

Boston University Office of the President

Dr. Robert A. Brown, President

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Boston, Massachusetts 02215

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Dear Colleagues,

Over the past two months I have written to inform you about our actions to mitigate the emerging effects of the COVID-19 pandemic on Boston University. We are now at a point where we are beginning to see the range of possible impacts on the University's finances.

Some impacts are clear. For the coming fiscal year, there are a number of sources of revenue that will either be reduced or eliminated entirely, including those from events, conferences, and some of our academic programs that will necessarily be shuttered for the foreseeable future. We also are looking at significant new expenses associated with our plans to reopen our campuses and resume residential operations. Those plans, whether for classroom, research, residential, or community-building elements of the University, have to measure up to the highest possible public health and safety standards. This is both necessary and costly to implement. We must also plan for an increased need for financial aid as the recession caused by the pandemic deepens.

These impacts create a sizeable hole in our planned budget. Although significant, these headwinds are not our biggest concern. Our biggest concern is whether our students—both undergraduate and graduate—will join our programs in the fall. We are a tuition-dependent institution; our ability to maintain our financial health will depend on the number of students who actually enroll in the fall and spring.

We do have encouraging news about enrollment. The number of admitted freshmen who put down deposits exceeded our target, and the deposits from graduate students are, likewise, strong. Further, we have seen data suggesting that a high percentage of our current students (both graduate and undergraduate, domestic and international) intend to return this fall. That bodes well for tuition revenue. However, we also know that we cannot count on this with a high degree of confidence because of the many layers of uncertainty about which students will decide to come to Boston or stay home at the end of the summer.

We do not know, for example, if the pandemic's trajectory over the summer will end up giving students greater confidence or elevate their anxiety about attending a residential program when it is time to make a final decision in August. Nor is it clear how many students will have to postpone their education because of the economic dislocation that they and their parents are experiencing. And we simply do not know how easy or difficult it will be for our international students to get to Boston in September because of either travel restrictions or the possible unavailability of visas.

All of these unknowns make it impossible to predict with certainty how many students will enroll this fall. Nonetheless, it is critical that we develop our plans to repopulate our residential campus this fall, adhering to the best available public health guidelines. Students and their parents need to know that we are creating an environment that we believe will significantly decrease the health risks of living and learning in a residential community. Our faculty and staff also need to know that we are taking all reasonable precautions to protect their safety. We hope that, when students reach final decisions regarding their fall plans, they choose to come to our campus because of the health- and safety-oriented environment we are building for them. Work on this is well underway.

As you know from our announcements last week, we have begun the four-phase recovery process with the start of Phase 1, the return of research and clinical activities across our campuses. Phase 2, which we hope will start later in the summer, will include the return to campus of a small number of students and limited in-person instructional activities, most noticeably for our medical and dental students. Phase 3 is the essential step in which we repopulate with a measured and deliberate return of our undergraduate and other graduate students and faculty and staff to the campus. Only when this phase is complete will we be able to reach the “new normal”—a residential campus community in a world with COVID-19.

There will be additional announcements over the coming weeks about our steps to enhance our public health protocols and establishing the teaching, learning, and living environment on our campuses needed for each of these phases. I am confident we will be successful.

What will be the budget implications for Boston University? The lost revenue, additional expenses associated with the pandemic, and unpredictability of fall and spring enrollments, all combine to create enormous uncertainty and likely budget shortfalls for Fiscal Year 2021. We must plan for that possibility. Part of that planning will require us to revisit that budget and examine all discretionary spending on programs and operations. We will also need to consider staffing levels and whether layoffs or furloughs are called for as some programs and operations are suspended or reduced due to public health concerns and we are forced to operate differently and more efficiently. This is painful; it is not my desire to balance the budget by reducing the workforce, but it may well have to be part of the plan we put in place to protect the University’s future.

I have asked the leadership of the University to undertake this budget planning and to submit revised budgets with a range of scenarios for reductions. The aim is to reduce our expenditures in Fiscal Year 2021 to account for lower revenues, to buffer us against the uncertainties that lie ahead, and to resize our expenditures to match what we think will be a reduced level of activity on campus.

I have asked for their first round of input into the revised budget by the end of the month. This step is the beginning of a process that will focus on making the best possible decisions from a set of very difficult choices. The leadership will apply the following six principles:

1. Keep members of our community safe and healthy
2. Preserve and enhance the quality and high standards of our educational programs, our research, and the cohesion of the Boston University community
3. Make decisions that are informed by compassion and respect for all members of our community
4. Preserve the financial foundation of the University
5. Prepare for significant change in most, if not all, administrative and academic units as we respond to new realities
6. Use data to inform our decisions and prepare the University to lead in a post-COVID world
- 7.

Shared sacrifice will also be a principle. We have already taken one such step by having announced in March the decision to freeze salary increases for faculty and staff in Fiscal Year 2021. Today, I am adding another. **We have decided to suspend the University's contribution to the Boston University Retirement Plan for Fiscal Year 2021, which begins July 1, 2020.** This will save the University approximately \$84 million in Fiscal Year 2021 and preserve jobs that might otherwise be lost. You will be receiving a communication shortly from Human Resources further describing this decision and providing additional information.

The task ahead is formidable. **Even with the salary and retirement plan contribution freezes, and other savings we have already identified, we anticipate a total budget shortfall of between \$70 million and \$150 million, based on our estimates of how many students will enroll this fall. We have asked managers to propose reductions that will allow us to balance the Fiscal Year 2021 budget,** and this is going to require that we make some very hard decisions. We will make them, using the principles above as our guideposts, with the goal of having a strong and vibrant Boston University when we emerge from the COVID-19 pandemic.

Throughout our history, Boston University has encountered many challenges and met them all. And we will do so again.

Sincerely,

Robert A. Brown
President