

Proposal for Budget Reductions for the FY21 Fiscal Year

Marshall University



The COVID-19 pandemic has increased costs at Marshall University and created great uncertainty about the budget for FY21. There is a high probability that the fall enrollment at Marshall and the associated tuition revenue will be decreased, perhaps as much as 10% or more. In anticipation of decreased revenue in excess of \$12 million, the Budget Work Group was given the task of recommending two levels of budget reductions: Level 1 at \$15 million and Level 2 at \$25 million. It is anticipated that Level 1 will be required but there will be enrollment and revenue triggers for Level 2.

The recommendations of the Budget Work Group were reviewed, and the targeted savings goals below for Level 1 and Level 2 were developed. The Budget Work Group made it clear that their preference was to preserve the jobs of permanent employees if at all possible. That sentiment was reflected in some ways in their recommendation of temporary, campus-wide salary cuts for employees whose salaries were \$50,000 or greater. However rather than implement the full salary reduction recommendation as proposed to President Gilbert, it was decided to stage the salary reductions. Part 1 temporary salary reductions are to begin July 4 for employees whose salaries are \$100,000 or greater. Possible Part 2 temporary salary reductions for employees whose salaries are greater than \$50,000 and less than \$100,000 would begin August 29 only if necessary and only after an evaluation of fall enrollment and associated tuition revenue. If revenues are deemed sufficient, salaries could be reinstated to their previous levels prior to the end of the one-year temporary reduction period.

Note: In a separate process, the university funds to the Athletic budget will be reduced by \$3.4 million.

LEVEL 1 Reductions

1. **Campus-wide Salary Reductions** **\$3,046,000**

On July 4, salary reductions will be put in place for employees whose salaries are \$100,000 or greater. This will be Part 1 of the reductions and the reductions will range from 5.6% to 15%. Part 1 will yield an annual savings of \$1,485,000 and it will impact about 140 employees. These will be temporary salary reductions for a period up to one year.

If the Fall 2020 enrollment and tuition revenue decrease is such that additional savings are needed, Part 2 of the salary reductions will be implemented, and it will include employees whose salaries are greater than \$50,000 and less than \$100,000. Reductions percentages for this group of employees will range from less than 1% to 5.6%. Part 2 will yield an annual savings of \$1,561,000 and it will impact about 650 employees. These will also be for a period up to one year.

Implement July 4, 2020 and possibly August 29, 2020

2. **Position Freeze** **\$1,500,000**

The university will implement a hard freeze on the filling of vacant positions. Only critical positions will be filled and they must have presidential approval.

Implement June 1, 2020

3. **Course Management to Reduce Cost of Instruction** **\$1,200,000**

By reducing the number of course sections, the number of adjuncts, temporary faculty, and overloads will be reduced. Academic Affairs will be working aggressively to reduce low enrollment sections, elective offerings which are not essential, the number of special topics, and other items to increase efficiency.

Implement July 1, 2020

- 4. Reduction in the Number of Graduate Assistants** **\$2,000,000**
- There will be a significant reduction in the number of university-funded graduate assistants. Most of these will not be teaching assistants whose teaching is critical to delivery of our instructional programs. When deciding which ones to reduce, consideration will be based on need, severity of the impact and other items.
- Implement July 4, 2020
- 5. Reduction in the Number of Student Workers by 50%** **\$ 800,000**
- The duties performed by many student workers in units will have to be reassigned to permanent employees, graduate students, or other employees within the various units.
- Implement July 4, 2020
- 6. Operating Budget Cuts** **\$2,500,000**
- Every unit on campus will have their university-funded operating budgets reduced. Additionally, the university will leverage its centralized buying power to realize reduced costs of standard office supplies and other office equipment. The Budget Office will implement a zero-based budget exercise for the first quarter of FY21 and adjust accordingly once enrollment and operating sources are known.
- Implement July 1, 2020
- 7. Reduction in Housing Operations and Maintenance** **\$ 500,000**
- The staff in Housing and Residence Life will find ways to reduce expenses associated with housing operations and maintenance.
- Implement July 1, 2020
- 8. Travel Freeze** **\$1,400,000**
- All travel on university funds have been suspended as of May 1, 2020. This will not apply to travel funded by grants, MURC, or the MU Foundation.
- Implement May 1, 2020
- 9. Reduction in Scheduled Events** **\$ 250,000**
- University funds for honoraria, dinners, socials, receptions, concerts, etc will be eliminated or severely reduced.
- Implement July 1, 2020
- 10. Reduction in University Maintenance** **\$ 180,000**
- The university will reduce spending of university funds on renovations and preventative maintenance.
- Implement June 1, 2020
- 11. Utility Savings** **\$ 95,000**
- Starting in the summer of 2020, Physical Plant will develop seasonal energy plans for saving cooling and heating costs.
- Implement June 1, 2020
- 12. Reduction in Bond Payments** **\$1,000,000**
- The university refinanced two existing revenue bond in April of 2020. The refinancing will enable the university to realize \$1 million in savings for bond payments in FY21.
- Implement May 1, 2020

