Financial Policies Committee

Annual Report 2019-2020

1 July 2020

Committee Membership

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Adam Smith
Charles Van Loan (ex officio)
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Introduction

The Financial Policies Committee of the Faculty Senate normally meets around 5 times a semester. Its meetings track the University's budget cycle. The Vice President for Budget presents budget assumptions on recurrent and capital budget for discussion prior to presentation to the Trustees. The Committee also meets with senior Administrators including College Deans, to get a University wide perspective on financial policies. Apart from these meetings, the committee also takes up specific issues during a year.

The academic year 2019-2020 started off like any other, but ended up very differently. The committee started on its plan of meetings to track the budget cycle, to meet with key administrators, and to take up a couple of themes over the year (allocation of research costs, and interaction with members of the University Assembly to participate in a broader conversation across the University on finance and budget). It had 5 meetings in the Fall semester, and 3 meetings in the Spring semester till mid-March, when the Covid crisis hit the country, New York State, and the University. From April onwards the FPC turned its attention entirely to tracking and monitoring the financial dimensions of the crisis and the University's response to the crisis. Between April and end June the committee had 8 meetings, prepared a report for the Senate, and made a presentation to the special Senate meeting on June 9th at which the Provost and President also presented their financial scenarios for FY21.

Fall 2019

Planning and Organizational Meeting

In the Fall 2019 semester the committee started off with a planning meeting and then had meetings with VP Budget on 10 year planning assumptions, with the Provost and VP Budget on the annual budget, and with Vice Provost for Enrollment on admission strategies including Financial Aid. As one of its themes for the year the committee chose a broader engagement with the University Assembly to discuss financial dimensions of the University's operations, related to a parallel process in the University Assembly. Here are brief summaries of the discussions in each meeting.

Meeting with Paul Streeter, VP Budget, on 10 year planning model

Main takeaways from the presentation and discussion:

- Tuition will grow as the major source of revenue. Enrollment projected to grow over four years from FY22 to FY25.
- Conservative assumptions on endowment returns and strong smoothing are in place. The overall payout will be targeted at the reduced level of 5%. But under different headings transfers to the Provost's discretionary funds will increase so that payout to program funds will further decline.
- A structural contingency fund will draw flows starting at $2M per year and ending with $24M per year at the end of the period. The sorts of contingencies this might be used for include (i)

sharp drop in state funds, (ii) sharp increase in financial aid and (iii) (perhaps) sharp fall offs in enrollments from certain parts of the world. The interaction protocols between central contingency fund and contingency funds operated at the College level need to be designed.

- Strategic priorities for uses of funds in the operating budget are: (i) Affordability of college. (ii) Academic priorities; (iii) Capital maintenance and investment.
- Staff has grown significantly over 3 years. Primarily in self-sustaining enterprises. Of the rest, the bulk is in student services, communications and development. This element of University expenditure needs to be discussed, understood, and brought under control.

Meeting with Vice Provost for Enrollment Jon Burdick

Main takeaways:

- The objectives of Needs Blind Admission and Meeting Full Need run up against the third objective of Financial Sustainability.
- Just over half of students pay full fee. This cross subsidizes financial aid, with which low income students are supported.
- Legacy admissions are disproportionately full-fee. Athletes are also disproportionately full-fee. Reducing these could be a laudable objective but raises the question of where the money will come from for cross-subsidization.
- President Pollack has set target of more low income students. Philanthropy will need to be a major financial basis of achieving this target.
- A key question is the definition of "middle class"—how high up the income scale should be the cut off for financial aid?
- Widely differing acceptance rates across units: could this set up gaming of various sorts.
- Incentive consequences of the budget model, for example incentives to set up new majors or to restrict students from taking classes in a different college.
- Should SAT be used to the extent it is in admissions, given all its acknowledged shortcomings, while recognizing the power of a standardized test such as SAT, especially in settings where there isn't the capacity for a more thorough review of admissions.
- Rankings matter, particularly in overseas admissions.
- The issue of financial aid for foreign students has political ramifications of using a given financial aid budget for non-US rather than US citizens.

