



CAMPUS CONVERSATION:
COVID-19 Response and Budget

WHAT WE WILL DO TODAY

- ✓ How Today Will Work
- ✓ Mountaineer Values at Work
- ✓ The Federal CARES Act
- ✓ Our Budget Reality
- ✓ Impact on Revenues
- ✓ University Activity to Reduce Expenses
- ✓ Contingency Planning

HOW TODAY WILL WORK

- / Hear from Maryanne and Rob
- / Open question-and-answer session

FEDERAL CARES ACT

- ✓ West Virginia University is expected to receive **\$20.2 million** from the federal **Coronavirus Aid, Relief and Economic Security (CARES) Act**.
- ✓ Funds will be received in two equal installments:
 - ✓ The first installment of approximately **\$10 million** will be used to provide emergency assistance to students with financial need stemming from COVID-19-related disruption of campus operations, including cost of attendance expenses such as food, housing, course materials, technology, healthcare and childcare.
 - ✓ As a result of this funding, WVU announced a program that will disburse direct cash grants to students following Department of Education guidance.
 - ✓ The second approximately **\$10 million** installment, expected later this spring, also must be used to cover costs associated with significant changes to the delivery of instruction due to COVID-19. The University is expected to use these moneys to offset the more than **\$13.6 million** in housing and dining refunds that we have paid to our students.

OUR BUDGET REALITY

- / WVU operates on very small operating margins.
- / While we ended last year with **70 days** of cash on hand, our operating reserves lag behind our peers, who have in excess of **100 days** cash on hand. And we are very likely to have less than **60 days** of cash on hand by year end.
- / Days cash on hand is one factor the rating agencies review and may affect our financial rating.
- / Due to expenses related to the VSIP and a repayment of the Perkins Loan Program moneys owed to the Federal Government, we expected to end FY2020 with a small deficit prior to this crisis.
- / Given current revenue and expense assumptions, we expect the University could lose between **\$30 million** and **\$40 million** by the end of this fiscal year.

IMPACT ON REVENUES

- As a result of moving to all online classes effective **March 30**, WVU refunded approximately **40%** of housing and dining fees, which resulted in a loss of revenue of **\$13.6 million**.
- Due to social distancing guidelines, all summer 2020 courses were moved to online instruction. As a result, we expect revenue from tuition, fees and auxiliary revenue in the Fourth Quarter of this Fiscal Year to decline by as much as **\$20 million** over the same time period last year.
- Grant revenue is expected to decline by approximately **\$5 million** as activity is restricted to non-lab work. Therefore, supply usage and reimbursement will be reduced.
- Revenue from sales and services of educational activities is expected to decline by about **\$7 million**. This category includes farm sales, conference fees, royalties, instrument sales, etc.
- We also expect that gift revenue may decrease this quarter by several million.
- Due to the cancellation of the Big 12 women's and men's sports competitions, and as a result of extending the payment plan options for 2020 football tickets, WVU Athletics revenue is expected to decline and faces an uncertain future.

UNIVERSITY ACTIVITY TO REDUCE EXPENSES

- WVU expects to save about **\$31 million** across various expense categories, including travel, general office expenses, advertising and promotions, computer and software purchases, etc.
- The University also is planning to defer the payment of the employer portion of the **6.2%** social security taxes on wages (part of FICA) as allowed by the CARES Act. WVU will have to pay **50%** of such deferred payroll taxes by **Dec. 31, 2021**, and the remaining **50%** by **Dec. 31, 2022**.
- The University has evaluated its capital projects that have either begun or are slated to begin construction and identified projects that can be delayed or suspended. WVU expects to save about **\$10 million** in such capital expenditures.

CONTINGENCY PLANNING: REVENUE AND EXPENSE PLANNING

- ✓ WVU is reviewing a number of measures to plan for the fall.
- ✓ We are planning based on several revenue scenarios relating to tuition and state appropriations.
- ✓ The University also is undertaking planning relating to how we manage our expenses within those budget realities. Depending on how enrollment plays out into the fall, we could have significant cost reductions necessary to manage our University budget.
- ✓ The planning for FY2021 in light of the current crisis already is underway, and management hopes to have plans developed over the next several weeks for consideration.
- ✓ We also are considering furloughs over the next several weeks.

CONTINGENCY PLANNING: POTENTIAL TEMPORARY FURLOUGH

- WVU is exploring additional measures to prioritize funding to satisfy our financial obligations while also considering the ongoing needs of our students, faculty and staff.
- As a last-resort measure, the University is considering a temporary furlough plan for designated staff employees across WVU.
- A temporary furlough is a temporary reduction of force with an expectation of returning to work.

