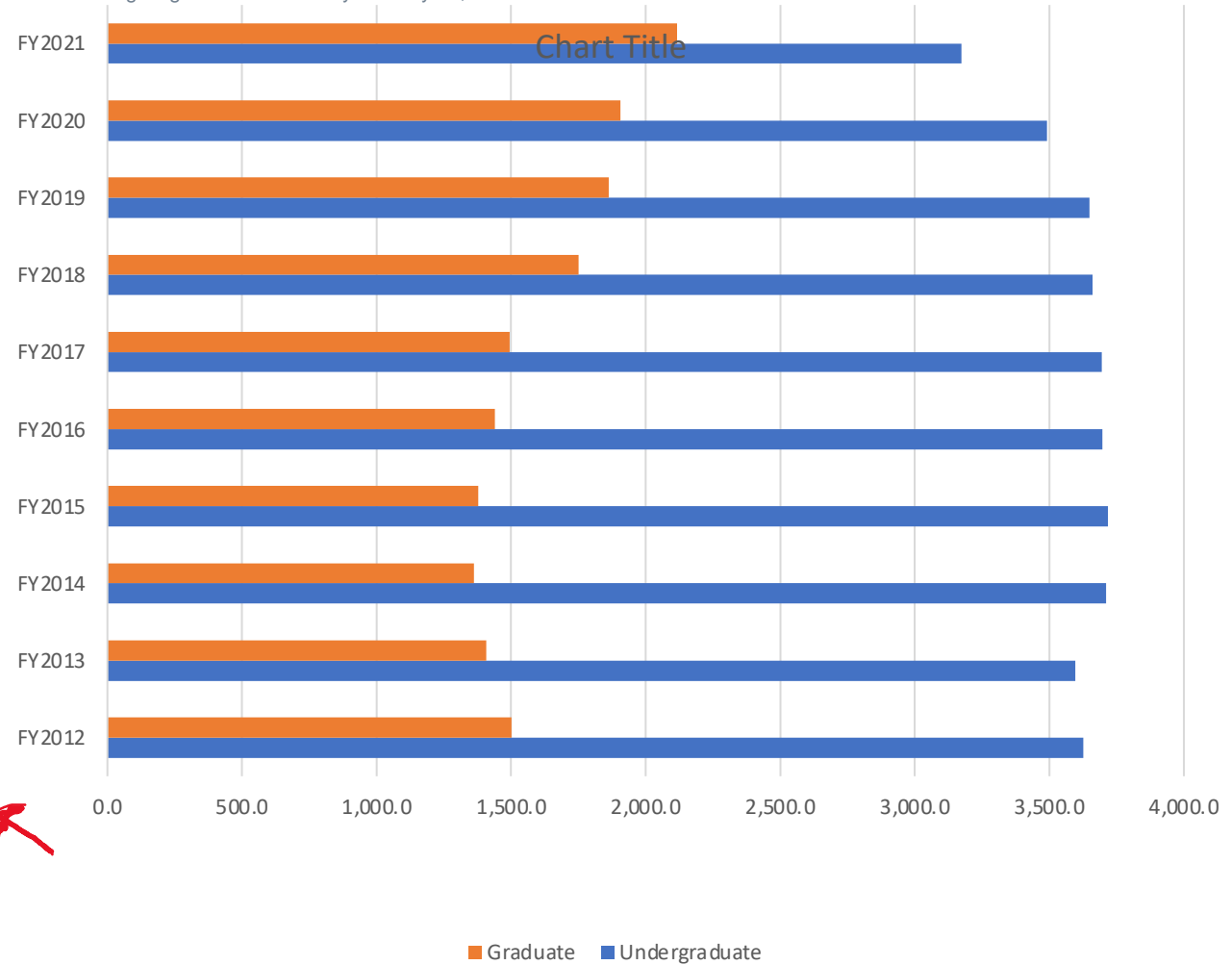
Annual Full-Time Equivalent Enrollment		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2012-21
Institution	Credit Type											
Fitchburg State University	Undergraduate	3,625.9	3,596.5	3,711.4	3,718.0	3,696.2	3,695.1	3,660.2	3,649.4	3,490.9	3,172.7	-12.5%
Fitchburg State University	Graduate	1,502.6	1,408.5	1,362.1	1,377.0	1,438.7	1,494.7	1,750.0	1,863.0	1,907.1	2,116.4	40.8%
Fitchburg State University	Total	5,128.5	5,005.0	5,073.5	5,095.0	5,134.9	5,189.8	5,410.2	5,512.4	5,398.0	5,289.1	3.1%
State Universities	Undergraduate	37,544.6	37,895.6	38,395.0	38,331.1	38,089.0	37,704.5	37,568.8	36,733.0	35,651.1	32,512.7	-13.4%
State Universities	Graduate	7,052.8	6,688.4	6,568.8	6,574.6	6,803.2	6,718.7	6,821.4	6,842.2	6,774.1	7,161.2	1.5%
State Universities	Total	44,597.4	44,584.0	44,963.8	44,905.7	44,892.2	44,423.2	44,390.2	43,575.2	42,425.2	39,673.9	-11.0%

MISSION CREEP?

Grad enrollments are positive, but we have an unusually high ratio of grad to UG AT FSU of total FTE, 40% are grad and 60% undergrad.

In the state system, average is 18% grad and 82% undergrad. FSU gave more grad degrees last year than undergrad. Is this the best/only way to balance the books? What will the consequences be for our institutional mission and our faculty?