Meeting with Provost Kotlikoff and VP Budget Streeter on Annual Budget

The backdrop to this meeting was given by the earlier meeting on the 10 years planning model, and some of the same issues were raised in this meeting. Main takeaways:

- We do not know what the responsiveness of full fee payers would be to even higher tuition fees. This would be an important parameter to have a handle on.
- The decision on increasing the full tuition fee is a balancing act between higher revenues which will come and the politics of the sticker shock, which will also surely come. The fact that for a significant number of students, financial aid makes the actual tuition much lower (indeed, for some it is lower than the fees charged at some SUNY colleges), does not seem to cut much ice. The headline full tuition is what seems to have salience in politics. Higher full tuition also increases pressure to increase financial aid for (relatively high income) families considered to be "middle class", thereby denting the revenue gains from the tuition increase. Given all of these factors, staying somewhere in the middle of the tuition range of our peer group seems to be a safe haven strategy and that is what is being followed over the medium term.
- The rapid growth of numbers in staff who do not directly support Faculty and the research and teaching mission. Areas like Communication have grown, with relatively high paying staff. The Provost is having a two pronged conversation about this with the Deans, on the one hand about providing support centrally for functions which are currently done College by College, and on the other hand holding out the prospect of reducing subvention for inappropriate expansion.

Meeting with Members of the Ad Hoc Budget Committee of the University Assembly and VP Budget Streeter

The Dean of Faculty Charlie Van Loan convened and led the last meeting of the semester, with members of the Ad Hoc Budget Committee of the University Assembly. VP Budget Paul Streeter was also at the meeting. The meeting touched on a range of issues, some of which the committee had have covered before. Here are some issues that stood out in the discussion.

- Expanding Masters Programs. Issues on fees needing to be low for Masters Programs primarily feeding public and non-profit sector, and tensions with revenue raising. Issues on Faculty constraints as Masters Programs are expanded.

- Should there be a University-wide audit and assessment of Masters Fee structures?

- Should there be an audit and assessment of the whole budget model? When? Is it too soon?

- Positive relationship with New York State is top priority—does the State see us as providing good value for their money (the direct contribution as well as fringe benefits and building and maintenance), and fee structure and enrollments are viewed in light of that by Cornell Administration.

- Is there a “subsidy” to research? Even if the word is not used, and should not be used, how should we think of the allocation of “research costs”? (Note: the allocation of research costs is something Adam Smith will be working on and will take up at a committee meeting next semester when he returns from sabbatical).

Spring 2020: Pre-Covid

Planning and Organizational Meeting

In the first meeting of the Spring semester the committee took stock of the previous semester, considered a number of organizational matters, and looked ahead to the meetings of the semester. Some key points that emerged:

- There was discussion on the role of the committee as a vehicle for educating the Cornell Community on budgetary and financial issues. The sense of the committee was that while we could not ourselves develop the documentation, for which we would in any case need detailed involvement of finance administrators, we should convey to them the need for such education through simplified documentation. However, we could continue to meet with representatives of the University Assembly, as we had done last semester.
- The issue of financial education (and transparency) is also very much present in the divestment issue which is becoming important. The committee has not discussed the divestment issue for some years, and we should do so given the rising concerns on campus. It should certainly be on the agenda for next semester, and we should seek a meeting with the chief investment officer on the University's thinking and strategy on this important issue.
- We began a discussion on research costs and in particular the rationale behind and implementation of F&A costs, as a theme to be taken up this semester. A number of issues were raised, including whether and how the University takes into account the impact of this "tax" on grant raising on the incentives to raise grants or to "off-shore" them. A full meeting on this topic is planned for March 27 with Vice Provost for Research Emmanuel Giannelis. [In the event this meeting did not take place because of the Covid crisis—see below].
- The inherited composition of the FPC is unbalanced in terms of gender and in terms of contract/endowed college representation. This should be addressed as members cycle out. The sense of the meeting was that a norm of 2 terms was appropriate, but there should not be a hard and fast regulation, given that special cases and special expertise needs may arise. However, the 2 terms norm puts constraints on how fast the compositional change can be affected going forward. One possibility is to use the proposed expansion to affect the balance (see below).
- The FPC should take up key issues and themes through formation of sub-committees. There is also an argument for expanding the size of the committee to take up additional work load given the number of issues that have arisen and will arise. Despite concerns about difficulties of finding Faculty to serve, the sense of the meeting was that the current proposal of "up to 15" was reasonable. [However, the proposal to expand the FPC was not supported by the UFC for a number of reasons].

