

Sent on behalf of the Office of Finance and Administration

Dear Colleagues,

We were well on our way toward a fourth straight balanced budget this past spring - before \$7.5 million in state allocation reductions and other COVID-related revenue losses forced us to use some of our collective reserves to cover year-end costs.

Working with faculty, staff and student leaders, we crafted a budget plan that reduced our operating budget by \$21M for FY 2021. The overarching goal was to provide outstanding educational programs to students while also balancing our budget. The budget plan included a salary reduction affecting 52 percent of our workforce – which we promised to revisit quarterly throughout FY 2021.

Despite receipt of some CARES Act federal funding and progress in reducing overall expenditures, we are not in a position to discontinue the salary reductions during the second quarter of FY 2021 because of uncertain state support and lower-than-expected enrollment for the fall semester. We will reassess the issue again in December in the hope that our budget outlook has improved significantly enough to suspend the salary reduction.

We will also engage with the University Assembly Budget and Planning Committee in the near future to provide a full update on budget activities. In the meantime, please continue to practice budget restraint and support for campus-wide and unit efforts to enhance student enrollment and retention.

Sincerely,

Tanika Busch
Interim Vice Chancellor and Chief Financial Officer

James Hertel
Executive Director, Human Resources

Shared sense of fiscal responsibility has helped UMSL weather financial storms – but COVID has taken a toll

- UMSL was on its way toward a fourth straight balanced budget or surplus in early spring.
- State reductions and other COVID-related revenue losses cut deeply – resulting in use of our collective reserves to cover costs.



UMSL We transform
LIVES

UNIVERSITY OF MISSOURI-ST. LOUIS

Distributed May 19, 2020

Dear Colleagues,

Our university community has worked diligently to ensure a sustainable approach to financial planning – an approach that has realized a balanced budget for the last three consecutive years. Now, in this time of crisis, our university must again take bold actions to sustain its critical mission to transform lives through education, research, service and economic development.

Today, we write to share a decision to enact a temporary, university-wide salary reduction that will affect just over half of our faculty and staff, including those in grant-funded positions. Effective June 1, 2020:

- Employees who earn less than \$50,000 – 48 percent of our workforce – are excluded from this action.
- Employees who earn between \$50,000 and \$74,999 – 31 percent of our workforce – will take a 2.5 percent pay reduction.
- Employees who earn between \$75,000 and \$99,999 – 11 percent of our workforce – will take a 5 percent pay reduction.
- Employees who earn between \$100,000 and \$124,999 – 5 percent of our workforce – will take a 7.5 percent pay reduction.

- Employees who earn \$125,000 or more – 5 percent of our workforce – will take a 10 percent pay reduction.

The Executive Policy Group approved this plan with input from the University Assembly Budget and Planning Committee. It creates an equitable baseline for employees across campus – limiting the impact for 80 percent of our employees to 2.5 percent or less.

These reductions are planned for up to 12 months, but will be assessed every three months given evolving budgetary impacts. In total, this action could realize a savings of up to \$4.3 million which aligns with the current projected state withhold of \$4.7 million in FY21.

While this action is just one component of our larger sustainable budget planning efforts, it does give the university time to consider and execute more complicated, long-term decisions to support our future. Our college, school and division leaders are currently assessing their units to meet our FY21 fiscal goals and beyond. It is important to note that this pay reduction measure alone will not achieve the steep cuts necessary, and many units will enact additional measures to further reduce costs.

We know that many of you will have questions about how these pay reductions will affect you personally. Please reach out to Human Resources to address specific questions and refer to the follow resources for guidance.

- [HR-710 Payroll Reduction Measures for Administrative, Service and Support Employees](#)
- [HR-720 Payroll Reduction Measures for Faculty and Other Academic Appointees](#)

We understand that these necessary pay reductions are painful, and we appreciate how hard everyone is working to stay focused on our educational mission during this time. However, we take these steps to ensure that UMSL emerges from the financial stress of the pandemic as a stronger university focused on serving our students and community as an elite public metropolitan university.

Sincerely,

Tanika Busch
Interim Vice Chancellor and Chief Financial Officer

James Hertel
Executive Director, Human Resources