

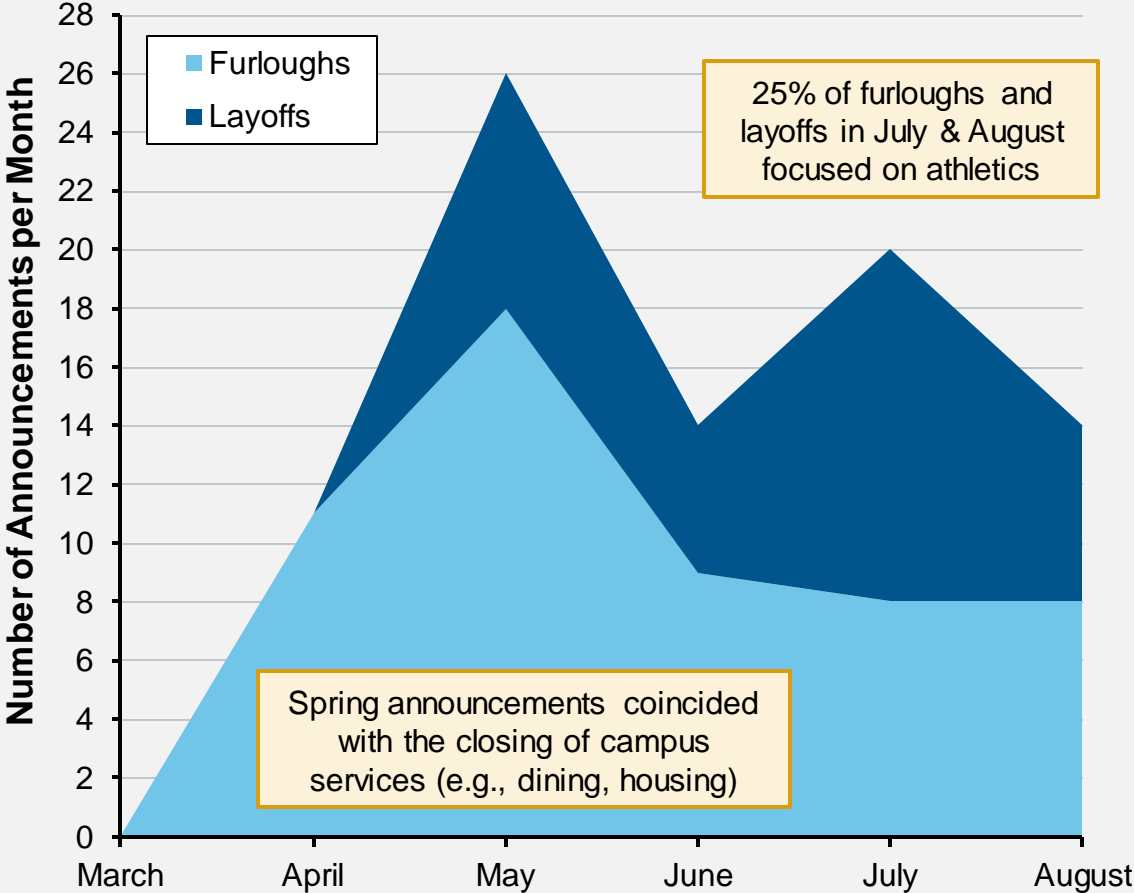
# HURON COVID-19 INSIGHTS

## COST-CUTTING MEASURES

Huron is tracking cost-cutting measures taken by 150+ U.S. institutions in response to the COVID-19 pandemic. Many announced hiring freezes and reductions in discretionary spending in March. **This analysis highlights additional actions taken through the summer as institutions continue to manage the financial impact of the pandemic.**

### Furloughs & Layoffs: March – August 2020

The number of layoff and furlough announcements surged between April and May, though a second wave of layoffs followed in July. We anticipate that the relative success of reopenings in the fall will determine whether institutions take additional actions.



## PERSONNEL EXPENSE REDUCTIONS

Given that salaries, wages, and benefits account for the majority of institutional operating expenses, many institutions have focused on reducing personnel expenses to address their FY21 budget shortfalls.

**LAYOFFS**  
 20% of institutions reported lay-offs –over half of which were announced in July and August

**FURLOUGHS**  
 33% of institutions have announced furloughs, the vast majority of which were mandatory

**EXECUTIVE PAY CUTS**  
 Pay cuts range from 5%-50%, with executives taking an average FY21 pay reduction of 10%

**HIRING FREEZES**  
 93 institutions announced hiring freezes in the spring, and few have been lifted for the fall

**VACANCY ELIMINATIONS**  
 Many institutions eliminated vacant positions to allow for permanent redirection of funds

Data sourced from institution websites and public media announcements. Institutional actions data current as of (8/31/20); statistics based on the 150+ institutions in Huron sample.

## SPOTLIGHT ON ACTIONS TAKEN

Institutions have implemented both voluntary and mandatory efforts to reduce costs as budgets have tightened and revenues streams constricted. Many institutions have focused on auxiliary services and athletics, though some institutions have implemented across-the-board actions.



### LAYOFFS

Between September 1<sup>st</sup> and 15<sup>th</sup>, at least five athletics departments in the Big 12, Pac-12, and Big Ten conferences **announced immediate staff layoffs**

440 dining service employees were laid off across 4 institutions in Georgia, **triggering WARN Act filings** for the Aramark Corporation

Texas Tech athletics **eliminated 40 positions** and reduced department salaries in a recent effort to save nearly \$4.5 million in FY21



### FURLOUGHES

**40% of furloughs reported in FY21 are related to athletics departments**, with most recent announcements impacting institutions in the Power Five conferences

The University of Michigan announced **voluntary furlough programs** for operations staff and staff seeking a reduction in hours

The University of Massachusetts announced **indefinite furloughs for 850 employees** and anticipates additional permanent layoffs



### PAY CUTS

75% of institutions implementing temporary pay reductions for targeted executives, and **20% of these reductions were voluntarily accepted by the impacted executives**

The University of Iowa President requested **50% of his salary** be redirected to the Student Emergency Fund for ongoing support

Kent State University implemented **sliding scale pay cuts, from 2% to 10%**, for all non-union employees making more than \$38,000

**LOOKING AHEAD:** While the Fall academic term has officially begun, most institutions are still evaluating the short- and long-term financial impact of the pandemic. We anticipate that institutional leaders will be faced with more difficult decisions and actions leading into the winter.



### ADMIN REORGANIZATIONS

Several institutions are already considering targeted reorganizations to further reduce personnel expenses



### PROGRAM EVALUATIONS

Provosts and Deans will likely begin evaluating the financial viability and justification of academic programs



### UNIVERSITY ATHLETICS

Revenue losses will accelerate athletics department pay cuts, furloughs, layoffs, and sports team eliminations.

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