

Memorandum to: Mary Balkun, Ph.D., *Professor and Director of Faculty Development and Chair of the Faculty Senate Beginning AY2021*
Jonathan Farina, Ph.D., *Special Advisor to the Provost and Associate Professor of English and Chair of Faculty Senate AY2019--2021*

From: Katia Passerini, Ph.D., *Provost*

Date: February 28, 2022

RE: **Meeting Summary: Working Relationship During the Pandemic and Areas of Agreement Moving Forward**

Throughout the pandemic, President Nyre reminded us, that “COVID will illuminate the cracks, fissures and fractures in every sector of our economy and will test our values, ideals and capacity to work together locally, regionally and nationally.” Entering our third year of the pandemic, it has become abundantly clear that the pandemic has indeed persistently tested people, families, politicians, states, nations and certainly universities.

We are grateful for those at Seton Hall who chose to step up and roll up their sleeves during the early and darkest days of the pandemic to help assess and advise on critical decisions on a range of vital matters. From broad strategy to the smallest details of how to reopen and operate the University, our community of faculty, staff and administrators stepped forward. As we know, hindsight is 20/20, but our decisions were made based on the best available information at the time and with the best interest of the entire university community in mind.

What likely isn’t as well-known is that the Senate Leadership, University Provost and President met regularly, especially in the Spring of 2020 when the pandemic was coming ashore. The path and future destruction of the virus was unknown, there was no public guidance on how to operate the University and risk seemed to be around every corner in every hour of each day.

We hope you will take a few moments to review a few examples of how the leadership of the Senate and University worked to lead the University during these most unusual times.

Early Events

On the morning of April 2, 2020, the President called the Senate Chair to share that the Board of Regents was about to formally declare that:

“the present public health crisis and resulting financial situation facing the University is unforeseen, severe, and drastic, constituting the very definition of an emergency; and **BE IT FURTHER RESOLVED:** That the Board of Regents authorizes the University President and the Executive Cabinet, with input from the Faculty Senate and in consultation with the Finance Committee and other appropriate committees of the

Board of Regents, to employ all financial and other measures, however drastic, to meet this crisis and continue the educational mission of Seton Hall University.”

The University had already acted to protect students, faculty, and staff by cancelling study abroad, moving to fully remote instruction and closing the residence halls. The Board of Regents directed the administration to take action by developing: (1) liquidity strategies to fund operations in case the pandemic lasted longer than anticipated; (2) multiple sets of contingency operational plans based on a variety of scenarios (drop in enrollment, residence halls remaining closed, acquisition of testing and protective equipment, etc.); and, (3) contingency budgets in order to prepare for an uncertain short and midterm. As discussed with the Senate Chair, the President confirmed with the Board that tenure/tenure-track lines regulated under the Faculty Guide would not be affected. The University engaged in these processes while also working to finalize the University Strategic Plan, *Harvest Our Treasures*.

The Administration briefed Senate Leadership on multiple sets of contingency revenue forecasts for AY2020-2021, with losses ranging from \$33m to \$139.5m, depending upon reopening variables that would not be clarified until well into the academic year.

The University moved to preserve liquidity by reducing spending in April of 2020 and establishing various credit facilities to make payroll if the University experienced the higher levels of losses noted above due to the potential inability to reopen for in-person instruction, or if residence halls were unable to reopen, and or enrollment dropped precipitously in the Fall of 2020.

COVID Budget “guiding principles” were developed and reviewed with Senate Leadership to guide contingency budgeting and ultimately the AY2020-2021 budget. The guiding principles were also shared with the entire University in the [2021 Budget Letter](#) and were as follows:

- Promote the health and well-being of the entire University Community;
- Increase college affordability by investing in enhanced funding for student grants and scholarships;
- Invest in academic quality;
- Rebalance instructional and non-instructional expense ratios by focusing on reduction in non-instructional expenses and continuing our investments in faculty positions;
- Enhance student living and learning experiences;
- Invest to ensure a successful return to campus; and,
- Engage in transparent communication of carefully considered financial decisions.

Upholding principles of shared governance, the University established [contingency planning groups](#) inclusive of faculty identified by the Faculty Senate following the principles in the Faculty Guide and by soliciting broad participation. These planning groups were vital in helping to prepare contingency plans and related budget recommendations related to unknown variables for AY2021 (i.e., fully remote instruction,

enrollment declines, inability to open residence halls, technology, testing and health devices, etc).