	Nonresident alien	Hispanic Latino	American Indian or Alaska Native	Asian	Black or African American	Native Hawaiian or Other Pacific Islander	White	Two or more Races	Race/ethnicity unknown	Total
Bachelor's degree										
Male	3	44	0	14	33	0	238	9	8	349
Female	6	62	1	8	52	0	343	17	9	498
Total	9	106	1	22	85	0	581	26	17	847
Post-Baccalaureate certificates										
Male	0	0	0	1	0	0	2	0	0	3
Female	0	0	0	0	2	0	21	0	0	23
Total	0	0	0	1	2	0	23	0	0	26
Master's degree										
Male	22	27	0	13	26	1	208	2	9	308
Female	26	37	1	20	25	1	469	6	8	593
Total	48	64	1	33	51	2	677	8	17	901
Post-Master's certificates										
Male	0	0	0	0	0	0	3	0	0	3
Female	0	1	0	0	0	0	18	1	0	20
Total	0	1	0	0	0	0	21	1	0	23
Grand Total Male	25	71	0	28	59	1	451	11	17	663
Grand Total Female	32	100	2	28	79	1	851	24	17	1134
Grand Total	57	171	2	56	138	2	1302	35	34	1737

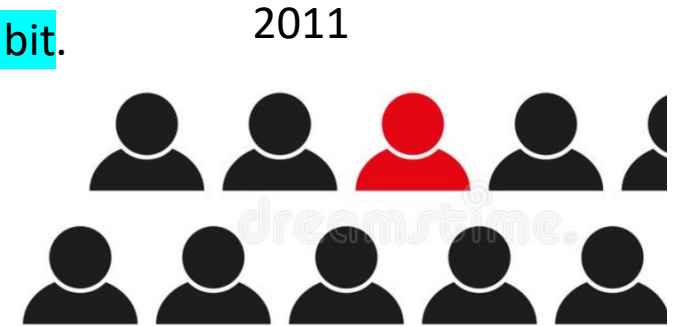


IPEDs data, 2012-2021

ADMINISTRATIVE POSTIONS INCREASE BY 68%

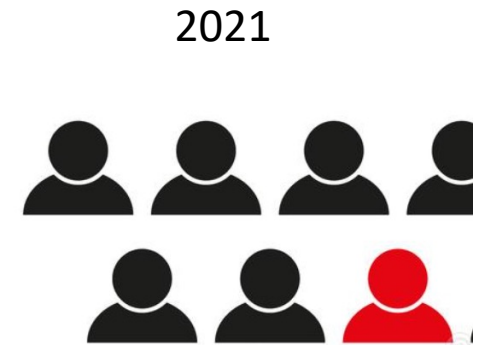
Since 2011, the cost of MSCA compensation rose by 38%, NUPS by 75%. Faculty/librarians % of total compensation declined slightly, while NUPs % increased a bit.

FSU compensation costs, from CTHRU payroll					
	TOTAL payroll in millions	MSCA in mill	percentage of	NUP in mill	percentage of total
2011	33.01	13.57	41.00	2.48	7.5
2021	48.43	18.76	38.7	4.34	8.2
increase	46.71%	38.25%	-5.61%	75.00%	9.33%



Since 2011, the number of employees have increased, MSCA by 4%, NUPS by 68%

	Numbers of FT employees	# MSCA	# NUPS	# students
2011	535	204	25	3695
2021	618	213	42	3172
% additional	83	9	17	-523
% change	15.51%	4.41%	68.00%	-14.15%



students per 1 faculty	students per 1 NUP	Faculty to 1 NUP
18	148	8
14.9	75.5	5

There used to be one non-unit personnel for every eight faculty/librarians. Now it is one to five.

REDUCTION IN FACULTY & LIBRARIAN RANKS

- Loss of faculty positions since May 2020 - **26**
- Replacements of faculty/librarians since May 2020 - **9**

We are down **17** Tenure Track members.

We are at **198** faculty and librarians.

Our PT faculty have been reduced also.

For AY24, only **1 Tenure Track** and 4 FT Temp positions have been approved for searches.

These non-replacements are a savings measure. Attrition from retirements is a random process which could hit popular programs as well as challenged ones. They are only nominally based on criteria such as student needs or program vitality. Is "disinvestment" to be achieved surreptitiously, without open discussion or governance procedures?

From an AY21 financial presentation

- Adjunct Faculty Reductions (\$523,000)
- MSCBA Debt Restructuring
- Hiring Freeze (\$1.5 million)

Dept Discretionary reductions (604K)

What about REDUCING waste or questionable use of resources?

- **Our president purchased a whole city block in downtown Fitchburg, including a 1930's style theater, in a state of extreme disrepair.**
- **The idea is to renovate it and to transform Fitchburg into a cultural hub for central MA.**
- ◆ **Price tag for this project: \$75 million (to be the object of intense fundraising efforts), with at least \$30m coming directly from the University.**
- ☹ **We have already spent some \$\$ on it (\$2.4 million in FY 2022 for Theater Block).**



This was done without consulting the University community, and the plan lacks connection to curriculum.

It was/is/will be a misallocation of valuable resources. Huge debt that we don't want or need.

