Update on the Estimated Financial Impact of COVID-19 for the UW System Institutions

Board of Regents of the University of Wisconsin System
Business and Finance Committee  April 8, 2021
Sean P. Nelson, Vice President for Finance
Timeline – Key COVID-19 Decisions

**Winter/Spring 2020**
- **UW System Emergency Operations Center (EOC) Activated** on 1/22/20
- Transition to **Alternative Delivery** of Instruction and Remote Workforce
- Systemwide Decision on **Pro-rated Refunds for Housing and Dining**
- **Federal CARES Act Funding** signed on 3/27/20
- State’s requirement of an **FY20 budget lapse of $40.8 million**

**Summer/Fall 2020**
- Some UW institutions **pause instruction** for 2 weeks due to COVID
- **Testing funding** received from State’s CARES allocation
- Robust fall semester testing implemented on all UW campuses
- State’s requirement of an **FY21 budget lapse of $45.4 million**

**Winter/Spring 2021**
- **UW System partners with Feds for community surge testing**
- **Federal CARES Supplemental Funding** signed on 12/27/20
- **UW System ramps-up spring semester testing program**
- **UW System partners with State for vaccination roll-out**
- **Federal America Rescue Plan Act** signed on 3/10/21
Financial Impact of COVID-19 for the University of Wisconsin System
Total COVID-related Expenses and Lost Revenue
Excluding Student Emergency Grants

- Estimated Expenses and Revenue Loss through May 2021 (estimated): $534 million

- COVID-related Enrollment Loss: 6%
- Net COVID-related Expenses, excluding Student Emergency Grants: 25%
- FY20 and FY21 Budget State Lapse, including unfunded FY20 Pay Plan: 18%
- Lost Auxiliary and other revenues: 51%
- $272.8M
- $131.5M
- $34.8M
- $94.8M
- $272.8M
Cost Savings and Expense Reductions
March 2020 through May 2021 (estimated)

UW Institutions have achieved cost savings and expense reductions in several areas, including:

✓ Hiring Controls
  ▪ Employee furloughs at all UW institutions will have generated an estimated $65.3 million in savings through the end of May 2021
  ▪ Attrition, layoffs, holding/eliminating vacant positions, and other salary savings

✓ Travel Restrictions
  ▪ UW institutions have drastically reduced or eliminated both in-state and out-of-state travel through to the end of the current fiscal year (June 30, 2021)
  ▪ Reduced travel reimbursements will have generated an estimated $34 million in savings through the end of May 2021

✓ Utility savings, debt refinancing (through DOA), renegotiated contracts, implementation of spending controls for supplies/expenses
Net Financial Impact

Excluding Student Emergency Grants*

March 2020 through May 2021 (estimated)

Total Expenses and Lost Revenue

Federal Funding

Net Financial Impact through May 2021 (est)

$534 million

$366 million

$168 million

* $232 million – or 45% of the total federal higher education funding -- will be allocated for direct aid to students
Looking Ahead

- Federal funding is **one-time funding to help mitigate losses from the pandemic through the Fall semester of 2021**
- In accordance with evolving guidance from the Feds, UW institutions continue to review and refine **loss estimates for the current Spring semester, through the summer, and into Fall semester of 2021**
- In addition to continuing with cost reductions, UWSA and Institutions are **being vigilant and proactive in monitoring cash flow and available reserves**
- Continued implementation of **robust testing** at all UW institutions for the duration of the spring semester. UW System is also partnering with State of Wisconsin to effectively **stand-up vaccination sites** at UW locations
- **FY22 Annual Budget** will be presented to the Board of Regents at the June 2021 meeting in Milwaukee