Dear Colleagues:

The pandemic and its financial effects on the University have resulted in a projected temporary revenue shortfall for this fiscal year, which ends April 30, 2021. While our fall enrollment met or exceeded targets in most programs, the loss of revenue from students who did not return for the fall semester, reduced density in our campus housing due to the pandemic, reduced enrollment, and overspends in financial aid are creating a projected budget deficit of over $12 million, or 9.7% of the University's operating budget.

While the University will be taking a number of consumable cost-cutting measures to include the suspension of non-essential expenditures such as travel, entertainment and catering to resolve this financial situation, additional temporary measures will be needed:
• Our faculty and staff will be required to take 10 mandated vacation days between November 1, 2020 and April 30, 2021. Employees may apply their accrued vacation time to avoid any loss in regular wages. Employees who think they will lack sufficient accrued time should contact their supervisor or Human Resources. (Additional guidance is included within the FAQs below.)
• The University will pause its employer contribution to the retirement plan for one year starting January 1, 2021. Employee contributions are not affected.

In the interest of utmost transparency, we must note that these current projections are dependent on students returning to campus for the spring semester. While we expect the current restrictions on gatherings and requirements for face coverings will remain in place for the foreseeable future, it is our fervent hope the pandemic situation will be improving in Colorado and nationally next year. It is incumbent on all of us and our fellow community members to remain vigilant to help eliminate the spread of this virus.

The cost-cutting measures taken this spring to better align University expenditures with decreased credit hour production have helped stave off any significant budget cuts through the first six months of the fiscal year, and have helped the university avoid the type of actions taken at other universities, which included programmatic cuts, layoffs, furloughs and salary reductions. But overall enrollment figures related to the pandemic have made these actions unavoidable for the remainder of this fiscal year.

Despite these short-term financial challenges, the University remains financially stable as a result of our strong balance sheet. Adequate cash balances, well-cared-for property and buildings and a relatively low debt-burden ensures the University has the financial viability to continue for the foreseeable future.

The University's financial stability is measured annually by external reviewers in three ways. The Department of Education measures the financial stability of a college or university using a Composite Financial Index (CFI) score with a scale between 1.5 and 3; a score greater than or equal to 1.5 indicates the institution is considered financially responsible. Regis ended last fiscal year with a CFI score of 2.34. In addition, the University exceeded its bond covenant requirement on debts with a ratio of 2.0 on a minimum requirement of 1.2. Finally, Moody's Investors Service, our bond credit rating agency, has rated the University as having a financially stable outlook. Moody's rated the higher education industry with a negative outlook.

Since our budget is 97% student revenue dependent, it is vital that we remain vigilant in our enrollment and, retention efforts. Over the past seven years the University Budget Committee
(UBC) has taken many steps to ensure the University is responding versus reacting to changes in enrollment and has been successful in predicting tuition revenue within 2.7% of budget based on the Provost’s predictive model. This fiscal year we also created a $5 million contingency fee which is helping Regis absorb the impacts of the pandemic and reduce the amount of budget adjustments needed now.

All of these factors will assist us in navigating these uncertain times generated by the global pandemic.

I understand how challenging the past 18 months have been to each of you, both professionally and personally, and the anxiety the current conditions may be causing. I am profoundly grateful for your commitment and all the extra hard work you have undertaken to help ensure Regis University’s certain future. Thank you for helping us serve our students and see our way clearly, resolutely, and proudly to our 150th anniversary in 2027.

Gratefully,

[Signature]

Rev. John P. Fitzgibbons, S.J.
President