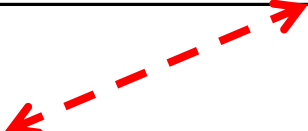
FSU's Long-term Debt

The University has long term debt obligations issued for various capital projects. The debt was issued through several financing agreements with the Massachusetts Development Finance Agency (MDFA), the Massachusetts State College Building Authority (MSCBA). *The following table is from the MD&A (p. 16) and Note 12 – Interagency payables in Notes to Financial Statements (p. 60) in FSU Financial Statements, June 30, 2022 and 2021.*

Issuing Agency	Construction Project	Fiscal Year Originally Issued	Original Amount	Funding Source	Effective Interest Rate	Debt Service Payments	Debt Outstanding	Maturity
MDFA	Recreation Center	1997	\$ 6,000,000	DSF	0.26%	\$ 392,561	\$ 901,094	2023
MSCBA	Holmes Dining Hall Renovations	2005	\$ 1,090,000	DSF	2.54%	\$ 73,245	\$ 383,724	2034
MSCBA	Elliot Athletic Field Improvements	2005	\$ 4,020,000	DSF	2.66%	\$ 138,782	\$ 1,356,322	2034
MSCBA	Holmes Dining Hall Renovations	2006	\$ 2,060,000	DSF	2.57%	\$ 143,660	\$ 809,869	2031
MSCBA	Hammond Campus Center Renovations	2011	\$ 15,935,656	DSF	5.54%	\$ 863,091	\$ 9,225,870	2030
MSCBA	Hammond Campus Center Renovations	2012	\$ 7,043,416	DSF	2.50%	\$ 389,133	\$ 4,366,375	2035
MSCBA	Hammond Campus Center Renovations	2013	\$ 11,300,906	DSF	3.22%	\$ 418,547	\$ 5,727,751	2034
MSCBA	Parking Expansion	2013	\$ 2,563,127	DSF	3.03%	\$ 94,619	\$ 1,501,142	2034
MSCBA	Hammond Campus Center Renovations	2014	\$ 12,235,614	DSF	3.29%	\$ 535,000	\$ 8,421,463	2038
MSCBA	Hammond Campus Center Renovations	2015	\$ 10,669,503	DSF & Operating Funds	4.67%	\$ 420,000	\$ 6,164,014	2035
MSCBA	Landry Area Refurbishment	2017	\$ 4,166,418	DSF & Operating Funds	4.01%	\$ 161,000	\$ 3,698,476	2037
DCAMM	CEIP Funds	2017	\$ 5,420,360	DCAMM	3.00%	\$ 220,428	\$ 4,796,856	2039
MSCBA	Holmes Dining Hall Renovations	2019	\$ 1,516,022	DSF	2.00%	\$ 50,000	\$ 1,582,897	2039
MSCBA	Recreation Center	2019	\$ 1,107,123	DSF & Operating Funds	3.84%	\$ 40,000	\$ 1,226,991	2039
Total			\$ 85,128,145			\$ 3,940,066	\$ 50,162,844	



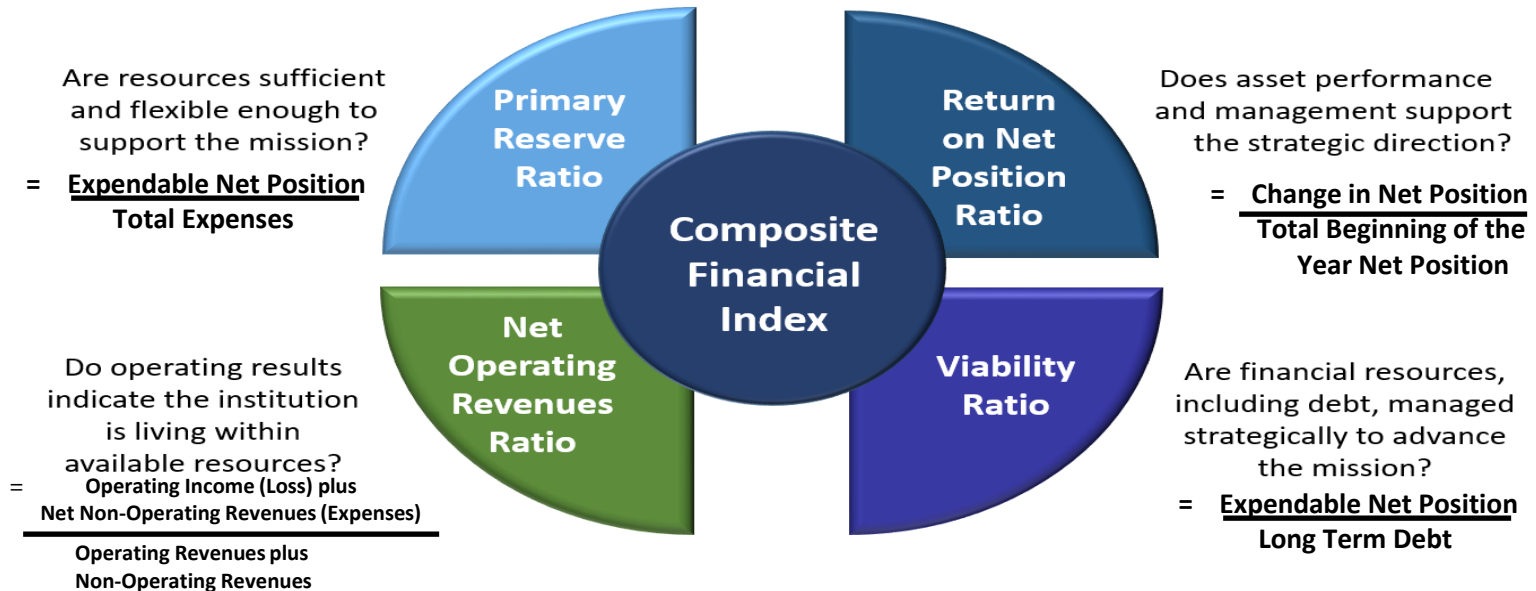
FSU's Long-term Debt (cont'd)

