

From: [Dalton, Jim](mailto:pharmacy.all@umich.edu)
To: pharmacy.all@umich.edu
Subject: COVID-19 update and implications for the College of Pharmacy
Date: Monday, April 20, 2020 1:28:55 PM

Good afternoon everyone,

I hope you and your loved ones are all healthy and remain so. I imagine that you have seen President Schlissel's email message (included below). The financial impact of COVID-19 on the university is significant, and somewhat difficult to fully predict at this juncture. The University is taking important steps to assure that we rise to the challenge and remain ready to achieve the outstanding educational, research, and service missions that we have for over 200 years. As you can imagine, with the pandemic, the University is looking at every possible way it can to protect its core education and research mission and protect our students and dedicated faculty and staff members who comprise our community. The actions being taken to preserve financial resources are broad and touch upon all aspects of our operations, including the construction of our planned new building.

President Schlissel just announced that all new construction is put on hold until our regular operations are resumed and the University has recovered financially. This includes construction of the new Pharmacy building which we hoped would begin this coming fall. We will have a new building – it will however be delayed. The duration of the delay is uncertain, dependent on the pandemic itself and the wide host of other factors affecting the U-M and college budgets. I will update you again as I learn more and we develop revised timelines for this important project.

Sincerely,

Jim

James T. Dalton, Ph.D.
Dean and Professor of Pharmaceutical Sciences
College of Pharmacy
University of Michigan
Office: 734-764-7144
E-Mail: daltonjt@umich.edu

From: President Mark S. Schlissel <targetemail@umich.edu>
Sent: Monday, April 20, 2020 12:48 PM
To: daltonjt@umich.edu
Subject: A COVID-19 update from President Mark S. Schlissel

Dear Colleagues:

The COVID-19 pandemic has adversely affected all members of the University of Michigan community, creating personal difficulties and adding fear and uncertainty to our lives. Some of us are living apart from our families to protect their health. Others must simultaneously juggle the needs of remote work and schooling for our children. Simple comforts like strolls

through our museums, being captivated by live performances, and having friends over for a meal are now unsafe.

The pandemic also has threatened the financial stability and future strength of our university.

I first want to express my gratitude to all of you for your willingness to adjust quickly to the demands we face. We've had to move rapidly to a new way of life and work – all while striving to deliver the critical parts of our mission and serve our students and the public through education, research and patient care.

We are striving to protect employees' jobs as much as possible even as the pandemic, and society's response to it, continues to evolve. Special banks of paid time off and a commitment to paying faculty and staff through April have helped us to weather the initial stages of the pandemic and maintain as many aspects of normal life as possible for employees.

But we also know that the future will not return to what we knew as "normal," at least not immediately and perhaps for much longer. I've previously mentioned the uncertainties we face from the pandemic. Like everyone across our nation, we don't know how long it will last, nor can we precisely predict what the short- and long-term financial effects will be although recent indications are of grave concern.

These uncertainties continue to impose a set of very real challenges on the university. Virtually all sources of revenue the university relies on for daily operations are in question. At the same time, we are managing new costs that arose quickly. Our best estimate is that the university, including all three campuses and Michigan Medicine, currently faces anticipated losses of \$400 million to \$1 billion through the end of the calendar year.

I am writing today to announce several actions the University of Michigan is taking in our continuing efforts to address the financial gap and other evolving challenges of the COVID-19 pandemic, along with sharing the principles we will continue to use as we work through the difficult times ahead.

Principles

In this time of mounting uncertainty, it is important that we have clear principles that will guide difficult decisions in the months to come. There is still so much we don't know, but I want to be clear that there are values of which we can be certain.

The University of Michigan is an institution that has stood the test of time for more than 200 years. While it will not be easy, U-M will overcome this pandemic, and we will – as we always have – uphold our public mission and the promise we have made to those we serve.

These principles were developed in conjunction with the executive team and key senior leaders to align with U-M's core values. They will help us to remain true to ourselves and to our mission as we confront the difficulties ahead. The principles are:

- **Deliver the mission of the University of Michigan.** We take pride in the work we are doing to enhance society and recognize the many communities who rely on us.
- **Value, protect and support our people.** We will seek and implement the best guidance possible for the health and safety of our students and employees. We will also prioritize students' academic progress and financial aid and strive to minimize adverse impacts on

regular employees. The success and well-being of all members of our community are crucial to education, research and patient care at U-M, now and into the future.

- **Preserve the University of Michigan's long-term excellence.** We are responsible not just for the university's success today, but for its future. Together, we continue to demonstrate the importance of academic excellence, including the inseparable values of diversity, equity and inclusion. No crisis can change this fundamental truth. We will have to work and think differently to uphold these values.
- **Communicate effectively and thoughtfully with our community.** We will continue to share information with as much transparency and as quickly as we can on our COVID-19 website and in communications with individual units.

Actions to preserve financial resources

We must work to preserve financial resources wherever we can. Some of the actions below are amplifications of previously announced plans, or they draw a clearer line for how we will proceed in the coming months. These actions apply to all three campuses and Michigan Medicine.