Meeting on Capital Budget with VP Budget Streeter

The committee met with VP Paul Streeter to discuss the Capital Budget, with a focus on debt and how decisions are made on overall debt exposure and then allocation of the total debt between competing priorities. Some takeaways:

- The total debt ceiling seems to be determined by the need to keep the bond rating at its current reasonably healthy level (not quite up to Harvard and Yale, but better than other competitors).
- But on the allocation of debt financing, a number of criteria seem to be in play, calling for considerable judgement on the part of University Administration. For example, if a significantly large gift requires matching resources (e.g., hypothetically, a gift comes in for McGraw renovation with such a condition), it is quite likely that debt resources will be channeled to that if needed.
- The University faces significant deferred maintenance problem. While there is an accounting type statement of the financial dimension of these, the actual addressing of the problem and hence the actual cost is tied in to what exact programmatic uses the building will be put in the future (Teagle Hall was given as an example).
- On substantive elements of the capital program, concerns were raised in the meeting on whether programs, including a new center, as responses to student mental health issues had been sufficiently well thought through in terms of the data base for establishing the extent and nature of the problem, and presentation of these initiatives in the framework of the University's overall strategic priorities.

Meeting with Kevin Hallock, Dean of the S.C. Johnson College of Business

The committee periodically meets with College Deans to get their perspectives on budget and planning. Kevin Hallock, the Dean of the College of Business, is himself a former chair of the FPC. He spoke about the budgetary difficulties he face when he took over as Dean and how he addressed them.

- When he took over as Dean of the College of Business he faced a deficit of $10M on a budget of $300M.
- The main reason for the deficit seemed to be high levels of hiring of staff and Faculty in the three years prior to the formation of the College and the three years since, till 2019. Staff levels went up by an average of 16 per year for the six years. In addition, two other factors were/are: (i) lease payments for buildings coming on stream and (ii) financial aid for MBAs. The last might seem paradoxical, but it appears we are in a race with competitors to land good quality students and increase diversity, and financial aid plays a key part in this.
- A Personnel Planning Committee was set up to assess every application for staff hire, even those which were ostensibly for replacement. Similarly for Faculty hire; he did not put in a Faculty hiring freeze.
- These measures are bringing the deficit under control.
- In response to a question about the budget model he said he liked its transparency so that dollar values could be attached to decision. But he recognized that it can provide peculiar incentives. He faces a similar issues across the Schools of the College on tuition dollar flows and the incentives it creates for gaming behavior.

Spring 2020-Post Covid

Meetings in April, May and June

Per the plan, the committee's next meeting was to be with Vice Provost for Research Emmanuel Giannelis to discuss Research costs. But the Covid crisis hit and that meeting was cancelled, as eventually the planned meeting with members of the University Assembly was also cancelled.

The FPC began meeting regularly, including with Provost Kotlikoff and VP Budget Streeter, to track and monitor the financial impact of the crisis and the Universities response to it. The committee met 8 times in April, May and June, 4 of these meetings being with the Provost and the VP Budget.

The Dean of Faculty asked the committee to prepare a report for the Senate meeting in early June at which the Provost would also be presenting. All the efforts of the committee were directed towards understanding and deliberating on the issues with a view to preparing this report.

The discussions and conclusions of the committee during this period are captured in its report to the Senate.

Report to Senate

The report to Senate, which crystallizes and reports on the committee's conclusions, is attached. The Senate meeting was originally planned for 3 June but eventually took place on 9 June. The full record of the meeting is available here: https://theuniversityfaculty.cornell.edu/faculty-senate/archives-and-actions/archived-agenda-and-minutes/online-senate-meeting-june-3/

Final Meeting of the FPC for 2019-2020

The FPC met after the Senate presentation, and then had its final meeting of 2019-2020, on 22 June, with Provost Kotlikoff and VP Streeter, to take stock of the Senate discussion and to look ahead to the coming year. The summary takeaways from the final meeting are as follows.

- The discussion rehearsed some of the key points in the report, on the pros and cons of tapping the endowment and on borrowing.
- On use of reserves, to a significant extent reserves are simply balances in Faculty accounts and in College accounts, built up by them to support their programs. Drawing on those would mean an impact on the programs and personnel they are meant to support.
- The Provost also elaborated on the essential decentralized nature of addressing the deficit. The deficit is not pooled at the center. It manifests itself college by college. College revenues will be hit by increased Financial Aid, reduced enrollment, etc. They are the ones who will have to make the decision on drawing down reserves etc.