- **The debt burden ratio measures an institution's dependence on borrowed funds by comparing the level of debt service to total expenditures.**
 - **In order to effectively manage resources, including debt, industry standards set the upper threshold for institutional debt burden at 7%.**
 - **As of June 30, 2022, 2021 and 2020, the University's debt burden was 7.7%, 6.3% and 5.5%, respectively.**
- 

Source: MD&A (p. 17) in FSU Financial Statements, June 30, 2022 and 2021.

Financial Ratios and CFI

- **Core financial ratios used by the Massachusetts Department of Higher Education as performance measures for public universities and colleges are:**



- **The Composite Financial Index (CFI) utilizes four core ratios: *primary reserve ratio* (FY2022, p. 7), *viability ratio* (p. 17), *return on net position ratio* (p. 7), and *net operating revenues ratio* (, p. 11).**
- **The four core ratios are weighted and combined to determine the CFI.**

Financial Ratios and CFI (cont'd)

- **The CFI is used to assess and evaluate the total financial health of an institution.**
- **Our own calculations and verification of the FSU's CFI for 2022 are shown on next slide for our reference only (skip it if not interested in actual calculations of CFI).**
- **Source: *Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks*. Seventh Edition, 2015; by Prager, Sealy & Co., LLC; KPMG, LLP; and Attain, LLC.**
- **A summary of the four core ratios and CFI of FSU for fiscal years at June 30, 2022, 2021, 2020:**

Core Ratios and CFI	FY 2022	FY 2021	FY 2020	At or Better is advisable
Primary reserve	38.1%	39.5%	27.1%	40.0%
Viability	0.98	0.84	0.58	1.25
Return on net position	7.1%	10.6%	-1.0%	6.0%
Net operating revenues	-3.3%	5.4%	-2.8%	2.0%
CFI	2.2	3.2	0.9	Minimal financial health: 3.0 Financial stress: < 3.0

RATIO	Fitchburg State University's VALUE (at June 30, 2022)	STRENGTH** <i>Divide VALUE by these Common Scale Value*</i>	WEIGHT*** <i>Multiply STRENGTH by These Factors</i>	RATIO SCORE
Primary Reserve (three decimal places)	0.381 (FY2022, p. 7)	0.133	35%	1.00
Viability (three decimal places)	0.980 (FY2022, p. 17)	0.417	35%	0.82
Return on Net Position (percent, to one decimal place)	7.1% (FY2022, p. 7)	2.00%	20%	0.71
Net Operating Revenues (percent, to one decimal place)	-3.3% (FY2022, p. 11)	0.7%	10%	-0.47
CFI SCORE =sum last column (to one decimal place)				2.1 (2.06 rounded to one decimal place) Note: ≠ 2.2 as reported (See below)

* The common scale value is derived from the scoring scale defined by the authors of *Strategic Financial Analysis for Higher Education*, Seventh Edition for public institutions with an endowment spending rate.

** The strength factor is the result of dividing the ratio value by the common scale value to determine a comparable value (strength) for each ratio that can be analyzed on a common scale of -4 to 10.

*** The weighting factor is derived from the weighting schema defined by the authors of *Strategic Financial Analysis for Higher Education*, Seventh Edition for institutions with long-term debt.

The reported CFI as stated on p.7 in FY 2022 document is 2.2 at June 30, 2022.

Is there a reason for the discrepancy between 2.2 as reported and the calculated 2.1?


Is it because change in unrestricted net position is used (instead of using operating measure) in calculating net operating revenues ratio and hence, the strength factor of 1.3% is used instead of 0.7% in the above table?

If that is the case, $-3.3\% \div 1.3\%$ (not 0.7%) $\times 10\% = -0.25$

$\Rightarrow 1.00 + 0.82 + 0.71 + [(-0.25), \text{not } -0.47]$

= 2.2 (2.28 rounded down, not 2.28 as reported by FSU in its FY 2022 document.

