



May 6, 2020

Dear Xavier Colleagues,

As I write this letter, the annual Spring Board of Trustees' meeting is fading in the rear-view mirror. Sorting through my notes from the various Board and committee conversations, I found myself grateful for the normalcy (as much as one can have normalcy through Zoom) of a regular University event. Amidst virtual classes and meetings, the absence of campus events from our calendars provides another reminder of how unusual our world is right now: All Honors Day, Xavier Fest, service days, spring sports, concerts, multiple recognition events and even Commencement itself with all its accompanying side ceremonies (nurses' pinning, for example) and more all have disappeared. Like your own calendars no doubt, mine is populated by too many ghosts these days; contemplating them saddens me deeply. And now we are headed toward a summer of planning re-start scenarios—and who can say exactly what that will look like.

My continued thanks to so many of you reading this who are doing incredible work to support our students and one another. The end of the semester is almost upon us! Faculty, student support staff and students themselves are working with and engaging one another through virtual methods and remote learning. Faculty members, I am in awe of your flexibility, and I know I am not alone. Beyond adapting your curricula, you've adapted as well to your students' new worlds (one of our classes has students stretched from California to South Africa at the same time) and helped them along. And Xavier staff: hats off to you as well! In your willingness to support students in so many ways, to assist short-handed areas, to compensate for what used to happen automatically around coffee pots and with quick visits down the hall by now being deliberate and purposeful in how you communicate with one another virtually – and this is only the beginning of a lengthy list, as you know – you too have shouldered your burden to ensure the operations of the University. And then some! Here's an interesting fact that I suspect will surprise not a single one of you: collectively, we've logged over 40,000 Zoom meetings and more than 8 million total minutes on Zoom!

At last Friday's meeting, the Board discussed just how impressed and grateful it is for the agile, hard and creative work we're all doing. This discussion culminated in the passage of two special proclamations. As I have noted before, the last several weeks have been humbling and overwhelming for me even as they have been so unsettling; it means so much to be a part of such an exceptional group of people who care so deeply for our students and whose creativity, generosity and hard work seemingly know no bounds, especially in these trying times. Faculty and staff have stepped up to the occasion in so many ways – always with our students' welfare as paramount. Our Trustees wanted to express their appreciation, which you can [read here](#). Trust me when I say that we will find ways in coming days to share these words in more meaningful ways! These proclamations are but one way we can say thank you to the many campus heroes who have helped students, faculty and staff keep Xavier marching forward in this challenging time.

You likely saw last week's announcement that we will continue to work remotely through July 3. Look for communication in mid-June about post Fourth of July plans. A full set of details and

FAQs for employees is [linked here](#). We realize that at some point this summer a return to campus will be necessary to plan for the fall semester. Because our community itself depends upon the close, face-to-face interactions and relationships which have created and sustained it, our strong desire is for staff and faculty to return to campus in the summer so we can prepare to welcome students back in August. But that will depend, as you may have seen in our recent announcement regarding our hopes for the fall, on our ability to safely and effectively operate the University in accordance with the federal, state, and CDC guidelines to best protect our students, faculty, and staff. That's why our scenario planning – with several possible options of what the 2020-21 school year will look like – will continue as we fine-tune possibilities.

A word regarding that scenario planning. Our COVID-19 Task Force is currently examining six different fall options, each across five different dimensions: teaching and learning, student experience, campus operations, human resources, and enrollment and pricing. Task Force Chair Jeff Coleman tells me that they will soon have what they are calling a “blueprint” overview of this work ready to share with campus. Importantly, that document will contain a set of values that is guiding that work. I am pleased to share a draft of those values here:

- The student-centered Mission of the University—framed by our gifts of the Ignatian tradition on the one hand and our commitment to diversity, equity and inclusion on the other—is always paramount in our minds.
- As an institution which prides itself upon the strength of its community, the safety and good health of our members is in the forefront of all our intentions.
- Remote teaching, learning and working relationships have been necessary recently to safeguard our community, but our community is simply better and our bonds are stronger when we work face to face and gain the benefit of personal, formal and informal interactions.
- The care of persons (*cura personalis*) and the care of the work (*cura apostolica*) are twin and inseparable aspects of our care for the Mission of the University itself.
- We honor the expectations of shared governance in those instances where it is called for.
- We are ready to act quickly and decisively when necessary, and will act strategically and patiently as we face a future difficult to predict.
- With the recognition that we are all in this together, we seek to make the decisions before us in the spirit of Ignatian Communal Discernment.

Turning to the financial front, there is a good deal of ground to cover. I will break things into the same three pieces that frame the approach we have taken so far.

Our first step has been to stabilize FY20. While we had been on target for an operating surplus prior to these recent events, our decision to return students' unused room and board and the loss of virtually all of our revenues for special programs and events resulted in a substantial operating deficit that needed to be addressed. I appreciate the operating budget savings many of you have been able to realize in recent weeks. Between operating savings, the suspension of the 403(b) employer contribution, a supplement from Big East reserves, and CARES Act funds received for University use, we have been able to reduce our FY20 deficit to \$2.6 million. Here's a [summary](#) that we shared with the Board.

A few weeks ago we began modeling our second step – FY21 financial scenarios – in earnest. I am proud to announce that, as of May 4, we have exceeded our budget targets for first-year

freshmen headcount by more than one hundred students, are ahead of last year on first-to-second year registration and are on track to achieve the budgeted targets for continuing full-time undergraduates. It's still very early in the enrollment process and, although we are cautiously optimistic about enrollment, it's impossible to be completely confident at this point given all the uncertainties that surround us. While we may reach our enrollment targets, it's apparent from incoming and returning students that our financial aid budget will exceed projections as a result of the impact of COVID-19 on many of our students' finances. Our revenue concerns are not limited to enrollment, because virtually every revenue line on campus could likely be impacted. Social distancing will affect how we operate housing and dining, which in turn will affect revenue, perhaps severely. Undoubtedly, the stock market's volatility and overall economic uncertainty will dampen our fundraising. And it's hard to imagine the impact that mandated social distancing might have on other important University revenue sources like outside events at the Cintas Center, to say nothing of attendance at men's basketball games.

With these issues and the overall uncertainty, it is only prudent to expect a decline in total University revenue. As we began our FY21 budget modeling, we discussed scenarios with 5, 8, 12 and 20 percent revenue declines. After much analysis and deliberation, we settled on the 8 percent revenue decline model and built a top-line budget outline for the Trustees, which can also be found in the previous budget [summary](#).

All of which leads now to our third step – filling in details for the FY21 budget and looking ahead to FY22 and beyond. With these in mind, here are several important points:

- The 8% revenue decline projects an FY21 deficit of approximately \$16 million.
- As you will note on the budget document, our only real flexibility is in the areas of wages, benefits and a limited number of categories of operating expenses. About 70% of Xavier's controllable expenses are personnel-related, while 30% are tied to operating expenses.
- In the coming weeks, as we finalize FY21 expenses, our focus will be on these three areas to achieve the \$16 million in reductions.
- An important point is the need to achieve year-over-year reductions, not just limits or reductions in future budget growth. For example, as difficult as the decision was to forgo FY21 merit increases, those increases would have been an *additional* expense in FY21. We must *reduce* our current budget by a target amount of \$16 million.
- Tapping into the endowment, which is largely restricted and has been impacted by the market itself, is not a viable or prudent option for the University.
- Campus leaders have been directed to identify expense reductions in the range of 15%; we want to have some opportunities identified in the event that we see a revenue shortfall more extreme than 8%. I wish I could say that is a remote possibility, but I can't.
- I noted above that these decisions regarding the FY21 budget will play out in FY22 and beyond. There are several reasons for this. First, we discussed with the Board the likelihood of additional (although significantly smaller) expense reductions in FY22 and FY23 to get us to where we finally want to be; those expense reductions could conceivably be replaced by revenue increases and we will work hard to achieve them. Second, any potential severance packages given to exiting employees in FY21 per University policy means that the University will not fully realize the intended savings until FY22. Finally, cuts to academic programs necessarily have a longer runway associated with them because of the need to teach out current students, etc.

