

Dear students, faculty, and staff,

Since the COVID-19 pandemic began, the wellbeing of our University family has guided every one of our decisions. That was true again today, when the University's Board of Regents adjusted the start dates for the Comprehensive Student Fee Refund Plan at my request. The plan will now prorate student financial credits for housing, dining, and other fees starting from the first day classes were scheduled to resume after spring break (March 16 on the Duluth, Rochester, and Twin Cities campuses, and March 23 at Crookston and Morris). I also shared with the Board my intent to propose a tuition freeze for the 2020-21 academic year, which will be subject to Board approval during the budgeting process later this spring.

We are now entering a new phase of our approach to COVID-19. [Today the Board reviewed the University's response to COVID-19](#), including initial forecasts that outline potential financial losses our University may face in the future. This discussion is particularly important now, as we prepare the University's proposed budget for the upcoming fiscal year, which begins July 1.

I'm reaching out to share important actions my leadership team will implement in the coming months to offset the costs and revenue losses that the University has already incurred, but more importantly, to continue our world-class excellence in education, discovery, and service while continuing to support our employees as much as possible given our current situation.

Prioritizing our most important resource: faculty and staff

This work will begin with a request to all units across the University system to consider reduced budget scenarios for the next academic year. In addition, we will take the following systemwide actions:

- I will take a 10% salary cut starting July 1 and continuing until the University's operations return to normal. Those serving in my cabinet will do the same.
- Approximately 200 of the University's senior leaders will contribute a full week of unpaid work before the end of the current fiscal year on June 30.
- For all employees, we will not be in a position to offer merit increases, bonuses, or other salary adjustments in the upcoming fiscal year. This does not include labor-represented units with collective bargaining agreements.

I understand that these collective sacrifices will affect each person differently. As we make these changes to compensation, please know that retaining our faculty and employees, their healthcare benefits, and ultimately, their positions are my top priorities. The actions noted above will provide an estimated \$50 million in savings without eliminating jobs.

Preparing for the future

We know we will have to change the ways we steward our resources, in both the near and long term, to manage the financial effects of the pandemic. To that end, I have formed two teams that will report to me and provide recommendations for the Board and me on two very important topics.

The first team, focused on finance and operations, will examine opportunities for operational and personnel cost savings, with an emphasis on maintaining employee headcount so that the University is appropriately staffed and ready when regular operations resume.

The second team, focused on our larger statewide mission, will examine opportunities for the University to thrive in the future, including potential new approaches to enrollment, programming and courses,

research, and other efforts to ensure the University remains an attractive choice for top students, faculty and staff.

Confronting our budget challenges

It is too early in our response to COVID-19 to estimate the total financial impact of the pandemic, especially given the number of variables and unknowns that lie ahead. But we cannot delay in developing our detailed financial plans for the coming year, which we expect to present to the Board in May. With this in mind, we shared with the Board three speculative scenarios based on the best information we currently have.

1. A theoretical “best case” scenario where summer and fall activities returned to near-regular operation. As you read in my email yesterday, this scenario will not occur as Summer 2020 courses systemwide will be delivered in alternative formats. This model anticipates approximately \$77 million in financial losses.
2. A moderate scenario that assumes extended reduced operations will continue through the summer, along with non-trivial effects lingering into the fall semester as the University transitions toward more regular operations. This scenario anticipates financial losses of approximately \$163 million.
3. A more challenging scenario in which reduced operations continue into or beyond fall 2020, a model that indicates the University may experience financial losses greater than \$315 million.

Again, these numbers are approximate and contingent on many factors outside of our control. We don't know exactly what the future holds. We share them now to illustrate what appears to be the only certainty we know today. We will be confronted with significant financial challenges, and these challenges will grow as more time passes before the University resumes more routine operations.

As we look to the immediate and long-term future, we are identifying ways to live within our means while maintaining the excellence and leadership that all Minnesotans expect from their University.

I recognize that you have expended an enormous amount of effort as you have adapted to this new reality, and I'm certain we will be asking you to do more to contribute to sustaining our University. I am incredibly grateful for what you have done and what you will do.

With warmest regards,

Joan Gabel