Recurring Budget Deficit

 FITCHBURG STATE UNIVERSITY	BOT APPROVED BUDGET	Less 300 FTE Day Undergrad	Delta	FY22 Variance Description
	FY22 Budget	FY22 Budget 8.31.2021	Change from Approved FY22 Budget	
REVENUE SOURCES				
Day Revenue				
General Appropriations Act	\$ 33,197,515	\$ 33,771,458	\$ 573,943	
Collective Bargaining (CBA) funding	\$ -	\$ -	\$ -	
Other State Appropriations	\$ 573,943	\$ -	\$ (573,943)	performance formula now part of the base
DCAM	\$ -	\$ -	\$ -	DCAM funds are awarded after budget cycle
Tuition and Fees - Day	\$ 31,394,668	\$ 27,795,460	\$ (3,599,208)	Less Day Undergrad than expected 2600 Fall & 2300 Spring
Retained Out-of-State Tuition	\$ 1,500,000	\$ 1,125,000	\$ (375,000)	Revised based on final FY21 and FY22 enrollment decline
Non-State Supported Tuition	\$ 1,110,387	\$ 1,045,000	\$ (65,387)	Revised based on final FY21 and FY22 enrollment decline
Financial Aid	\$ 7,300,000	\$ 7,300,000	\$ -	
Grants	\$ 1,492,410	\$ 1,492,410	\$ -	
Investment Income	\$ 768,800	\$ 1,500,000	\$ 731,200	continued anticipated positive returns
Sales, Service, & Other Income	\$ 2,009,050	\$ 2,009,050	\$ -	
Reserve from Fund Balance	\$ 308,268	\$ 308,268	\$ -	
Transfer - Foundation, etc.	\$ 266,000	\$ 326,000	\$ 60,000	increased \$60K - software expense move to Univ
Subtotal Day	\$ 79,921,041	\$ 76,672,646	\$ (3,248,395)	
Auxillary Revenue				
Dorm Authority - Housing	\$ 7,526,689	\$ 7,526,689	\$ -	pending final "no shows"
Food Service	\$ 3,388,000	\$ 3,388,000	\$ -	
Subtotal Auxillary	\$ 10,914,689	\$ 10,914,689	\$ -	
GCE + CPS & AP Revenue				
Graduate & Continuing Education (GCE)	\$ 8,742,657	\$ 8,742,657	\$ -	Preliminary data indicates slight decline and will continue to monitor as enrollment is finalized
Accelerated Programs (AP)	\$ 10,257,657	\$ 10,257,657	\$ -	
Subtotal GCE & AP	\$ 19,000,314	\$ 19,000,314	\$ -	
Total Revenue	\$ 109,836,044	\$ 106,587,649	\$ (3,248,395)	
OPERATING EXPENSES				
Day Expenses				
Day Salaries	\$ 40,502,811	\$ 41,504,002	\$ 1,001,191	\$38.5M active payroll; \$820k savings ERIP; \$1.1M CBA
University Fringe	\$ 3,366,253	\$ 3,449,464	\$ 83,211	
University Operating	\$ 32,168,648	\$ 32,168,648	\$ -	
Utilities	\$ 3,897,320	\$ 3,897,320	\$ -	
Capital	\$ 4,725,000	\$ 4,725,000	\$ -	
Subtotal Day	\$ 84,660,032	\$ 85,744,433	\$ 1,084,401	
Housing Expenses				
Housing Salaries	\$ 1,193,843	\$ 1,241,597	\$ 47,754	CBA
Housing Fringe	\$ 457,482	\$ 475,781	\$ 18,299	
Housing Utilities	\$ 1,001,500	\$ 1,001,500	\$ -	
Housing Operating	\$ 6,666,140	\$ 6,666,140	\$ -	
Subtotal Housing	\$ 9,318,965	\$ 9,385,018	\$ 66,053	
GCE + CPS Expenses				
GCE + CPS Salaries	\$ 1,291,356	\$ 1,343,010	\$ 51,654	CBA
GCE + CPS Fringe	\$ 602,499	\$ 626,599	\$ 24,100	
GCE + CPS Operating	\$ 3,862,219	\$ 3,862,219	\$ -	
Ed Service Fee Transfer to University	\$ 2,882,470	\$ 2,882,470	\$ -	
Subtotal GCE + CPS	\$ 8,638,544	\$ 8,714,298	\$ 75,754	
AP Expenses				
AP Salaries	\$ 398,184	\$ 414,111	\$ 15,927	CBA
AP Fringe	\$ 177,063	\$ 184,146	\$ 7,083	
AP Operating	\$ 5,385,895	\$ 5,385,895	\$ -	
Ed Service Fee Transfer to University	\$ 3,383,085	\$ 3,383,085	\$ -	
Subtotal AP	\$ 9,344,227	\$ 9,367,237	\$ 23,010	
Total Expense	\$ 111,961,768	\$ 113,210,987	\$ 1,249,218	
BUDGETED Net Surplus/(Loss)				
Day Operations	\$ (1,350,991)	\$ (5,683,787)		
Housing	\$ (1,792,276)	\$ (1,858,329)		
COVID Expenses	\$ (1,500,000)	\$ (1,500,000)		
Day Subtotal	\$ (4,643,267)	\$ (9,042,116)		
GCE/CPS	\$ 104,113	\$ 28,359		
AP	\$ 913,430	\$ 890,420		
GCE/AP Subtotal	\$ 1,017,543	\$ 918,779		
Total Net Surplus/(Loss)	\$ (3,625,724)	\$ (8,123,337)		

FSU's Grant Revenue

- **Grant revenue includes grants for financial aid programs such as PELL, SEOG and Federal Work Study and a federal pandemic related grant called HEERF – Higher Education Emergency Relief Fund - which was approved to support institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic.**
- **This grant was appropriated in three phases –the CARES Act in March 2020, the CRRSAA in December 2020 and the ARP grant in March 2021 and was to be expended within one year of performance.**
- **A total of \$2.1 million institutional support was authorized in FY20 and \$11.3 million in FY21. While a total of \$2 million student support was authorized in FY20 and \$7.4 million in FY21.**
- **The increase in total operating revenue in fiscal year 2022 over fiscal year 2021 is due mainly to the recognition of the final drawdown of the HEERF funds.**
- **64% of the federal grants and contract income in fiscal year 2022 relates to these funds.**

Source: MD&A (p. 12) in FSU Financial Statements, June 30, 2022 and 2021.

and

*Schedule of Expenditures of Federal Awards (p. 110)
in FSU Financial Statements, June 30, 2022 and 2021.*

Questions

- **Our questions:** What portion of our yearly budget is given to **debt** payments, **capital projects** costs, and deferred maintenance?