- The committee again raised the question of equity in salary and retirement contributions cuts across endowed and statutory college employees.
- The Provost reassured the FPC that the current review of institutional organizational savings was geared towards not affecting direct staff support for Faculty research and teaching. Unlike the effects of the Bain report of a few years ago, this was directed to savings in processes, like financial approvals, procurement etc., which Faculty find cumbersome but which can be streamlined, or providing common services across colleges for communications etc.
- On Financial Aid, the Provost argued that FA was on average progressive. The committee agreed to take up the Financial Aid issue as one of its themes for next year.
- The Provost said he was supportive of building up contingency funds and introducing financial discipline so the University as a whole and colleges in particular did not hire and spend up to the hilt but saved for a rainy day. He had set in motion such processes before the Covid crisis hit. He would be happy to discuss further with FPC. The committee agreed to consider this as one of its themes for next year.
- Of the two committees mentioned in the FPC report, the Admin Costs Committee already had FPC representation (and Senate representation). The other, the Budget Planning Committee, existed many years ago but that was a different time with different, in many ways more complex, budgetary issues. The Provost was open to finding ways to interact better with FPC in the budgetary process, but much of the detail was at the College level. At the University level, he heard from the committee that there was some confusion in minds of Faculty on Ithaca and New York budgets being separate or integrated.
- This was formally the last meeting of the FPC for 2019-2020, but the committee would be available to meet with University Administration over the summer should the need arise.

FPC Report to Senate

Brief Overview of Budget Shortfalls and Possible Responses

Financial Policies Committee (6/2/2020)

This document provides background for the June 3* Senate that will focus on the university's financial difficulties related to the COVID-19 pandemic. The numbers given are estimates chosen to communicate order of magnitude. The budget for FY21 (July 1, 2020- June 30, 2021) will largely be shaped by the reopening committee reports that are due June 15 and a special June 26 meeting of the Board of Trustees.

The Broad Impact of the Crisis

Drivers

The key drivers for the FY21 deficit include a projected increase in undergraduate financial aid, anticipated decrease of undergraduate and graduate tuition revenue due to lower student enrollment, and a reduction in state appropriations. Roughly speaking,

- each one percent increase unemployment typically means a financial aid increase of about $7M.
- each one percent increase in the number of ugrad gap years means a loss of about $5.5M.
- each one percent decline in professional masters enrollment means a loss of about $2.3M.
- each one percent reduction in dorm occupancy means a loss of about $1.1M.
- each one percent decline in NYS appropriations means a loss of about $1.3M.

Mitigations

Measures already announced will save around $100M in FY21. These actions include a reduction of capital spending of $35M, elimination of the salary improvement program valued at $25M, and anticipated salary and non-personnel savings of $30-$40M resulting from a hiring freeze, travel restrictions and a reduction in discretionary spending. A senior leadership voluntary pay cut of $1M is also factored in.

Budget Shortfall

There will be a significant budgetary shortfall in FY21 even after the mitigation measures. The shortfall beyond these measures will depend upon the chosen format of undergraduate instruction. There will also be increased operating expenses for virus testing, contact tracing, protective gear, etc.

University administration is currently modeling 3 possible budget scenarios for FY21—Full Residential/Hybrid Instruction, Limited Residential/Hybrid Instruction, and Online Fall. The projected deficits for these range from approximately $98M, through $218M, to $314M.

* The Senate meeting was eventually held on 9 June 2020.

Further deficits are projected totaling $48M in FY22 and $38M in FY23 due to continued increase in undergraduate financial aid cost.

Core Values

Going forward, Cornell must continue to be the place where any person can afford instruction in any study. To ensure this goal, there must be an equitable distribution of sacrifice across the university with the intention of preserving jobs and sustaining the community in which the University operates, protecting of financial aid, and maintaining our greatness as a research university through investing in and retaining excellent Faculty and staff. We also believe in the value of shared governance in discussing and evaluating the tradeoffs in involved in the University's financial decisions. It is essential that these principles be front and center at all times.

Closing the Gap

For FY21 the incremental cost of Financial Aid accounts for the major part of the budgetary gap. The FPC concurs with the University that protecting Financial Aid is a core value. But if this route to closing the gap is not available, other sources must bear the burden.

Our understanding is that the University is considering meeting the shortfall through the following major line items:

-Faculty/Staff Salary/Retirement
-Organizational Reduction/Furloughs
- Other Cost Reductions, Reduced Faculty Hiring, Additional Use of Reserves
-Borrowing
-Tapping the Endowment

In the first scenario of a shortfall of $98M, the burden would be borne by the first three items. The University's net financial asset position would be protected by not increasing borrowing and by leaving the endowment untouched. As between the first three items, the projection is that the round figure of $100M would be divided as follows: $60M from Salary/Retirement, $20M from Organizational Reduction and $20M from Other Cost Reductions/Reduced Faculty Hiring and Additional Use of Reserves.

