

From: **Human Resources** <Human_resources@emerson.edu>

Date: Mon, Jul 13, 2020 at 10:16 AM

Subject: Emerson Mandatory/Matching Retirement Contributions Suspension

To:

Dear Staff and Full-Time Faculty,

The suspension of the mandatory component of the Emerson Retirement Plan outlined in President Pelton's email (see below) will go into effect on August 1, 2020. Both the employer (9%) and the employee (3%) contributions to the Plan will be suspended for up to one full year. No action is required on your part.

The Emerson College Retirement Plan has two components:

1. The mandatory component – includes mandatory employer and employee contributions and is suspended effective 8-1-2020.
2. The voluntary component – employee contributions set by the employee will continue, subject to IRS guidelines as indicated below.

Voluntary Retirement 403(b) Plan Contribution

If you would like to change or begin your voluntary contribution to the Plan, you are eligible to do so at any time. You may want to consider starting or increasing your voluntary contribution to make up for the 3% that will no longer be contributed to the plan on a mandatory basis.

The IRS sets limits on how much an individual may contribute pre-tax to retirement each year. For the 2020 Plan year, participants under age 50 are eligible to contribute up to \$19,500. Participants age 50 or older are afforded a "catch-up" amount, an additional \$6,500 for this year, and therefore, can contribute up to a maximum \$26,000 on a pre-tax basis for 2020.

Emerson's 403(b) Retirement Plan is sponsored through Transamerica; all changes are processed through their employee portal. If you are not registered on the Transamerica website, please take this opportunity to do so. To enroll or change your voluntary contribution with Transamerica:

1. Login to the [Transamerica website](#).
2. On the home page, select "Details" to the right of "Emerson College Deferred Annuity Plan"
3. On the new page, under "Manage" select "Contributions"
4. Make your % or \$ election/change by entering the total amount you would like to contribute.

You can make or change your contribution amounts at any time. If you wish to make your change effective as of the Friday, August 14 paycheck (the first paycheck that will not include the mandatory/employee 3% contribution), please make your changes on the [Transamerica website](#) within the dates below:

- **Semi-Monthly paid employees:** between Monday, July 27 and Thursday, July 30
- **Weekly paid employees:** between Monday, August 3 and Thursday, August 6

If you have any questions about the on-line enrollment or change process, please contact Transamerica customer service at 800-755-5801. If you have Emerson questions about our retirement plans, please contact Tricia Kennedy at tricia_Kennedy@emerson.edu.

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Dear members of the Emerson community,

Today, I write to you with sorrow and even weariness as I enumerate the actions that we need to take in response to the significant financial losses that the COVID virus has exacted on our beloved community. We hear “unprecedented” so often to describe the times in which we live, that it has begun to approximate a cliché. However, they are unprecedented and so are the actions listed below.

As you know, many colleges and universities already have had to turn to furloughs and layoffs in an effort to close COVID-inspired operating budget deficits. This is especially true at large universities and many corporations around the globe. However, we are neither of these. Our scale is more intimate. In many respects, we are a family – at least that is how I view our College. As such, I am determined to take a more incremental approach to addressing our budget shortfall, because I recognize that each furlough, each lay-off is a person – a person whom we see every day, a person who is an essential member of the family we proudly call Emerson College.

The actions outlined below are not likely to be the last measures that we will need to take. However, I have chosen an incremental approach because it is my hope to save as many people as possible from losing their jobs and causing disruption to their families during a time when jobs and resources are stubbornly scarce. I am pleased that our current measures do just that – recognizing that these measures do not fully address projected losses to be at least \$33 million in our best-case scenario.

I am enormously grateful for the sacrifices made by all of you, and I shall always remember your care for this community.

Supporting Our Current Students

As an institution of higher learning, Emerson exists, first and foremost, for our students. COVID-19 has had devastating effects on many Emerson students and their families, and we have spent the last several months focused on finding ways to support their continued enrollment during this time of financial hardship.

For the past three years, we have sought to slow the annual rates of undergraduate student tuition increases while simultaneously growing our budget for student financial aid. While this is an extraordinary challenge for Emerson, given the College’s current reliance on tuition and fees for operating revenue, we remain committed to our vision: that Emerson should be an affordable option for the world’s talented storytellers, artists, and communicators, regardless of their financial situations.

