Selected Peer Financial Planning
Selected Peer Actions – FY21 Budget

Indiana University
- **Reduction target:** 5% general fund, FY21
- **Mitigation strategies:** Hiring chill, mid-year salary increase freeze, eliminate FY21 salary increases, strict purchasing and travel authorizations, delay capital projects, reduce initiatives funding, review foundation/restricted endowments for utilization

Ohio State University
- **Reduction target:** 5%, 10%, 20% planning targets, phasing unclear, aligned with Governor’s guidance
- **Mitigation strategies:** Hiring freeze, delay capital projects

University of Michigan
- **Reduction target:** $400M - $1B, includes three campuses and medical system
- **Mitigation strategies:** Hiring freeze, capital projects delay, expenditure controls, executive salary reductions, voluntary furloughs, delay capital projects, retirement match pause

Penn State University
- **Reduction target:** $160M
- **Mitigation strategies:** 3% unit reductions, postpone/cancel construction projects, others TBD
Selected Peer Actions – FY21 Budget

Rutgers University
- **Reduction target:** $200M
- **Mitigation strategies:** unit reductions 10% or greater, hiring freeze, salary reductions, furloughs/layoffs, postpone/cancel construction projects, travel suspended, reserves offset lost remaining disrupted revenues

University of Minnesota
- **Reduction target:** Up to $325M (projection based upon calendar 2020, fiscal year intervenes)
- **Mitigation strategies:** salary freeze for non-union employees, executive pay reductions, travel suspension, temporary furloughs/payroll reductions, temporary reduction to contribution to faculty retirement plan, early retirement buy-outs, unit-specific reductions under review

Northwestern University
- **Reduction target:** FY21 TBD
- **Mitigation strategies:** salary freeze, executive management pay reductions, suspension of university match on retirement through December 2020, increasing endowment payout, furloughs/layoffs, postpone/cancel construction projects, hiring freeze

Other peers as available
FY 2021 Budget Guidelines
- Include five percent general fund reduction for FY21 budget.

Other Actions -
- Freeze hiring of staff, with some exceptions
- Freeze mid-year salary increases
- Cancel previously approved FY21 salary increases
- Strictly limit travel and purchases
- Delay non-essential planned capital projects funded through IU
- Reduce Grand Challenge funding
- Review IU Foundation funds to ensure full utilization
Ohio State University

FY 2021 Budget Guidelines

- Requesting colleges and support unit to include budget scenarios of 5%, 10% and 20% reduction in spending
- This direction aligns with the governor’s instruction to all state agencies.

Other Actions

- Pause hiring with exceptions for essential services and key faculty and research positions
- Pause some capital projects
University of Michigan

Losses between $400MM and $1B through the end of 2020 calendar year.

FY 2021 Budget Guidelines

- Freeze hiring
- Pause salary and merit increases

Other Actions

- Eliminate non-essential / discretionary expenditures
- 10% salary reduction for the President and 5% for the executive officers, chief diversity officer and athletic director from May 1 to the end of 2020 calendar year
- Temporary voluntary staff furloughs (unpaid) and reduced hours
- Postpone construction projects
University of Michigan cont’d

Health System and Medical School – Expected loss of $130 – $230M in the health system and $80 – $100M negative variance in the medical school for the current fiscal year.

FY 2021 Budget Guidelines

- Freeze hiring, some exceptions
- Pause salary and merit increases, some exceptions
- FY21 retirement match suspended for faculty and staff, some exceptions
- Tuition reimbursement for continuing ed suspended, some exceptions

Other Actions

- Salary reduction - CEO MI Med and Dean Med School 20% and his direct reports, chairs and other leaders 5-15%
University of Michigan cont’d

- Attrition, Furloughs and Reductions in Force (RIF) - 300 open positions will not be filled. Plans to reduce work force by an additional 1,400 FTEs, either through furloughs or RIFs
- PTO sellback program on hold
- Non-critical / non-essential expenditures and capital projects paused
$100MM loss projected from Mar through Apr. At least $160MM loss in education and general funds projected in FY21.

FY 2021 Budget Guidelines
- 3% reduction in education and general fund budgets
- Potential freeze in tuition increase
- Saving of $60MM through delayed or deferred capital projects spend

Other Actions
- Freeze salary and hiring, some exceptions
- President voluntarily contributing 10% of salary to Assistance Funds
- Using CARES Act institutional funds to pay employees (mostly in auxiliary units and Office of Physical Plant) who do not have work at 50% of their salary from May 4 to June 30
Rutgers University

$200MM revenue loss projection for FY20.

