

TFSC Finance Committee Report, March 30, 2020

The SFAC met twice since the last TFSC meeting. In the first meeting of March 10, the administration told us that it expected the impact of the coronavirus on NYU to be minimal. We went through the details of the NYU budget and performance through January. One striking observation was that NYU spent considerably less (-50%) on current capital projects. We asked if the projects are going slow. We were assured that the projects were going on the expected pace. We were told that the difference between budgeted and spent was because the budgeted amounts were too high. As a result of this discrepancy, NYU had an unexpected surplus of \$200-250 million in January. Keep in mind that the yearly budget of NYU, excluding the medical school and hospital is about \$3.5-3.6 billion.

In the second meeting of March 27, also attended by the Executive Committee of the Senate (heads of TFSC, CFSC, AMC, deans' council, and students), the administration explained that NYU expected losses of at most \$100-150 million because of closing the dorms, providing refunds for the period after the Spring break,, loss of revenue from the temporarily closed Dental School, and closing various campuses abroad. NYU has not finished calculating any benefits of cost-cutting relating to these closings. Additionally, any revenues might be received from the City and State if they use the dorms to house hospital employees or patients will make the NYU loss lower.

A concern was expressed in case the summer program is not well-attended. However, top administrators assured us that both the summer and the fall applications and deposits were on track with no reductions visible. The whole summer program brings in \$200 million revenue. The timing of decision on whether to have the summer program online or not has not been determined yet.

To mitigate the losses, NYU will do the actions in the attached memo, starting immediately (see detailed memo attached and also available at <https://www.nyu.edu/employees/resources-and-services/financelink/budgeting.html> under [FY20 Expense Actions](#)). Please note that there are no dollar amounts associated with each of these actions in the memo. We asked for dollar amounts for each cost-cutting action, and we were promised these soon. My sense is that the largest dollar amounts will come from the capital investment budget. NYU has an aggressive program of capital investment, with a number of projects that have not started yet, are not urgent, and can be easily postponed, and I expect most of the cost savings will come from there.

We also asked whether next year's merit increase (about \$27 million at 3% increase for tenured and tenured track faculty on about \$900 million total yearly pay or \$54 million for all faculty or \$108 million for faculty and administrators together, in our calculation) was considered to be cut. We were assured that unless there is a new major additional loss of revenue, NYU is financially OK with the measures announced, especially with a reduction of the extent of investment in projects that have not started yet, and by being more precise in budgeting.

Memo: FY20 Expense Actions

To: Senior Leadership Team

Cc: Fiscal Officers, Human Resources Officers

Date: March 27, 2020

The University has taken several decisive actions in the most recent weeks to help combat the spread of COVID-19. With these measures now in place to promote the health of students, faculty and staff and academic continuity, we must take additional actions to protect the financial health of our institution. Our goal is to ensure that we have the resources necessary to operate remotely and suspend all expenses that are no longer appropriate or fiscally prudent under our current circumstances and operations. Towards this goal, the following actions, effective immediately, are in place until further notice:

Research

NYU must now restrict ongoing onsite research solely to that which is deemed critical. Critical research is defined on the Research [website](#). Allowances, flexibilities, and restrictions on externally funded and internally funded research budgets are also presented at that site.

Administrative Hiring Freeze

Hiring is suspended for all administrative positions (new or replacement). Effective immediately, no new offer can be extended to applicants. Hiring offers that have already been made will be honored and not retracted. Requests for exceptions, which should be rare, should be submitted to Sabrina Ellis, VP of Human Resources and Cathie Nadeau, VP of Budget and Financial Planning. The freeze does not apply to positions supported by sponsored projects as long as work can be undertaken in accordance with the scope of work proposed and approved by the sponsor and within university guidelines for conducting critical onsite research and sponsored activities.

Faculty Hiring Review

All full-time faculty hires (Tenured/Tenure Track, Continuing Contract, and Visiting Faculty) must be approved individually and in advance, by the Provost's Office, even if the proposed hire is part of the faculty hiring plan that was approved in the fiscal 2020 budget and financial plan. This review includes any planned waiver/target of opportunity hires. This means that for all current searches that are intended to fill new lines or to fill vacancies resulting from retirements or resignations, the Provost's Office must give formal approval for the hire before an offer can be made. Where appropriate, instead of new hires, course schedules should be adjusted or adjunct faculty should be used to replace faculty hiring.

Requests for hires should be sent to Kelly Long in the Provost's Office accompanied by a brief statement as to the impact of delaying the planned hire for one academic year hiring cycle.

Hiring offers that have been made will be honored and not retracted. Where discussions are underway with a candidate, but no offer has been made, that prospective hire is subject to review.

Suspension of all non-essential temporary labor and overtime not required to enable remote academic programs, critical onsite research, or ensure public safety

Agreements for non-essential temporary labor should be ended not later than April 7th. Overtime hours for all non-public safety positions should not be approved effective immediately.

Eliminate all discretionary OTPS expenses not necessary to maintain remote academic programs or critical onsite research activities

Discretionary OTPS expenses should be discontinued or delayed unless directly related to essential University operations or in support of remote teaching. Expenses related to the following should be minimized to the greatest extent possible:

- Travel - except for local transportation for essential personnel
- Meals and Catering
- Discretionary Space Rental
- Consultants and Professional Services
- Furniture Replacement
- Office Supplies
- Employee Recruitment
- Any other discretionary expenses

The Controller's Office is currently evaluating options to modify approval paths to reflect greater oversight from school and unit fiscal officers and the University's Budget Office.

Restriction on new long-term contractual obligations

In general, the University will not enter into any new long-term contractual obligations (new or renewals) until further notice.

FY20 Capital Spending

Capital projects that are not yet in active construction, and a few other major initiatives, will be paused for a minimum of 60 days. The Space Priorities Working Group or the Budget Office will communicate directly with each affected school or unit.

This University has already made significant progress in confronting unprecedented challenges. We're asking for your continued assistance to help ensure NYU remains financially strong, while maintaining a commitment of excellence to our students, faculty and staff.