It is in the context of this objective and the measures below, that the Emerson Board of Trustees recently voted to cut the returning undergraduate students’ percentage increase for tuition, room and board fees by half from 4% to 2%. This increase will amount to approximately \$1,350 on a per capita basis. The College will fully off-set this increase for returning undergraduate students and

their families with financial need or changing financial circumstances, such that for many students there will effectively be no increase. Returning undergraduate students may learn more about additional financial aid opportunities and how to receive this off-setting financial support by visiting https://www.emerson.edu/departments/financial-aid/current-undergraduate/how-apply-maintain-your-award#additional_aid.

We also anticipate that other undergraduate students, some of whom do not receive institutional aid, will nonetheless need additional assistance to ease the financial burden on their families. If returning undergraduate students and parents have any questions about their individual situation and level of support, please contact the Office of Financial Aid at finaid@emerson.edu or the Office of Student Success at studentsuccess@emerson.edu.

As previously shared in my [June 22 letter](#) and in several conversations and fora with faculty, staff, and student groups, the College has been working to analyze and address the financial impact of COVID-19 on our commonwealth of learning.

Despite a strong first-year class enrollment and continuing undergraduate and graduate school registrations, the impact of the 2020 Spring Term room and board refunds, the anticipated loss of additional tuition, room and board charges as a result of de-densifying the residence halls, as well as some students electing not to return to the College in the fall term, will create significant revenue losses for the College. The cost of putting into place actions to ensure the health and safety of our community will add to these losses.

While we were able to close an overall \$7 million shortfall for the 2020 Spring Term through expense savings and a favorable cash position, we nonetheless project an additional \$33–\$76 million in losses, based on varying undergraduate, graduate, and international student enrollment models. As I said earlier, the \$33 million loss represents a best-case scenario based on favorable undergraduate and graduate enrollments and room and board revenues. A fully online AY '20-21 would significantly exceed \$76 million in losses.

Below are the first set of actions that Emerson will undertake in order to begin to mitigate these losses, as we continue to keep these priorities paramount: minimize health and safety risks for our community, provide a high-quality educational experience that will prepare our students for meaningful futures, keep our College intact and reduce as much as possible the negative impact on faculty and staff positions. These actions represent measures previously presented in the faculty and staff fora as well as in the faculty, staff and student COVID-19 Working Group.

Measures to Mitigate the Financial Impact of COVID-19

- Freeze on staff and administrative salary increases – there will be no annual increases for staff and administrators in FY '21 through October '21, when staff and administrative salary increases are awarded. Today, staff union leaders will put before its members for an imminent vote an agreement to suspend annual increases.
- Suspension of new sabbaticals, new faculty lines, and a substantial amount, but not all, of faculty development funds.
- Suspension of Retirement Contributions – the College will suspend its contribution to full-time faculty and staff retirement plans for 12 months.
- Suspension of Transportation Benefits for staff working remotely in FY '21 and a required partial use of vacation days during winter break for staff and administrators.

- *Reduction in Executive Compensation – the President, Provost, and Vice Presidents will take a 10% salary reduction in FY '21, in addition to the suspension of retirement plan contributions, for a total 19% reduction in executive compensation*
- *Voluntary Reduction in Work Hours.*
- *A 10% reduction in each operating budget area managed by the Vice Presidents, along with reductions in specific expense categories such as travel and temps and other costs managed at the College level, including equipment and expenses related to upgrades or improvements to our facilities.*
- *Voluntary Early Retirement Incentive Program to permit eligible staff or administrators to elect to retire sooner than they might have otherwise.*

Information on the voluntary programs is forthcoming.

I acknowledge, admire and applaud the extra work of faculty, staff and administrators during the last several months. It has made all the difference. I am also grateful for the faculty and staff union leadership and its members for their munificent contributions to these measures. These were acts of generosity that should not go unnoticed by any of us.

Taken together, these actions will contribute \$26 million towards closing our \$33 - \$76 million shortfall.

In the Fall Term, after we have reviewed the actual total losses and the health and safety costs, we will decide whether additional cuts or other measures will be needed in order to further close our operating budget gap. As I said before, we may need to take additional measures, depending on the levels of tuition, room and board revenues.

I recognize that many of these measures will be painful for our community. No doubt, not all will agree with these actions. However, despite these unimaginable times, they are necessary to ensure that Emerson continues to meet its educational objectives.

Just as the world will be different after the global pandemic, so, too, will be Emerson – in ways that I cannot now reasonably predict. Despite whatever changes may ensue, I hope we will have the resolve and charity to come together, work together and get to the other side together in common purpose and common need.

I believe if we approach the days, months and perhaps even years ahead with fierce determination, urgency, creativity, and compassion for each other, we will emerge from this extraordinary challenge as a stronger and more unified Emerson.

*Sincerely,
Lee Pelton*