Natural questions with decisions of this magnitude center on why, how and who. Let me address each.

First: **why.** We find ourselves facing these financial challenges not only because of COVID-19; COVID-19 has simply forced us to face them much sooner than we had planned and then added to existing issues its own additional, uncertain and severe overlay. You may recall that last fall the college admissions world shifted dramatically with recruiting changes forced by the federal government through the National Association for College Admission Counseling (NACAC). These NACAC changes have intensified admissions competitiveness with more financial aid and other incentives being offered and extended the recruiting cycle, eliminating May 1 as a hard deadline. (This is one reason why we do not know now what our present student recruitment results will truly mean in the fall.) Another issue facing higher education is the so-called “demographic cliff” looming in 2025, by which time the number of traditional college-aged students will drop nationally by 15%, with still greater declines in regions where Xavier and our primary competitors have traditionally been strong. These headwinds will not only impact the number of students we successfully recruit, they will also affect our ability to set tuition and likely require increases in financial aid as well. (The issues we are confronting are not unusual in higher education. I’m sure many of you have read various articles about what our enterprise is facing in the coming years. Just a few days ago the *Wall Street Journal* captured the issues well, especially how this isn’t just a COVID-19 challenge. If you haven’t already seen it, here’s a [link to the article](#).)

Another factor that has been both a positive and a negative for us has been the success of the ABSN program. We rolled out our first location here in Cincinnati in 2018, and, as I’m sure you know, the program has been a great success. We have recently launched new sites in Columbus and Cleveland; Columbus is well-begun and Cleveland is just getting started (although the coronavirus and the uncertainty it generates is impacting enrollments at all three sites currently). The academic success of that program has led to financial success as well; ABSN has been generating operating surpluses since it opened. So how is this a problem? Because the financial contribution of the ABSN program has masked structural financial issues of our traditional academic programs. While we have been operating at combined surplus for a number of years, the margin contributed by our traditional operation is at or just above a break-even level. And, with the recruiting and enrollment challenges we are currently facing and will continue to face, we know that we had to take action to ensure that our traditional academic enterprise is able to stand on its own financially. COVID-19 has simply accelerated the timeline for the decisions that needed to be made already, while adding its own burden and difficulty to what were already burdensome and difficult decisions.

Second: **how.** How we will address these immense issues is the same way Xavier has always approached important issues – with our Jesuit underpinnings and commitment to communal discernment. Although we have to make challenging choices, I know that our thoughtful approach will lead to the best conclusions possible. Our core mission is the full development of Xavier’s students, and that will guide our decision-making. A few weeks ago, Jesuit Superior General Fr. Arturo Sosa, S.J. sent a lengthy letter to the whole Society reflecting on a variety of issues related to governance, especially in light of the increasing numbers of non-Jesuits leading apostolic works aligned historically with the Jesuits and the necessity of re-imagining relationships between the Jesuits and those works, relationships that used to be taken for granted. He said something in that letter that I had never heard said before that is important to all of us in this present moment. Namely, that both *cura personalis* and *cura apostolica*—the care of persons and the care of the work—must always be seen as twin and inseparable elements of a single care for the mission

of the particular work: care for our mission, in other words, the Mission of Xavier University. In the coming days, we will need to work very hard to optimize the blend of *cura personalis* and *cura apostolica* which the care of our overall mission will require.