Pandemic Related Financial Actions: In the midst of the pandemic, difficult but necessary decisions included:

- Refunding student residence halls fees, providing University grants for unrecovered study abroad expenses, and the establishment a student emergency fund.
- The Board approved a deficit AY2020-2021 Budget, inclusive of over \$20m in non-instructional expense reductions, and a \$12m budgeted operating loss. Note, the Senate leadership, administration and Board agreed that it would not be healthy to “cut our way out of the pandemic to a balanced budget.”
- To achieve the reductions, the University conducted a reduction in force, eliminating 10 percent of all administrative and staff positions. Consistent with the guiding principles noted above, no faculty members were laid off.
- Non-essential travel freeze, across-the-board reduction in operating expenses, and hiring freeze.
- For AY 2020-21, all employees making more than \$50,000 sustained tiered pay reductions. The higher the pay the greater the reduction. With a return to campus, and improved financial conditions, those reductions have been restored.
- In April 2020, the Executive Cabinet unanimously volunteered to have its pay reduced 10 percent. The president voluntarily opted for a 20 percent reduction. These amounts for AY2020 were not restored.
- The retirement match was reduced for all employees for AY 2020-21 and was recently restored retroactively.
- The University’s matching retirement contributions for this academic year is fully funded at its traditional 2:1 ratio.
- Consistent with the November State of the University address by the President, a modest but meaningful 2.5 percent cost of living adjustment retroactive to July 1, 2021 was recently approved by the Board of Regents and announced to the University community.
- Merit raises for designated faculty were also approved for funding retroactive to the year they were awarded, 2020 and 2021 respectively.

Faculty Compensation and Welfare: In consultation with Senate Leadership, the University (1) provided the option to pause the tenure clock/timetable to support personal circumstances that might negatively impact individual faculty; (2) extended employment agreements; and (3) committed to jointly conducting a faculty compensation study once the pandemic clouds part.

University Endowment: The Board of Regents, administration and Senate Leadership concur on the importance of raising funds for the endowment to support scholarships for students, faculty research and instruction, and academic offerings. The University has entered the quiet or silent phase of a multi-year campaign and provides regular updates on progress to the Senate Leadership. Due to the previously mentioned liquidity strategies, the University was able to avoid selling unrestricted investments when the markets were at their lowest point. Note, that majority of the endowment is restricted by donor requirements and related regulations. Nonetheless, had the University extracted large sums of money in March, April, and May of 2020 when the markets severely retreated, the value of the endowment would have been decimated. Most would agree that selling investments to fund operations in a down market should be avoided whenever possible.

Instructional vs. Non-instructional Spending: The Board of Regents, administration and Faculty Senate are, and have been, in agreement that increasing the percentage of the annual operating budget spent on instruction is a priority. This priority is clearly stated in the Board approved Budget Parameters established for the University Budget Committee published on the University website. These Budget Parameters also call for other key investments, including but not limited to the University Affordability Agenda.

Executive Compensation: Seton Hall's executives do not set their own pay levels. Rather, they are compensated in accordance with Board-approved employment agreements. Offering competitive compensation – for positions at all levels – remains an important part of our ongoing employee recruitment and retention strategy. As a matter of principle, the University does not generally comment on individual compensation, benefits, teaching loads, etc.

Good Faith: While not without challenges, we are grateful for the genuine working relationship between University and Senate leadership particularly as the pandemic came to our shores. Working in good faith for the betterment of the University is essential during normal times, much less a pandemic.

We have no doubt that some communities will continue to second guess decisions made two years ago during the onset of the pandemic. Such second guessing may likely be unavoidable. However, we remain grateful for the Senate and University leadership's ability to work together during one of the biggest crises in 70 years. Our collective leadership and dedication to seeing Seton Hall through the pandemic has enabled our institution to not only survive – but thrive – in an increasingly uncertain and competitive higher education environment.

In closing, we thank the entire Seton Hall community. We are grateful for the tireless efforts and sacrifices of all employees, including University leadership, whose actions, rooted in strategy and shared governance, ensured that Seton Hall avoided the worst financial effects of the pandemic.