



Office of the President

NORTHERN ARIZONA UNIVERSITY

May 22, 2020

Dear colleagues,

I understand this has been a difficult week for our Lumberjack community, as we continue to phase in our FY21 budget planning based on next year's enrollment projections. While I am proud to report that our FY20 budget will end balanced after implementing a number of cost-saving measures—including debt refinancing, hiring reductions, and renegotiated contracts to offset the costs associated with the COVID-19 pandemic—there are significant challenges ahead. I want to make sure there is clarity about our process for ensuring NAU's financial health and the steps we are taking. While our enrollment picture is changing daily, it is clear we will have a smaller student population in the fall, as has been presented to our campus community through a number of reports and presentations.

Our plan is built on core principles of student success and our focus is clear: maintain the integrity of our university's mission, ensure we continue to deliver a high-quality education for our students, and support our dedicated faculty and staff. We will maintain our current student-to-faculty ratio of 19:1 and the support services for our students that are critical in delivering the personalized experience our students consider to be the hallmark of NAU. Taking into account the fact that our institution is already very lean, our strategy to address these financial challenges is deliberative, inclusive, and has multiple targeted components.

- A complete FY21 budget will require shared sacrifice, cuts that align to demand and workload, and long-term sustainability.
- Shared sacrifice starts at the top, and fairness is a guiding principal of our strategy. Pay cuts will start with me and include my executive team. We will be taking a 10 percent pay cut for fiscal year 2021, effective July 1.
- We will implement salary reductions across our senior administration, as well as some combination of university-wide tiered pay cuts and/or furloughs across other levels of the organization—those who are paid more will be asked to sacrifice a little more. Ranging from 5-10 percent, we will have clearer information after the start of the fiscal year (July 1) and will be able to communicate percentages and timing.
- We will continue to review administrative staffing levels closely, weighing options for reductions and efficiencies based on workloads in particular areas.
- The hiring freeze that is currently in place will continue. To date, more than 280 positions have remained unfilled in order to limit financial impacts to current employees.
- The sheer volume of unknown enrollment numbers, and the corresponding impacts to revenue, require flexibility. Assuming a potential enrollment decline of as much as 20 percent, initial estimates projected significant reductions in the number of non-tenure track contracts issued. Thanks to an extensive operational review, we will issue contracts to approximately 95 percent of our total instructional faculty for fall 2020.
- Additional measures still in the planning stage for future implementation in FY21 include the following:
 - A limited voluntary early retirement program
 - Further review of debt refinancing options

- Modification of outside services and contracts
- Program and site review
- Curriculum assessment and streamlining
- Deployment of OGEI service units

Transparency has been and will continue to be my commitment. I will continue to communicate and engage with every part of our community, listening to your suggestions and providing updates about our response, planning efforts, and budgetary implications.

We feel deeply for those individuals leaving NAU who have contributed so substantially to helping our students achieve their aspirations as Lumberjacks. These are difficult decisions, and we wrestle with the impacts every day.

It is with much appreciation that the Executive Team and COVID-19 Recovery Workgroup have received recommendations from the campus community for inclusion in budget planning and development. These recommendations are incorporated into many of the items outlined above as we advance toward a comprehensive plan together.

We are one NAU and we will emerge from these challenges stronger together.

Sincerely,

A handwritten signature in black ink that reads "Rita". The signature is written in a cursive, flowing style.

Rita Hartung Cheng
President