❶ **From the Statement of Cash Flows, for FY 2022:**

Principal paid on capital **debt** was **\$5,038,149** (**all cash** payment/outflow)
Interest paid on capital **debt** was **\$4,562,468** (**all cash** payment/outflow)

From the Statement of Revenues, Expenses and Changes in Net Position, for FY 2022:

Interest expense on interagency payables and capital asset related **debt** was **\$4,218,159** (an **accrual** accounting number, **not** entirely cash).

Source: p. 24 & p. 25 in FSU Financial Statements, June 30, 2022 and 2021.

❷ **From the Statement of Cash Flows, for FY 2022:**

Payment for **capital assets** was **\$19,835,579** (**all cash** payment/outflow)

From the MD&A, for FY 2022:

Major capital initiatives either continuing or undertaken during 2022 include:

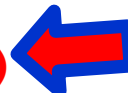
McKay projects \$2.4 million (to date)

Electricity infrastructure upgrade \$22.2 million (to date)

Percival projects \$2.2 million (to date)

Theater Renovation \$2.4 million (to date)

Recreation Center Roof \$1.6 million (to date)



Source: MD&A, p. 15 in FSU Financial Statements, June 30, 2022 and 2021.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Net Position
June 30, 2022 and 2021

		Component Unit Fitchburg State University Foundation, Inc.	2021	Component Unit Fitchburg State University Foundation, Inc.	2021
	2022	2022			
Current assets					
Cash and equivalents	\$ 28,365,805	\$ 2,676,130	\$ 21,401,963	\$ 2,499,955	
Restricted cash and cash equivalents	11,141,043	-	6,997,652	-	
Investments	-	13,899,616	-	14,595,376	
Accounts receivable, net	2,161,271	45,564	12,668,794	37,849	
Contributions receivable, net	-	35,425	-	311,428	
Other current assets	307,517	62,597	216,532	69,247	
Total current assets	41,975,636	16,719,332	41,284,941	17,513,855	
Noncurrent assets					
Restricted cash and cash equivalents	9,741,533	-	10,489,013	-	
Investments	17,655,326	-	20,429,198	-	
Endowment investments	942,874	9,199,331	1,109,576	12,564,448	
Contributions receivable, net	-	42,978	-	61,346	
Loans receivable, net of current portion	886,585	-	1,041,035	-	
Capital assets, net	194,041,852	7,090,912	185,530,026	7,218,761	
Right to use asset, net	58,242,832	-	61,655,290	-	
Other noncurrent assets	44,928	86,734	61,942	140,920	
Total noncurrent assets	281,555,930	16,419,955	280,316,080	19,985,475	
Total assets	323,531,566	33,139,287	321,601,021	37,499,330	
Deferred outflows of resources					
Deferred outflow-OPEB	3,275,872	-	5,802,040	-	
Deferred outflow for pensions	4,122,377	-	7,386,093	-	
Total deferred outflows of resources	7,398,249	-	13,188,133	-	

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Net Position
June 30, 2022 and 2021

	2022	Component Unit Fitchburg State University Foundation, Inc. 2022	2021	Component Unit Fitchburg State University Foundation, Inc. 2021
Current liabilities				
Interagency payables - current portion	4,357,576	-	2,523,772	-
Long-term debt - current portion	-	234,096	-	225,884
Lease obligations - current portion	-	-	131,295	-
Accounts payable and accrued liabilities	4,454,814	114,087	4,624,744	85,085
Accounts payable - construction	1,908,088	198,784	1,396,551	536,901
Accrued workers' compensation - current portion	137,942	-	131,181	-
Compensated absences - current portion	3,485,913	-	3,243,931	-
Faculty payroll accrual	4,175,556	-	3,876,328	-
Revenue received in advance	4,380,867	-	8,891,959	30,000
Deposits	178,500	-	396,500	-
Lease liability - current portion	3,914,664	-	2,019,976	-
Other current liabilities	32,779	31,080	73,453	31,080
Total current liabilities	27,026,699	578,047	27,309,690	908,950
Noncurrent liabilities				
Interagency payables, net of current portion	47,375,218	-	52,498,686	-
Lease liability - right of use asset	61,555,355	-	64,059,699	-
Accrued workers' compensation, net of current portion	1,006,311	-	957,244	-
Long-term debt, net of current portion	-	4,021,615	-	4,147,702
Loan payable - federal financial assistance program	794,969	-	1,154,792	-
Net OPEB liability	14,073,004	-	25,852,605	-
Net pension liability	8,015,299	-	20,091,153	-
Total noncurrent liabilities	135,148,463	4,021,615	166,731,647	4,147,702
Total liabilities	162,175,162	4,599,662	194,041,337	5,056,652
Deferred inflows of resources				
Service concession arrangement	505,836	-	758,754	-
Deferred inflow - OPEB	14,142,424	-	6,269,569	-
Deferred inflow for pensions	8,917,207	-	779,813	-
Deferred inflow for debt refunding	2,528,646	-	2,125,859	-
Total deferred inflows of resources	26,094,113	-	9,933,995	-