Elimination of non-essential expenditures. All non-essential expenditures – for example travel, conferences, use of consultants – are to be suspended and new financial commitments are to be avoided until further notice. Research projects that are fully funded by federal sponsors can continue operations and spending as needed. More information including guidance on other sponsored funding can be found on the [COVID-19 research operations page](#).

Hiring freeze. All hiring is frozen with the possible exception of staff or faculty in roles considered critical and those fully funded by federal grants. Units may still hire student employees as appropriate. The university will honor its outstanding offers extended to staff or faculty. Michigan Medicine will continue to apply its own criteria based on patient-care needs. This includes temporary staff positions.

Salary freeze. There will be no increases to base salary effective immediately and through the end of the upcoming budget year, including merit increases with the exception of those related to faculty and staff promotions that have already been approved, are part of the faculty tenure and promotion process, or are contractual adjustments prescribed by collective bargaining agreements.

Leadership salary reductions. I have decided to cut my own monthly salary by 10 percent starting May 1 through the end of this calendar year. For the same period, the Dearborn and Flint chancellors have volunteered to reduce their salaries by 10 percent, and the remaining executive officers, chief diversity officer, and athletic director have volunteered to reduce their salaries by 5 percent. This is in addition to the same provisions for no merit increases that I've announced for all employees.

Voluntary staff furloughs and reduced hours. U-M is temporarily implementing two voluntary programs for regular staff in non-critical operations. With unit approval, staff may temporarily leave their position (unpaid furlough) during the COVID-19 pandemic or temporarily reduce their work hours. In both cases, employees would be able to return to their regular positions and hours at the end of the approved period, which can range from 60 to 120

days. Employees approved for furloughs would be eligible to file for unemployment compensation during the period of absence. The university premium portion of insured benefit plans (health, dental, long-term disability, life) will continue to be paid by the unit, and the employee contribution for health plan coverage will be waived during a furlough. Benefits for employees approved for reduced hours would depend on the resulting percentage of effort.

More details on the voluntary furlough and reduced hours programs are available [here](#).

Postponement of construction projects. In accordance with Governor Whitmer's directive, contractors have paused construction on campus. We will reevaluate our financial ability in deciding when to resume projects already in construction and how long to delay projects that are proposed for design.

All of these actions may be reconsidered as financial conditions change. Additionally, the pandemic may require us to make even more difficult decisions in the future, including employee compensation cuts, mandatory furloughs and layoffs.

Some have suggested that we mitigate the consequences of our financial challenges by drawing down our endowment. Like many personal investments, our university endowment has suffered large but uncertain losses. Nonetheless, it continues to be an essential resource for funding student scholarships on our three campuses, supporting critical medical research and other costs that ensure success of programs across the university. It provides the support necessary to ensure we can deliver on our longstanding commitment as a public university to keep quality education affordable, and hundreds of units rely on the stability it provides through ongoing funding streams. Much of our endowment supports funds that can be used only for a specific purpose. We are committed to honoring these agreements with our donors and to maintaining the endowment's ability to support scholarships, important programs and the long-term stability of the university.

We know there will be questions for how the current actions affect specific units. We'll share more guidance with managers, and additional information can be found [here](#).

Continuing financial uncertainties

The actions I've mentioned are the result of two primary factors: All of the university's major sources of revenue are in question, and we have incurred large, sudden, and unexpected costs due to the pandemic.

The expenses include the pandemic response at our hospitals and clinics, coupled with the loss of revenue from non-urgent medical procedures and outpatient clinics. We also issued refunds for employee parking and rebates for student housing and dining. These were the right thing to do to support our community, but were not part of our normal budget or monthly cash flow calculations. Additionally, the need for financial aid will likely increase as the families of many of our students have experienced reductions in income.

In terms of revenue, we face uncertainties around demand for classes (spring, summer and perhaps next fall), our ability to safely bring students to campus, the nationwide economic slowdown, potentially greater needs for patient care, and levels of state support and federal research funding that may decrease significantly.

We're constantly evaluating the conditions and doing our best to perform the complex analysis

of all the factors we must consider. As I noted last week, the evolving COVID-19 situation for U-M continues to call for more change. The current estimated anticipated losses of \$400 million to \$1 billion for the rest of the calendar year may change as well.

In the months ahead, we may have to take additional measures to address growing consequences of the pandemic. For instance, work that is available now under the current conditions may not be available in future months. We also must keep in mind the operational and resource needs when we are able to ramp back up. This will depend on state orders and federal guidelines, and it's important to note that it won't be like flipping a switch.

We're already working to plan for a more gradual return to normal activity, informed by strong public health guidance. I remain cautiously optimistic that we will be able to deliver a public health-informed Fall semester on our three campuses.

In line with that fourth value expressed above – "communicate effectively and thoughtfully with our community" – I want you to know that I pledge to be as proactive as possible with sharing information about any changes that affect us going forward.

We are being challenged at levels never before seen, but I remain confident in our ability to respond with creativity and a shared commitment to our university's mission and to one another. Please stay healthy and safe, and thank you for making this university so great.

Sincerely,

Mark S. Schlissel, M.D., Ph.D.
President

Please do not reply to this email, as this address is not monitored. You may send an email to President Schlissel at presoff@umich.edu

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