



Planning from the peak: A message from President Tim Sands

I hope that you and your family, friends, and colleagues are safe and healthy. For those who have lost loved ones, who are battling COVID-19, or who have been serving for us on the front lines of this pandemic, Hokie Nation is here to support you. Our faculty, students, and staff have mobilized to advance testing, accelerate research, and support our communities in every way possible. The power of Ut Prosim (That I May Serve) is both individual and collective. This crisis has shown how Hokies can come together to leverage their world-class expertise and skills to help those who are not so privileged.

The events of the last several weeks have had a surreal character to them. We have all been adapting continuously to a steady flow of information, directives, challenges, and opportunities. In the U.S., we are evidently near the peak of the first wave of the COVID-19 pandemic. We may have seen the worst that this disease can bring, but we are not yet confident that every day from here on will be better than the last.

Virginia Tech is a microcosm of the world as a whole when it comes to the impact of this pandemic. And while we are relatively fortunate in that our communities have been, for the most part, modestly affected by the disease from a health perspective, the economic impact and disruption to our operations in all phases of the university has been extensive. I wish I could share with you a precise plan for dealing with the operational and financial challenges we face, but our current position at the peak does not yet allow sufficient clarity to offer an accurate sense of the path forward.

What I can offer now is our best estimate of the timeline for decisions, as well as an outline of the planning scenarios that the university is considering. Before we look forward, let's briefly recap where we have been.

Spring and Summer 2020: With the pivot to remote online teaching and learning in mid-March, we embarked on a forced experiment that has been largely successful, if not entirely satisfying. We pulled back students and faculty from study abroad, and dramatically reduced our on-campus student population to less than 5 percent of our pre-spring-break headcount. Nearly 75 percent of our employees are working remotely. Planning deadlines forced us to commit to an online summer as well. All total, the sum of our lost revenue and additional expenses is estimated to be between \$50 million and \$67 million for spring and summer. Included in that

sum is \$14 million to \$24 million in "Educational and General" (essentially our instructional enterprise) expenses and lost revenue, and \$27 million to \$30 million in lost revenue from "Auxiliaries," which include housing, dining, and athletics. The impact on our research enterprise is expected to be in the range of \$6 million to \$10 million.

We are now working to better estimate savings from reduced expenditures. We have implemented hiring restrictions and reductions in discretionary spending that are making a difference. These savings will not be insignificant, but they will not come close to matching our revenue losses and additional expenditures due to COVID-19.

We are fortunate to be receiving \$19 million in federal funds from the CARES Act, at least half of which will be distributed to undergraduate, graduate, and professional students with demonstrable need. You will be hearing about our plans for direct allocations to students this week. The remainder of the \$19 million will be directed to covering a portion of the extra expenses and lost revenue for spring and summer.

Over the coming days, we will be sharing our plans for summer staffing. Although we will be online, we will need to maintain a workforce to support our online offerings and essential operations, and to prepare our campuses for fall.

Fall 2020: The nature of the coming academic year is much more difficult to predict. Our chief academic officer, Executive Vice President and Provost Cyril Clarke, is leading a consultative process that will engage a wide range of university constituents. Working sequentially and collaboratively with university leaders and faculty, models for the possible modes of academic operation in the fall are being developed, centered around our aspiration to conduct as much in-person engagement as possible within the constraints of protecting the health of those on our campuses and in our communities who are most vulnerable to this disease.

The academic modes of operation must emphasize flexibility and agility, both for the academic enterprise as a whole, and for the individual students, faculty, and staff who make up our university. Based on these emerging models, our finance and business operations team, led by Senior Vice President and Chief Business Officer Dwayne Pinkney, is estimating what is possible and what is fiscally responsible. The evaluation of academic, health, finance, and operations perspectives will lead to more detailed modeling upon which "stress testing" can be based. During this process, the President's

Leadership Team, shared governance, and the Board of Visitors are providing feedback to ensure that we arrive at a model for opening in the fall that will balance the interrelated considerations of health, academic quality, and financial responsibility.

The timeframe for announcing our approach to opening in the fall is early June. This timing is sufficient to allow for fall preparations for students, faculty, and staff, while offering the longest possible window during which we may tune our model with the latest information about the progression of the pandemic and emerging best practices for protecting the health safety of our communities and the individuals who comprise them.