FY 2021 Budget Guidelines

- Double-digit decrease built in budgets
- Potential freeze in undergraduate tuition and fees at current levels

Other Actions

- Hiring freeze, some exceptions
- Salary reduction from Apr end to Aug end –
  - President, chancellors, executive VPs, athletic director, head coaches for football and men’s and women’s basketball - 10%
  - VPs, provosts, vice chancellors, admin council deans and leadership team for Athletics – 5%
Rutgers University

- Freeze in non-contractual pay increases
- Other personnel options, including furloughs, reductions in force and further wage freezes under review.
- New capital construction projects paused, active projects to be reviewed.
- Discretionary spending suspended
- Ban on university-sponsored travel
- University’s limited reserve funds to be used to offset lost revenue
University of Illinois

Projections for additional expenditures, lost revenue and fee adjustments exceed $70MM as of July

FY 2021 Budget Guidelines

- None announced

Other Actions -

- Hiring under new guidelines and additional review processes
- Evaluating and forecasting –
  - Tuition
  - Multiple state funding scenarios
  - Revenues that might be lost either temporarily or permanently
University of Minnesota

Worst case scenario loss exceeding $325MM for the calendar year

FY 2021 Budget Guidelines

- Freeze 2020-21 tuition rates for most students systemwide—undergraduate, graduate, and professional, with a few exceptions.
- Freeze on salary increases or bonuses except labor-represented faculty and staff units with collective bargaining agreements.
- Temporary furloughs and/or payroll reductions
- Temporary reductions in the employer contribution to the Faculty Retirement Plan
- Early retirement option for interested staff and faculty.
- Additional unit-specific expense reduction opportunities under review
University of Minnesota

Other Actions -

- Hiring freeze, some exceptions
- Freeze on salary increase and bonus
- President and cabinet taking 10% salary cut from Jul 1 until operations return to normal
- 200 senior leaders contributing 1 full week of unpaid work before Jun 30th
- Ban on non-essential, University-funded travel until at least Jun 30
- Furlough or salary reduction program under review
Northwestern University

Projections for $90MM loss for current fiscal year.

FY 2021 Budget Guidelines

- Faculty and staff salaries at current levels (except when contractually required or salary adjustments associated with promotion and tenure decisions)

Other Actions -

- Pay reductions for senior leadership from 10-20%
- Suspending University’s 5% automatic and 5% matched contribution to retirement plans on pro-rated basis from Jun 11 to Dec 2020
- Temporarily increasing withdrawal rate from University’s endowment
Northwestern University

- Furlough about 250 staff members
- All facilities projects paused, some exceptions
- Hiring freeze except supported by external grant funding or critical
- Significantly slowing academic hiring and retentions
- Deferring discretionary spending
- Additional reviews / approvals for large expenditures
University of Wisconsin

Projections for $100MM loss assuming normal operations by Jun. Expecting 5% reduction in state tax dollar funding this fiscal year.

FY 2021 Budget Guidelines

- None announced

Other Actions -

- Most faculty, academic and university staff taking unpaid furloughs from May 15 to Oct. 31, 2020 as follows -
  - Earning over $150K – 6 days over six months (4.6% reduction per month)
  - Earning over $80K – up to $150K - 5 days (3.8% reduction per month)
  - Earning between $50K and $80K – 4 days (3.1% reduction per month)
  - Earning under $50K - 3 days (2.3% reduction per month)
  - Prorated salary adjustment for 9-month appointment employees
University of Wisconsin

- University provost, vice chancellors and president 15% pay reduction in the next six months, approximately equivalent of a 10% pay cut and 6 furlough days
  - Work-Share Program: under guidelines from the Wisconsin Department of Workforce Development (DWD) and the federal CARES Act.
  - Voluntary Leave Without Pay: Typically for part-time employees
  - The above HR actions will save up to $30MM
  - Employee work reassignments
  - Cancelling planned budget allocations and new investments
  - Freezing travel and limiting non-essential expenses
  - Deferring or altering some infrastructure projects
  - Enacting a partial hiring and salary freeze, with limited exceptions
University of Iowa

Projections for $176MM loss from Mar through Aug, not including UI Hospitals Clinics. UIHC and dental clinics suffered $70MM of losses and expenses in Apr.

FY 2021 Budget Guidelines

- Colleges and central service units determining yearly budgets based on projected revenue. Each college assessing potential changes in enrollment to model expenses under different scenarios for tuition and state appropriations.

Other Actions -

- Exploring several campus-wide actions to reduce operating expenses and improve cashflows.
FY 2021 Budget Guidelines -

- Reduce revenue budget by $110MM

- Reduce operating budget by 20% mainly through -
  
  - Salary Adjustment Model based on reduction by pay ranges and additional leave days.

  - Salaries reduction for employees not currently represented by AFSCME or AAUP from FY20 levels through FY21 -
    
    - President - 12.5%
    - Cabinet, deans and those with salaries of $200K or greater – 10%
    - $150K - $199K – 7%
    - $100K - $149K – 5%
    - $50K - $99K – 4%
    - $38K - $49K – 2%
    - Under $38K – No reduction
Kent State University

✔ Impacted staff to be granted leave days that may be used in lieu of or in addition to vacation days to be taken during FY21 -
  • Staff with salaries of $50K or more receive 10 leave days
  • Staff with salaries of $38K - $49K receive 5 leave days

➢ Layoffs and Job Eliminations - Number impacted depends on COVID-19 severity and current employees not represented by AFSCME or AAUP who participate in the following voluntary separation incentive package -
  • Three months’ salary.
  • An additional three months salary or $20K (whichever is less).
  • Retention of tuition waiver benefits for four years.
  • Option of continuing healthcare coverage for up to six months (employee continues to pay their premium contribution).
  • Payout of current leave time according to university policies.
Kent State University

Other Actions -

- Hiring freeze to continue through FY21
- New campus construction projects postponed
- University-sponsored travel paused
- Limit or eliminate discretionary spend (office supplies, postage, printing, construction projects, professional and consulting services)
- No overtime authorized or worked
- Funding for canceled events to be retained and unspent