13. Suspend Temporarily Copier/Printer Purchases	\$ 75,000
The university will temporarily suspend purchases related to printing and photocopying equipment for FY21.	
Implement July 1, 2020	
14. Establish More Efficient Management of Printing	\$ 150,000
The university will pursue two avenues to reduce its total annual spending for printing: (1). a sole source vendor or (2). a managed printing contract.	
Implement July 1, 2020	
15. Replace In-Person Candidate Interviews with Virtual Interviews	\$ 50,000
All interviews in FY21 with candidates will be conducted via Skype, Teams, etc. An exception would be granted to the finalist in searches.	
Implement July 1, 2020	
Total Potential Savings of LEVEL 1	\$14,746,000

LEVEL 2 Reductions (Some of these measures *may* be implemented, if necessary, after fall enrollment is known.)

1. Additional Campus-wide Salary Reductions	\$2,000,000
Layoffs will be discussed and further reductions in salaries for those whose salaries are above \$50,000.	
Implement August 29, 2020	
2. Campus-wide Temporary "Furloughs"	\$1,500,000
All employees with salaries over \$50,000 will be required to take the equivalent of six days of unpaid leave. For each unpaid leave day, the employee will be granted an extra day of paid administrative leave.	
Implement August 29, 2020	
3. Reduction in Administrative Stipends	\$1,750,000
All administrative stipends will be temporarily eliminated for most administrators. Those who retain the stipend will have it significantly reduced.	
Implement August 29, 2020	
4. Additional Course Management to Reduce Cost of Instruction	\$1,200,000
All non-tenure-track positions in instructions will be evaluated for possible elimination. Course sections will be reduced in number and minimum class size increased. Academic Affairs will be working aggressively to reduce further low enrollment sections, elective offerings which are not essential, the number of special topics, and other items to increase instructional efficiency.	
Implement beginning August 24, 2020	

5. Additional Reduction in the Number of Graduate Assistants	\$2,000,000
Most of the further reduction in graduate assistants will occur in the spring 2021 semester, if required.	
Implement beginning August 24, 2020	
6. Additional Operating Budget Cuts	\$3,000,000
Further reductions will be put in place. Cell phone and internet stipends should be considered as part of this reduction.	
Implement September 1, 2020	
7. Additional Reduction in Housing Operations and Maintenance	\$ 250,000
There will be further reductions expenses associated with housing operations and maintenance.	
Implement September 1, 2020	
 Total Potential Savings of LEVEL 2	 \$11,700,000

Note: we will only start the implementation of Part 2 of the Campus-Wide Salary Reductions (from LEVEL 1) if the fall enrollment dictates. Fall Enrollment will also determine the necessity of implementing LEVEL 2 actions.

-- Possible savings from LEVEL 1 and LEVEL 2 would be \$26,446,000. --

Appreciation: Thanks go to the Marshall University Budget Work Group. This document was produced with input from the Budget Work Group led by Vice President Mark Robinson. They reviewed information that had been sent to them by the President, information provided by Vice President Robinson, and suggestions through email from the university at large. Members of the Budget Work Group are: Mark Robinson (Chair), Jason Baldwin, Ed Aractingi, Christopher Adkins, Tony Waugh, Charles Braun, Robert Bookwalter, Monica Brooks, Tracy Christofero, Maurice Cooley, Katrina Eskins, Philippe Georgel, Ginny Painter, Dan Holbrook, Carol Hurula, Sissy Issacs, Brandi Jacobs-Jones, Kelli Johnson, Stephanie Rogner, Michael McGuffey, Brian Morgan, Michael Prewitt, Chuck Somerville, David Steele, Jaime Taylor, and Miriah Young.