During the next five weeks, we will continue to update the Virginia Tech community as the range of possibilities narrows. We will host virtual town hall meetings that address the full range of issues and university constituencies. You can find recordings of prior meetings and announcements for future town halls at <https://vt.edu/covid-19/home.html>.

With respect to Virginia Tech's fiscal status, we are fortunate to be riding a period of rapidly growing student demand, increasing support from research sponsors, and our highest levels of philanthropic support ever. Support from the state and financial prudence have allowed Virginia Tech to freeze in-state tuition and fees for the current academic year. Financial aid for our students has been increasing rapidly as well. This strong institutional momentum has placed us in a more resilient position than many institutions that are struggling to meet enrollment targets, even with generous financial aid. Despite our strong momentum, the coming academic year will bring substantial financial challenges. Our rough models for the fall indicate lost revenue ranging from \$48 million to \$240 million, not including potential impact from reduced state appropriations. Compare that with our annual operating budget of \$1.6 billion, and you can see that we are in for a challenging year.

Some institutions are already dealing with announced cuts in state appropriations, large losses from health system operations, or substantial reductions in operating revenue from endowment distributions. Virginia Tech is not grappling with these known and immediate challenges. While this does not diminish the seriousness of the financial picture, it does extend the timeline for accurately predicting the nature of our challenges going forward. We have asked units to begin planning for two scenarios: a 5 percent and a 10 percent reduction in annual allocations. Fortunately, the Commonwealth of Virginia was seeing strong revenues prior to the pandemic, and has the ability to wait until late summer to reforecast those revenues. That reforecasting, along with clarity in early June as to our plans for opening in the fall, and knowledge of our likely enrollment picture this summer, will provide sufficient information for financial planning as we move into fall. In the meantime, the Board of Visitors will meet in early June to set tuition rates and approve our budget for fiscal year 2020-21. They will do so based on the best information we can provide at that time.

We are strong, and we are resilient. We are compassionate and we value our people. We are data-informed and we are willing to make the difficult decisions that will ensure that a stronger Virginia Tech will emerge from this pandemic. We know that the world will need Hokies more than ever, and Virginia Tech needs you. I appreciate each one of you, and your commitment to our great community.

Open enrollment for health insurance and flexible spending accounts will be May 1 - 15

Open enrollment for state-provided health insurance and flexible spending accounts (FSA) will be held May 1 – 15, 2020. Any changes made during open enrollment will be effective July 1, 2020.

Following are highlights for the 2020-21 plan year:

- Employee premiums will change for all plans. See the “Spotlight on Your Benefits” newsletter for 2020-21 premiums. To compare the differences, view the 2019-20 premiums.
- Age limits removed for autism spectrum disorder and related treatments and services.
- Health FSA limit increased: You may contribute up to \$2,750, an increase of \$50 from the current maximum.
- An online portal (Employee Direct) is available for employees to enroll (or reenroll) in FSA plans and enroll in a Health Insurance plan (or make changes). NOTE the employee ID number is the Member Number from the Health Insurance Card (use only the numbers, drop the alpha characters). If you do not know (or have access to) your ID Number, use your Social Security Number to retrieve or contact the HR Service Center.

Starting this week, Human Resources will hold Zoom information sessions for employees to review this year's open enrollment changes. Session will continue through the end of open enrollment. Registration is not required for these sessions. Review sessions: www.hr.vt.edu/benefits/health/open-enrollment/informational-meetings.html.

In light of the ongoing impact of COVID-19, employees are strongly encouraged to use EmployeeDirect, DHRM's electronic submission portal, to submit open enrollment changes online. Employees must submit changes no later than 11:59 p.m. on May 15, 2020.

Enrollment forms and supporting documents can also be submitted to Human Resources. Read this campus notice on submitting documents to Human Resources using their new digital processes.

DHRM mailed enrollment forms separately to employees' home address of record. Paper forms should only be used if online access is unavailable.

For more information, visit the Open Enrollment webpage at www.hr.vt.edu/benefits/health/open-enrollment.html. For questions, contact the HR Service Center at hrservicecenter@vt.edu or 540-231-9331.

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