**Fitchburg State University
(a department of the Commonwealth of Massachusetts)**

**Statements of Net Position
June 30, 2022 and 2021**

	<u>2022</u>
Net investment in capital assets	132,692,505
Restricted for:	
Nonexpendable	
Scholarships and fellowships	531,365
Cultural programs	-
Centennial endowments	-
Other	-
Expendable	
Scholarships and fellowships	278,503
Cultural programs	-
Loans	195,075
Capital projects	3,710,674
Debt service	10,570,560
Other	212,354
Unrestricted (deficit)	<u>(5,530,496)</u>
Total net position	<u>\$ 142,660,540</u>

PRELIMINARY DRAFT -
SUBJECT TO CHANGE

See Notes to Financial Statements.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	Component Unit Fitchburg State University Foundation, Inc. 2022	2021	Component Unit Fitchburg State University Foundation, Inc. 2021
Operating revenues				
Student tuition and fees	\$ 42,457,034	\$ -	\$ 44,257,345	\$ -
Student fees restricted for repayment of Interagency payables	4,837,507	-	5,276,977	-
Less: Scholarship allowances	<u>(7,835,655)</u>	<u>-</u>	<u>(6,182,413)</u>	<u>-</u>
Net student tuition and fees	39,458,886	-	43,351,909	-
Federal grants and contracts	18,757,360	-	14,698,939	-
State and local grants and contracts	682,352	63,050	987,641	-
Nongovernmental grants and contracts	1,017,652	-	907,446	-
Sales and services of educational departments	1,191,956	905,341	1,082,948	600,556
Gifts and contributions	-	782,146	-	1,432,611
Auxiliary enterprises:				
Residential life	8,473,010	-	6,470,991	95,326
Dining hall	2,892,019	-	2,094,729	-
Alcohol awareness and other programs	18,930	-	17,150	-
Right of use asset revenue	54,281	-	2,759,166	-
Other operating revenues	<u>754,549</u>	<u>-</u>	<u>550,859</u>	<u>-</u>
Total operating revenues	73,300,995	1,750,537	72,921,778	2,128,493
Operating expenses				
Educational and general				
Instruction	42,392,573	13,206	37,848,073	-
Research	90,700	-	118,083	-
Public service	1,265,684	88,155	994,361	19,198
Academic support	10,384,580	20,740	8,537,515	17,300
Student services	12,288,403	17,754	14,436,572	53,283
Institutional support	13,912,063	798,100	17,041,392	625,848
Operations and maintenance of plant	6,426,678	444,511	9,600,459	645,509
Depreciation	11,853,909	187,362	11,447,580	176,705
Amortization	4,822,776	-	4,898,878	-
Scholarships and awards	6,568,549	617,059	4,326,742	535,218
Auxiliary enterprises				
Residential life	9,471,523	-	6,330,598	39,091
Dining hall	2,788,477	-	2,219,352	-
Alcohol awareness and other programs	<u>17,978</u>	<u>-</u>	<u>1,961</u>	<u>-</u>
Total operating expenses	122,283,893	2,186,887	117,801,566	2,112,152
Operating income (loss)	(48,982,898)	(436,350)	(44,879,788)	16,341

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	Component Unit Fitchburg State University Foundation, Inc. 2022	2021	Component Unit Fitchburg State University Foundation, Inc. 2021
Nonoperating revenues (expenses)				
State appropriations	51,097,469	-	45,829,701	-
Investment income (loss), net of investment expense	(2,702,759)	(1,086,358)	3,126,637	1,610,654
Investment income (loss) on restricted assets, net of investment expense	65,153	(3,208,155)	45,573	4,665,478
Interest expense on Interagency payables and capital asset related debt	(4,218,159)	(180,464)	(5,782,650)	(192,661)
Loss on sale of capital assets	-	-	-	(587,581)
Net nonoperating revenues (expenses)	44,241,704	(4,474,977)	43,219,261	5,495,890
Income (loss) before capital and endowment additions	(4,741,194)	(4,911,327)	(1,660,527)	5,512,231
State capital appropriations	16,336,392	-	10,391,679	-
Capital grants	251,520	-	255,292	-
Private gifts for endowment purposes	-	1,008,274	-	334,214
Total capital and endowment additions	16,587,912	1,008,274	10,646,971	334,214
Increase (decrease) in net position	11,846,718	(3,903,053)	13,410,832	5,846,445
Net position - beginning of the year, as previously stated	130,813,822	32,442,678	121,827,378	26,596,233
Restatement (Note 28)	-	-	(4,424,388)	-
Net position - beginning of year, as restated	130,813,822	32,442,678	117,402,990	26,596,233
Net position - end of the year	\$ 142,660,540	\$ 28,539,625	\$ 130,813,822	\$ 32,442,678

