

Subject: Actions in response to COVID-19 financial impact

Date: Tuesday, April 21, 2020 at 8:58:49 AM Eastern Daylight Time

From: UofL President,Service Account

To: UofL President,Service Account

Dear Cardinal Family,

The impact of the COVID-19 pandemic on our University, hometown, state and nation has created a great deal of uncertainty for all of us. From the very beginning, I have expressed to all of you that my utmost responsibility is to protect the health and well-being of our students, faculty and staff during this unprecedented time. I view each of you as an integral thread in the tapestry of the university.

When contemplating difficult and painful decisions on how best to address the significant financial challenges posed by the pandemic, my leadership team and I have used our [Cardinal Principles](#) to guide us. We continue to be as transparent as possible and inclusive in our deliberate process, engaging with more than 50 university leaders, including deans, vice presidents, vice provosts, shared governance leaders and others, to ensure that all corners of our university community are included and informed.

Two weeks ago, we wrote to you to make you aware of current and potential plans for addressing our financial situation. Currently, we face a \$39 million shortfall for Fiscal Year 2020, in addition to a \$15 million projected loss by our Athletic Department through Fiscal Year 2021, and we have implemented strategies to address much of that deficit.

In an effort to protect the vast majority of our employees, we immediately initiated pay reductions for our senior leadership, our athletics' senior-level administrators and head coaches, and for any university employee whose total compensation is above \$100,000. In addition, we initiated a hiring freeze across the campus and executed various levels of spending reductions. On a positive note, we are slated to receive approximately \$12.5 million in federal stimulus funds, with just over one half allocated to students for emergency aid and the remaining \$6.2 million applied to the deficits created by the COVID-19 global health crisis. Other actions that we have already undertaken are detailed in the [attached video](#).

Unfortunately, these aggressive actions are still insufficient to fill the financial hole created by this unprecedented emergency.

Therefore, it is necessary that we now take the following actions:

- University retirement contributions for all employees will be stopped from May 1 through July 31.
- Some staff members will be subject to a temporary furlough at the discretion of their unit's vice president, dean or vice provost. These furloughs could be for two weeks, one month or for an indefinite amount of time depending in large part on the duration of the COVID-19 situation.
- All faculty and some staff members who earn between \$58,000 to \$99,999 will see a 1% pay reduction for the months of May and June.

Suspension of our retirement match program was not an easy decision, but it is a fair process that will

be shared by all faculty, staff and administrators. By temporarily stopping retirement contributions for three months, the university will save an additional \$9 million. When institutions of our size face financial situations such as this, it is both common and advised to temporarily stop retirement contributions. We hope to return to regular funding of the retirement match program on August 1.

Vice presidents, deans and vice provosts now must make difficult decisions for how their specific units will respond to any lack of funding, facility closures, or reductions to their service volume. Supervisors will soon begin informing specific staff members of either a temporary 1% reduction to their pay or a temporary change to their employment status in the form of a furlough. Faculty and staff earning less than \$58,000 will not be subject to the 1% reduction. The combination of temporary pay reductions and furloughs will generate approximately \$3 million in savings.

Rather than pursuing large-scale traditional layoffs or reductions in force (RIFs), we want to preserve our employment relationships with our valued team members as much as possible by utilizing furloughs. Employees who are furloughed will be notified in writing at least seven days in advance and then be temporarily put on leave without pay for two weeks, one month or for an indefinite period of time, based on the university's return to normal operations. The dates of the furloughs will be determined by supervisors, and we've provided more details in the attached [FAQ document](#).

Among the Cardinal Principles is that we are a Community of Care, and we are taking measures to lessen the financial impact on our furloughed employees as much as possible. Individuals who are furloughed will remain UofL employees, and the university will cover the full cost – including both employer and employee premiums -- of their health insurance. Furloughed employees will also maintain access to their tuition remission and other benefits. All furloughed employees will be eligible to apply for unemployment insurance benefits, and the university will provide support throughout the process. HR will provide more information to those affected.

Resources Available to You

We understand the hardship that these decisions will cause for affected employees. I urge any staff facing financial difficulties to consider applying for the [Staff Help Assistance Relief Effort](#) program. The SHARE program recently received a sizable donation from an anonymous donor for the very purpose of supporting staff affected by a hardship.

We also understand that there may be specific questions that you may have about your unique circumstances. Please be sure to thoroughly read the attached [FAQ document](#) that addresses many different questions and concerns related to these decisions. Should you have further questions, please contact your supervisor.

Every member of our Cardinal family will be affected by the actions that we are announcing today; admittedly, some more than others. I ask that everyone continue to show compassion to our colleagues and that we remain united through the coming weeks.

Looking Ahead

Despite our collective wishes for some certainty, we simply do not know how long this situation will last or just how deep the financial pain may run. The actions that we are taking today are based on projections that the university will not return to normal operations until at least June 30. If the impacts

of the COVID-19 pandemic continue for a longer period of time, or if we face an enrollment decline that results in a cut to our state funding, our financial position and budget may be altered further. The Leadership Team and I continue to work tirelessly to find alternative methods to reduce operating expenses and to protect as many jobs as possible. We are fighting to minimize the disruption to our Cardinal family.

We will continue to keep compassion, transparency and all of our Cardinal Principles at the forefront of our minds when addressing our financial realities.

We will get through this together and we will continue to communicate with you every step of the way.
Neeli Bendapudi