Which leads finally to **who**. I've noted before that this crisis has allowed me to look into our organization and confirm how strong we are across the University. We have a deep and incredible bench of good, thoughtful people who are committed to making Xavier's future better. I understand my ultimate responsibility in decision-making, and I know as well the context of shared governance within which I exercise my own office and therefore the irreplaceable importance of diverse opinions, because listening to a wide range of voices leads to better decisions. Whether it's UPRC, the Cabinet, the DRs, our COVID-19 task force, the Benefits Committee, our Faculty operating with the Faculty Committee or our Staff and the Staff Advisory Committee - and the Student Experience Functional Team has been engaging students, as well - we have and will continue to engage the campus community to insure robust conversation and the best forward-facing outcomes for the University.

Ultimately, I've asked that details around the FY21 budget (which likely will have implications for fiscal years beyond FY21) be wrapped by June 15, so that we can begin planning for the new fiscal year. We will communicate again as we make decisions, likely several times before the end of June. It's a certainty that operating dollars will be tighter next year. It's also a certainty that we will have difficult choices with respect to Xavier's 1,000+ faculty and staff. Our task at hand is to consider all options in collaboration with our faculty and staff and determine what is best for the University, our students and our staff and faculty. Frankly stated, these options include reductions in force, in pay, in benefits, and in academic programs.

As I bring this letter to a close, permit me to remind you of something I doubt you need reminding of: Saturday, May 16, would have been Commencement Day for our 2020 seniors. There's no more meaningful day at a university than graduation. To have students and families, faculty and staff celebrate the accomplishments of four or more years of hard work – it's what keeps so many of us coming back each year and energizes the University in a special way.

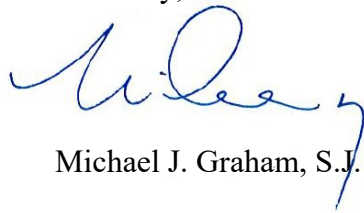
Although we have an August date on hold, I hate that this year's seniors have been robbed of their Commencement. To launch them into this uncertain world without the symbolic sendoff from family, friends and their home of the last four years is beyond regrettable. As May 16 approaches, it's our collective job to make this year's seniors feel special, to encourage them to spend time on May 16 celebrating their achievements and accomplishments as Xavier Musketeers. A small group has been planning a creative set of activities for a unique, virtual senior week. We invite all of you to participate – even if it's something as simple as emailing or calling the seniors you know. Full details are [here](#).

In my letter to you a month ago, I referenced my morning walks across campus. Let me conclude with another “walk” story. If you haven't been to campus recently, it feels incredibly different. Summer is quiet; right now, it's way beyond quiet. There's a stillness that's both peaceful and a bit unsettling at the same time. Which, curiously, led to a moment simultaneously peaceful and unsettling. As I was heading down the steps of the Commons, I heard words in my head, clear as a bell: “You were made for this moment.” It stopped me cold. And then I ruminated as I walked about what it might mean: about how all I had learned over these years, especially from the many mistakes I have made; about how everything I know about leadership and teams and planning and more; about all the relationships I've developed with so many people; about whatever I've learned

about myself, about others, about life, about the world—how all of that and more converge today in the present instant, this particular here and now which I did not choose but which has nonetheless chosen me. Consoling and unsettling, both!

Looking back on that moment, it then struck me that God was (as God usually is) somewhat vague. I heard the “you” in “You were made for this moment” as a singular “you”—as, in other words, a “me.” But suppose it isn’t a singular “you.” At all. Suppose it’s a plural one. A “we,” in other words. And all that we have learned together and all that we have achieved together and all that we have built and shaped and discovered together and more, converges now for all of us here, now, today, in this present moment that none of us would have chosen but which most certainly did choose us. These will be difficult weeks, friends, filled with the difficult decisions before us. But our mission, in 2025 and beyond? In that, I have no doubt.

Cordially,

A handwritten signature in blue ink, appearing to read "M. J. Graham". The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

Michael J. Graham, S.J.