CONTINGENCY PLANNING: POTENTIAL TEMPORARY FURLOUGH

/ Guiding Principles:

- / If enacted, a temporary furlough should not adversely affect the delivery of course instruction or essential services at the University under current operating conditions.
- / Given the resources currently available through state and federal programs, the temporary furlough contingency plan has been designed to avoid financial hardships furloughed staff would experience.
- / Eligibility for complete wage replacement of an employee's annual base salary through unemployment compensation would be a key factor in determining staff who would be considered for furlough.

CONTINGENCY PLANNING: POTENTIAL TEMPORARY FURLOUGH

- /// If enacted, the temporary furlough plan would apply to WVU and its divisional campuses (WVU Potomac State College and WVU Institute of Technology).
- /// Employees who would be considered for temporary furlough include temporary workers and 12-month benefits- and non-benefits eligible:
 - /// Classified employees
 - /// Non-classified employees
 - /// Academic professionals (non-teaching)
- /// To ensure continuity of the educational experience, the following employees would not be considered for temporary furlough:
 - /// Faculty
 - /// Staff scheduled to teach a course during the furlough period
 - /// Student employees
 - /// Federal work study and graduate student assistants

CONTINGENCY PLANNING: POTENTIAL TEMPORARY FURLOUGH

- ✓ Depending on operational needs, potentially furloughed staff would return to active employment on one of the following dates:
 - ✓ **Sunday, June 28, 2020**
 - ✓ **Sunday, July 26, 2020**
- ✓ If the plan is enacted, staff selected for temporary furlough would be notified on **Friday, May 8**.
- ✓ After a one-pay-cycle-notice period, the employee's last day on WVU payroll would be **Saturday, May 23**.

CONTINGENCY PLANNING: POTENTIAL TEMPORARY FURLOUGH

- Example wage analysis for a staff member transitioning to temporary furlough status who makes an annual base salary of **\$40,000** + **6%** employer retirement match:

- Standard weekly wages and employer retirement match: **\$815.38**

- Weekly wages: **\$769.23**

- Weekly employer retirement match (6%): **\$46.15**

- Total weekly unemployment compensation: **\$1,023**

- Weekly WV unemployment compensation: **\$423**

- Weekly federal pandemic unemployment compensation: **\$600**

- Additional weekly compensation earned while on unemployment: **\$207.62**

- June 28 Return-to-Work Date (five weeks off work): The staff member would see an increase in total compensation of **\$1,038.10**.

- July 26 Return-to-Work Date (nine weeks off work): The staff member would see an increase in compensation of **\$1,868.58**.

CONTINGENCY PLANNING: POTENTIAL TEMPORARY FURLOUGH

- ✓ Staff on temporary furlough would continue insurance benefits, if elected. WVU would continue to pay the employer's share of the premium during the temporary furlough period and staff would continue to be responsible for the employee's share of the premium.
- ✓ Other voluntary benefits may be continued as long as the staff member would agree to pay for any required premium amounts.
- ✓ Staff on temporary furlough would not be able to take annual leave, sick leave, CTO or any other type of paid leave during the furlough period, nor would they be eligible for holiday pay.
- ✓ Annual leave and sick leave would not be accrued during temporary furlough.
- ✓ Annual leave, sick leave and CTO balances would be frozen until staff return to work and would not be eligible for payout.
- ✓ A temporary furlough would not affect leave conversion rights for retiree health insurance premiums.

CONTINGENCY PLANNING: POTENTIAL TEMPORARY FURLOUGH

- ✓ Staff on temporary furlough would continue to accrue years of service for most categories if they return to work on **June 28**. This includes:
 - ✓ Annual leave years of service for classified staff
 - ✓ Annual increment (longevity) years of service
 - ✓ Benefits-eligible years of service for TIAA and PEIA subsidized retiree health insurance (used to determine retirement eligibility)
- ✓ Under current laws and policies, staff who return to work on **July 26** would not accrue years of service for some categories. WVU would continue to explore options for resolving this issue.
- ✓ Because performing work activity of any kind would be strictly prohibited, access to email, other WVU systems and campus buildings for furloughed staff would be restricted throughout the temporary furlough period.

QUESTIONS?

CONTACT INFORMATION

- Visit coronavirus.wvu.edu for the latest COVID-19 news, information and resources.
- An archived version of this Campus Conversation will be available at bureaucracybusters.wvu.edu/campus-conversation.
- You may continue to submit questions to campusconversations@mail.wvu.edu.
- Stay tuned for upcoming Campus Conversations.