Appendix 1. Summary Tables of Projected Savings

LEVEL 1 Reductions		
	Start Date	Amount
1. Campus-wide Salary Reductions	4 Jul 2020 *	\$ 3,046,000
2. Position Freeze	1 Jun 2020	\$ 1,500,000
3. Course Management to Reduce Cost of Instruction	1 Jul 2020	\$ 1,200,000
4. Reduction in the Number of Graduate Assistants	4 Jul 2020	\$ 2,000,000
5. Reduction in the Number of Student Workers by 50%	4 Jul 2020	\$ 800,000
6. Operating Budget Cuts	1 Jul 2020	\$ 2,500,000
7. Reduction in Housing Operations and Maintenance	1 Jul 2020	\$ 500,000
8. Travel Freeze	1 May 2020	\$ 1,400,000
9. Reduction in Scheduled Events	1 Jul 2020	\$ 250,000
10. Reduction in University Maintenance	1 Jun 2020	\$ 180,000
11. Utility Savings	1 Jun 2020	\$ 95,000
12. Reduction in Bond Payments	1 May 2020	\$ 1,000,000
13. Suspend Temporarily Copier/Printer Purchases	1 Jul 2020	\$ 75,000
14. Establish More Efficient Management of Printing	1 Jul 2020	\$ 150,000
15. Replace In-Person Candidate Interviews with Virtual Interviews	1 Jul 2020	\$ 50,000
Total Potential Savings of LEVEL 1		\$14,746,000

**Temporary salary reductions will begin July 4, 2020 for employees with salaries of \$100,000 or greater (Part 1). If necessary, salary reductions for employees with salaries greater than \$50,000 and less than \$100,000 will begin on August 29, 2020 (Part 2).*

LEVEL 2 Reductions**		
	Start Date	Amount
1. Additional Campus-wide Salary Reductions	29 Aug 2020	\$ 2,000,000
2. Campus-wide Temporary "Furloughs"	29 Aug 2020	\$ 1,500,000
3. Reduction in Administrative Stipends	29 Aug 2020	\$ 1,750,000
4. Additional Course Management to Reduce Cost of Instruction	24 Aug 2020	\$ 1,200,000
5. Additional Reduction in the Number of Graduate Assistants	29 Aug 2020	\$ 2,000,000
6. Additional Operating Budget Cuts	1 Sep 2020	\$ 3,000,000
7. Additional Reduction in Housing Operations and Maintenance	1 Sep 2020	\$ 250,000
Total Potential Savings of LEVEL 2		\$11,700,000

***LEVEL 2 will be only implemented after fall enrollment is known and additional cuts are necessary.*

Appendix 2. Temporary University Pay Cuts

In response to continuing budget challenges and likely decline in tuition revenue for FY21, we will be implementing pay reductions for employees making an annual salary of greater than \$100,000, starting July 4, 2020. This will be Part 1 of a two part salary reduction plan. These reductions are temporary and will be for a projected period of time of one year or less. Part 2 will begin on August 29, 2020, if necessary.

The salary reduction percentages are nonlinear and progressive and some representative data points are presented on this page for both parts of the reduction plan.

PART 1 – Starting on 7-4-2020, salaries above \$100,000 will be reduced. The reduction percentages start at a low level at \$100,000 and increase progressively. Some example percentages for Part 1 are shown below.

<u>Reduction</u>	<u>Salary</u>
6%	\$107,900
7%	\$133,800
8%	\$175,400
9%	\$215,400
10%	\$262,400
15%	\$470,000

PART 2 – Possibly starting on 8-29-2020, if necessary, salaries between \$50,000 and \$100,000 will be reduced. The reduction percentages start at a low level at \$50,000 and increase progressively. Some example percentages for Part 2 are presented.

<u>Reduction</u>	<u>Salary</u>
1%	\$54,800
2%	\$60,750
3%	\$68,450
4%	\$77,775
5%	\$90,000

NOTE: A table with exact proposed salaries after the salary reductions can be found on MyMU in “My Pay.”