

April 20, 2020

Dear Iowa State faculty and staff,

I want to share with you our current understanding of the financial implications of the COVID-19 crisis on the university. I want to be clear that this understanding is only a snapshot that will continue to develop as we analyze information and impacts coming in from every aspect of our operations. I also wish to outline some steps we are currently taking to mitigate the impact and to support employees and students.

COVID-19 Financial Impacts

As of April 3, we estimate our losses and additional expenses from the start of the pandemic through the summer will be more than \$80 million. This preliminary estimate is likely a conservative one, as the COVID-19 crisis continues. Included in this figure are refunds owed to our students and their families, which so far total nearly \$17 million for housing, dining, study abroad, and course fees. It also includes lost revenue due to cancellations, closures, and modified operations. Again, this figure will change as we continue to gather more information.

COVID-19 Federal Assistance

The U.S. Department of Education has approved a stimulus package (CARES Act) that will provide \$21.6 million in emergency aid to Iowa State University. As required by the Act, \$10.8 million will be spent for emergency student financial aid. We are working on a plan to appropriately distribute this money to students in need, and more information will be forthcoming. My senior leadership team and I are working with senior budget leaders to determine how the remaining CARES funds – \$10.8 million – will be allocated. We will work with state and federal leaders and the Board of Regents to identify and leverage any additional aid and resources.

FY21 Budget

As we consider these financial implications and understand there are more to come, it is important that we take a prudent and frugal approach to our budget. At this time, we are planning for status quo with respect to our FY21 state appropriation and fall 2020 tuition rates, pending official decisions by the state legislature and Board of Regents.

Consequently, all units are being asked to implement a 5 percent budget reduction for FY21, beginning July 1, 2020, and plan for another 5 percent budget reduction for FY22. In addition, there will not be a performance-based compensation increase for faculty, P&S staff, post docs, and contract associates on July 1. Merit staff will receive a July 1 salary increase of 2.1 percent consistent with the outcome of contract negotiations.

Meaningful Work During Reduced Campus Operations

As we gain a more complete picture of our financial impact due to the pandemic, we continue to direct supervisors to think creatively about engaging employees in job tasks that ensure sufficient work while supporting our core missions. During this time of reduced campus operations, this may include:

- Temporary changes to job tasks.
- Temporarily assigning employees to other areas with available work.
- Reduced or rotating schedules.
- Where sufficient work is not available, employees may use appropriate employee time-off.

University Human Resources has new information and resources for employees whose jobs are impacted by reduced campus operations, including FAQs, available on the [UHR COVID-19 website](#).

Supervisors will be provided additional information regarding this guidance from University Human Resources.

Retirement Plan Changes

We understand that members of our community may be facing unexpected financial challenges as a result of COVID-19. As part of the CARES Act, ISU employees and former employees with retirement accounts in defined contribution plans (such as TIAA, AIG VALIC, and Ameriprise) may be eligible to access a distribution from those accounts of up to \$100,000 through December 31, 2020.

Eligibility is connected to adverse financial conditions resulting from COVID-19. Provisions in the CARES Act waive both the 10% penalty for early withdrawal (prior to age 59 ½) and the mandatory withholding of 20% for federal taxes. Individuals may choose to pay or not pay the distribution back over a three-year time frame. Individuals may also elect to suspend their 2020 Required Minimum Distribution from those accounts.

Please contact your financial advisor or our retirement plan partners:

- [TIAA](#)
- [AIG VALIC](#)
- [Ameriprise](#)

Questions and Resources

We know the uncertainty of the pandemic is challenging. We've posted new [Employee FAQs](#) on the COVID-19 safety page that offer resources to help manage stress and mental health concerns, as well as resources for personal finance issues.

We have also posted a [summary of the Coping with COVID-19 Challenges](#) employee survey. We appreciate you taking the time to complete this survey. The results have informed the university's ongoing response, including [additional communication](#) on wellness resources,

IT support, employee and supervisor expectations, long-term planning, and targeted outreach and information for [on-campus employees](#).

Please continue to send your Human Resources-related questions to hr_delivery@iastate.edu. Any other questions can be sent to COVID-19@iastate.edu and we will work to provide answers as soon as possible.

We will continue to share information, decisions, and changes with you through these university communications and the [COVID-19 safety page](#).

Thank you

Difficult times can bring out the very best in us. I've seen it happen time and again during my years at Iowa State. When these times arise, we have the opportunity to demonstrate Iowa State's resolve, innovation, and strength. Thank you for your commitment to our mission and your compassion for each other.

Wendy Wintersteen
President