It is further our understanding that for the second scenario of a shortfall of around $200M, the Salary/Retirement burden would remain unchanged. The incremental burden would be spread across the other items, except that the endowment would still be protected.

Finally, in the third scenario of a $300M shortfall in round numbers, the Salary/Retirement burden would still be held unchanged. The incremental burden would be spread across the other items, including now bringing in the endowment.

A Table at the end of this document summarizes our understanding of the broad numbers. The FPC has discussed the various tradeoffs involved in this pattern of sequencing of cuts. A summary of the issues raised is as follows.

To Tap or Not to Tap the Endowment

This is a contentious issue on which the FPC did not find full consensus. Drawing on the University's net financial assets, through increased tapping of the endowment, will reduce the financial resources available in future years for University programs. One calculation is that drawing down $30M from financial assets in one year will lead to a reduction in flow of $1.5M every year into the future.[1] In addition, if the endowment is to be made whole for the benefit of future generations, the $30M will have to be paid back into the endowment, leading to a further reduction in flows in the coming years. The question is how should we reason about this tradeoff between present needs and future generations of Cornell faculty, staff and students?

Those in favor of touching the endowment <u>only as a last resort</u> make these observations:

1. The annual payout is a renewable resource that, if managed successfully, can help sustain many types of essential university operations in perpetuity including faculty/staff salaries and financial aid.

2. It is not a simple bank account; it is comprised of hundreds of separate accounts that often carry restrictions for use made by donor intent.

3. Cornell has (by far) the lowest endowment-to-student ratio among its peers and cannot take additional hits.

Those who argue for a modest increase in endowment payout in the first scenario make their case as follows

1. It will create a tolerance for sacrifice. Employees who are asked to make a sacrifice through salary and retirement cuts need to see the institution doing a measure of sacrifice.

2. Faculty and staff are also an asset, perhaps the major asset, of the University. There is an argument for protecting that asset from a sharp negative shock.

3. The political consequences of being seen to protect a multi-billion dollar net financial asset position. A rigid stand against even a modest increase in endowment payout will be read negatively in the political arena.

The committee also considered a scenario where the endowment payout was not increased but the existing payout was taxed to a small extent so as to generate funds to reduce cuts in other items. While there are pros and cons of this policy as well (for example, a unit or program which relies on its endowment payout to employ Faculty, staff and graduate assistants would have to cut back on these), this is an option worth examining.

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[1] As an illustration, consider assets of $1M whose rate of return adjusted for inflation is 5% and whose payout is also 5%. This will generate a flow of $50K in perpetuity. If, in the face of an immediate crisis, the payout is increased to 6% for one year, this will generate an additional $10K that year, but the flow from that year onwards will be reduced to $49.5K per year in perpetuity. If the assets were $6B, these numbers would be that a $60M additional draw in one year would lead to a reduction of $3M per year in perpetuity. If the additional draw was $30M (payout increased to 5.5% for that year), the impact on future flows would be $1.5M per year.

To Borrow or Not to Borrow

The committee also considered the pros and cons of borrowing. Just as the cost of tapping the endowment is reduced flow of funds in the future, the cost of borrowing is the need to repay with interest in the future. In either scenario, the financial burden is being shifted from the present to the future. The present low rates of interest could be an advantage for borrowing, but there are limits to borrowing, and the extent of borrowing relative to assets can affect the University's credit rating. The Committee does not have the detailed information to take a view on the tradeoffs involved in borrowing, but the University should clarify the basis on which no borrowing is contemplated in the first scenario of a $100M shortfall, with salary/benefits and employment bearing the lion's share of the cuts.

Salaries and Retirement Benefits

On Salary/Retirement, the FPC concurs with the administration that cuts to salary and retirement contributions in FY21 should be scaled progressively, protecting those with the lowest incomes.