See Notes to Financial Statements.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Tuition and fees	\$ 39,611,183	\$ 43,677,925
Research grants and contracts	25,504,157	11,902,872
Payments to suppliers	(26,150,196)	(24,531,396)
Payments to utilities	(4,952,785)	(4,445,721)
Payments to employees	(51,841,858)	(49,402,176)
Payments for benefits	(3,221,894)	(3,849,370)
Payments for scholarships	(6,568,549)	(4,683,734)
Loans issued to students	(1,771)	(1,540)
Collection of loans to students	156,222	235,049
Auxiliary enterprise receipts		
Residential life	8,509,451	6,469,330
Dining hall	2,892,019	2,094,729
Alcohol awareness program	18,930	17,150
Receipts from sales and services of educational departments	1,102,479	1,167,142
Other receipts (disbursements)	1,114,218	(584,965)
Net cash provided by (used in) operating activities	(13,828,394)	(21,934,705)
Cash flows from noncapital financing activities		
State appropriations	37,407,128	33,771,117
Tuition remitted to State	(492,322)	(468,982)
Gifts from grants for other than capital purposes	-	83,330
Net cash provided by (used in) noncapital financing activities	36,914,806	33,385,465
Cash flows from capital and related financing activities		
State capital appropriations	16,951,921	9,169,661
Loan programs net funds received	13,271	40,607
Capital grants	-	-
Federal loan funds received	346,127	269,425
Private gifts for capital purchase	49,802	(1,200)
Payments for capital assets	(19,835,579)	(15,480,678)
Principal paid on capital debt	(5,038,149)	(1,050,856)
Interest paid on capital debt	(4,562,468)	(1,568,632)
Net cash provided by (used in) capital and related financing activities	(12,129,355)	(8,621,673)

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from investing activities		
Purchase of investments	(4,263,836)	(5,263,668)
Proceeds from sale of investments	3,884,688	4,819,705
Earnings on investments	(734,914)	625,955
Interest on investments	516,758	416,581
Net cash provided by (used in) investing activities	(597,304)	598,573
Net increase (decrease) in cash, cash equivalents and restricted cash	10,359,753	3,427,660
Cash, cash equivalents and restricted cash, beginning of year	38,888,628	35,460,968
Cash, cash equivalents and restricted cash, end of year	\$ 49,248,381	\$ 38,888,628
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	\$ (48,982,898)	\$ (44,879,788)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Bad debt expense	164,148	103,825
Depreciation and amortization	16,676,685	11,447,580
Fringe benefits paid by the Commonwealth of Massachusetts	14,182,663	12,527,566
Change in net pension liability	(674,744)	2,812,130
Change in net OPEB liability	(1,380,578)	1,039,645
Changes in assets and liabilities:		
Receivables	10,272,676	(9,778,459)
Other current and noncurrent assets	(36,292)	(38,418)
Accounts payable and accrued liabilities	(242,424)	411,078
Accrued workers' compensation	55,828	610,301
Compensated absences	452,821	(380,344)
Accrued faculty payroll	299,228	(354,983)
Revenue received in advance	(5,126,622)	5,495,857
Other current liabilities	574,664	(1,209,554)
Deposits	(218,000)	25,350
Loans to students	154,451	233,509
Net cash provided by (used in) operating activities	\$ (13,828,394)	\$ (21,934,705)

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

	2022	2021
Schedule of noncash investing and financing activities		
Acquisition of capital assets	\$ 20,365,736	\$ 15,507,540
Acquisition of capital assets-ROUA	1,410,320	\$ -
Accounts payable thereon:		
Beginning of year	1,396,551	1,369,689
End of year	(1,908,088)	(1,396,551)
Net interest earned and incurred, capitalized in construction in progress	-	-
	\$ 21,264,519	\$ 15,480,678
Payments for capital assets		
Unrealized gain (loss) on investments	\$ (3,762,330)	\$ 2,381,159
Fringe benefits paid by the Commonwealth of Massachusetts	\$ 14,182,663	\$ 12,527,566
Capital grants - amortization of deferred inflows of resources - service concession arrangement	\$ 251,520	\$ 252,918
Capital debt and debt issuance costs		
Proceeds from capital debt	\$ -	\$ 47,638,203
Principal paid on capital debt	164,599	\$ (47,180,057)
Debt issuance costs	(164,599)	\$ (458,146)
Capital debt and debt issuance costs	\$ -	\$ -
Reconciliation of cash, cash equivalents and restricted cash balances		
Current assets		
Cash and cash equivalents	\$ 28,365,805	\$ 21,401,963
Restricted cash and cash equivalents	11,141,043	6,997,652
Noncurrent assets		
Restricted cash and cash equivalents	9,741,533	10,489,013
Total cash and cash equivalents	\$ 49,248,381	\$ 38,888,628

Petition to the Board of Trustees

We, the undersigned faculty and staff of Fitchburg State University, are:

- *Worried* about recent budgetary trends at the University that have prioritized the hiring of senior administrators;
- *Concerned* about how these hiring trends will impact our mission of providing an excellent education for all and our vision of being a “student-ready” university;
- *Apprehensive* about the structural deficit resulting from rapidly declining enrollments in the Day Unit and the recent and unprecedented operating deficits covered by HEERF monies;
- *Worried* by the lack of transparency regarding the true state of the University’s finances;
- *Looking* for leadership from President Lapidus on these issues.

We do hereby call on President Lapidus and the administration to:

- *Implement* a hiring freeze on new senior (non-unit) administrators;
- *Commit* funds to hiring staff dedicated to retention and recruitment;
- *Allocate* funds to hiring new faculty, preserving faculty lines, and building academic excellence at the University;
- *Increase* transparency regarding the fiscal and financial state of the University by holding a series of town halls specifically on these issues;
- *Create* a task force with representatives from the administration, faculty, staff, and students to develop a financial strategic plan for the next 5 years.