However, there are a number of complications in implementing the policy. For FY21, salaries can be cut for employees throughout the university. However, retirement benefits can only be cut by Cornell on the endowed side because NYS handles retirement benefits on the statutory side. Thus, a benefits-only cut is an option that is only possible for endowed employees. As we understand it, the University is considering graduated salary cuts for the contract side but across the board retirement contributions hiatus for the endowed side. This leads to a number of issues:

1. Should not the retirement contributions cut on the endowed side also be progressive? As we understand it, that is permissible as long as the differing rates of contributions don't favor the highly paid.
2. If endowed employees take a benefits-only cut, what is an equitable salary cut for statutory employees? The requirement of progressivity across income levels further complicates the cross-University equity consideration.
3. Giving endowed employees a choice as to whether they want a salary cut or a pause in retirement contributions would give individuals the opportunity to factor in their personal situation. However, offering that flexibility poses problems for the University[2].

Other Ideas

[2] From the University: "The Cornell University Retirement Plan (CURP), with its 10% salary contribution, has historically been granted 'non-discriminatory' status in our routine compliance testing. This is due to the fact that the Cornell contribution has been applied without regard to earnings level, age, length of service, etc. Because Cornell can state, in advance, that the benefit is being consistently and objective applied, we have been able to meet our compliance requirement by using a 3yr testing approach, with the last testing results on file for 2015 and 2018. We passed easily in both years. If we were to change the eligibility model to be a 'choice' model (i.e. reduction in pay vs. reduction in Cornell contribution) and the choice was an individual, voluntary one, we would no longer have the assurance that the plan was not primarily benefiting the higher-paid. We would be required to test for non-discrimination on an annual basis, and should we fail the non-discrimination test, <u>we would be required to remove Cornell contributions from participant accounts within the same tax year</u>, and potentially could face a penalty/fine in addition. If we 'failed', we would need to change the go-forward approach of contributions immediately."

FPC discussions have surfaced ideas for relieving the burden on Faculty/Staff employment, salary and retirement, which go beyond the avenues currently being considered. These include, for example, (i) a tax on the endowment payout to fund recurrent items in FY21 (as already discussed), (ii) the possibility of constructing salary/retirement cuts as a zero interest loan from the Faculty/Staff, to be paid back over time; (iii) work sharing rather than employment cuts in organizational reduction, using currently available Federal and State funds for this purpose; (iv) cuts should be done for six months in the first instance and then evaluated. These need to be scrutinized to test for feasibility and desirability.[3] The FPC urges the administration to consider these and other ideas and to think creatively in addressing the current crisis.

Future Engagement

The Senate Financial Policies Committee has been meeting regularly, to discuss the implications of the Covid-19 crisis for the University. Provost Mike Kotlikoff and Vice President Budget Paul Streeter have also met with us to provide information and discuss planning.

There is understandable concern and uncertainty among Faculty and Staff on the handling of the crisis. We urge the University Administration to share broadly the up to date information on which financial decisions are being based, and to be open and transparent with Faculty and staff on the tradeoffs we face in meeting our values.

From a longer-term perspective, the crisis highlights the need for closer Faculty and Staff engagement in shared governance on financial matters, including the health of the endowment, developing contingency plans for downturns, and the values which underpin the University's expenditure choices. To that end, the FPC believes that having one of its members, and a staff representative, serve on the Provost's Budget Planning Committee is important, as is greater faculty and staff involvement on the Provost's Administrative Costs Committee.

[Various references will be put on the Senate Meeting Webpage]

[3] For example, as we understand it from the University: "Workshare is not permanent – an employee can be on only for the maximum duration of UI benefits – generally 26 weeks. It is a strategy that can be used to put people on part time (reductions of 20% to 60% time) status and have them collect unemployment to support their lost wages. The UI amount is prorated (based on the reduction) and weekly UI is generally half of weekly wages up to the state max of $504/week. So if someone was reduced to 50% time, their weekly UI benefit under workshare would not exceed $252/week. However, until the end of July there is an additional $600/week available to support those on UI, including those on workshare. After July, that additional $ will/may go away…..And the person has to certify every week in order to stay on it."

Alternative Ways to Close the Gap

(From University)

Shortfall	98 M	218 M	314 M
Retirement/Salary -	60 M	60 M	60 M
Additional 5% Organizational Reduction*	20 M		
Additional 15% Organizational Reduction*	No	60 M	60 M
Furloughs in targeted units	No**	5 M	5 M
Other Savings (cost reductions, reduced faculty hiring, additional use of reserves)	20 M	40 M	40 M
Use of Liquidity	No	Yes	Yes
Use of Endowment	No	No	Yes

*Our understanding is that this will be accomplished primarily by staff reduction, eg by further permanent job losses.

**However, our understanding is that there have been some furloughs already—over 100 Cornell staff.