

**General Faculty**
**Meeting Specifics**

Purpose	Frequency	Executive Sponsor
Informational	Special Called: Budget Update	Dean DiPaola
Date	Time	Location
Thursday, April 23, 2020	11:00-11:30 a.m.	Zoom

**Faculty Council**

<input checked="" type="checkbox"/> <b>Chair:</b> Hatcher, April	<input checked="" type="checkbox"/> <b>Vice Chair:</b> Ballard, Hubert
<input checked="" type="checkbox"/> Spear, Brett	<input checked="" type="checkbox"/> Gabriel, Gaby E.
<input checked="" type="checkbox"/> Whiteheart, Sidney	<input checked="" type="checkbox"/> Hays, Lon R.
<input checked="" type="checkbox"/> Jessica McFarlin	<input checked="" type="checkbox"/> Stevens, Julia C.
<input checked="" type="checkbox"/> Deep, Kristy S.	<input checked="" type="checkbox"/> Blonder, Lee X.
<input checked="" type="checkbox"/> Fragneto, Regina	<input checked="" type="checkbox"/> Mellon, Isabel

**Agenda Topics Covered**

Topic	Agenda Item	Presenter/Facilitator
1	University of Kentucky COVID-19 Update	Dean DiPaola
2	College of Medicine COVID-19 Update	Dean DiPaola
3	Additional Budget with General and other Academic Budgets	Dean DiPaola

**Notes**

Topic	Discussion
1. COVID-19 University of Kentucky Update	<ul style="list-style-type: none"> <li>Dean DiPaola addressed the most recent College of Medicine financial updates amid the COVID-19 pandemic and reiterated the principles outlined by President Capilouto that are guiding the College of Medicine through the next phase of decision making.</li> <li>On Tuesday April 21, 2020, Dean DiPaola, Provost Blackwell, and Dr. Eric Monday, the Executive Vice President for Finance and Administration, met to discuss the budget implications as result of the COVID-19 pandemic.</li> <li>The University is facing a significant budget deficit, which has been communicated through a University wide correspondence. Specifically, more than \$40 million results from declines in institutional investment income and tuition revenues. Nearly \$30 million results from ongoing commitments and increased costs that are essential to what UK does.</li> <li>To alleviate some of the pressure, the University implemented a continuation of the hiring pause for the foreseeable future. The College of Medicine applied for some exceptions, which will be communicated to the appropriate parties soon.</li> <li>The University also enacted a low-activity/no-pay policy in units where work has ceased or been reduced significantly and the work cannot be done remotely. In effect, those employees in those areas will be furloughed, which has also been referred to as administrative no-pay. The University, for a period of 90 days will pay both the institution's and employee's share of health premiums.</li> <li>In some units, there may be layoffs, or a reduction in force. Those reductions in force will be determined at the unit level utilizing existing HR policies and subject to review by deans or senior administrative officials.</li> </ul>

	<ul style="list-style-type: none"> <li>• Additional correspondence from the University included reduction in the University’s retirement contributions to individual employees from 10 percent of the employee’s salary or wages to five percent, for one year, which refers to this upcoming fiscal year. This proposal will be considered by the Board of Trustees at their May 21, 2020 meeting.</li> <li>• There will be no merit increases July 1<sup>st</sup> for the coming year. As a result, the University is not planning to increase employees’ health premiums or parking rates in fiscal year 2021.</li> <li>• There will be a delay of the expansion of the family leave policy and also a delay in the plans to make mandatory participation in our retirement program for new employees hired after July 1, 2020, who are under the age of 30. The University will also move forward with shared services via dual-reporting line relationships for several key areas and explore additional areas in the coming months.</li> </ul>
<p>2. College of Medicine COVID-19 Update</p>	<ul style="list-style-type: none"> <li>• In a recent UK HealthCare correspondence, multiple steps are outlined and will be implemented to reduce costs given the large loss in revenue, including \$4.5 million in clinical staffing, delay in some capital projects, evaluating current contracts with agencies, etc. This is across the health care enterprise in many different areas including the \$4.5 million that will affect clinical staffing related to ambulatory clinics and clinical staffing for many clinical departments.</li> <li>• UK HealthCare has prepared our organization for the worst case scenario related to COVID-19. The efforts throughout the state and social distancing have proven to be quite effective for the Commonwealth and we are not seeing the surge in critical patients that we initially expected. We also took other steps to ensure the safety of our teams and patients, which have drastically impacted our clinical volume and associated revenue.</li> <li>• UK HealthCare is facing, as noted by Dr. Newman and UK HealthCare, more than a \$160 million deficit for the remainder of the fiscal year, which ends June 30, 2020.</li> <li>• As a team, they have explored many options to recover before the start of the new fiscal year, including federal relief acts and FEMA, since we are responding to a state of emergency.</li> <li>• They have also looked at other ways to save and minimize current spending, including work with contractors and agencies, as well as investment in infrastructure projects.</li> <li>• The priority, from the UK HealthCare perspective, is to manage the budget for the next couple of months so that we do not enter the next fiscal year with an insurmountable deficit.</li> <li>• Last week, the College of Medicine was asked by UK HealthCare to work together to reduce staffing as a result of reduced clinical activity. Those employees impacted will be moved into administrative no-pay.</li> <li>• More than 900 college staff in clinical departments or ambulatory areas will be impacted for various length of time and will be moved to administrative no-pay status, which should be temporary according the plan from UK HealthCare. The range of the no-pay period will be anywhere from one to 10 weeks during the period of April 26-July 4, 2020.</li> <li>• The clinical department chairs and department administrators were asked to evaluate the current workload and productivity of the non-clinical and administrative staff in the PA 1500 area to determine if they will be available for redeployment. If the volume of work declined enough, they were eligible to be redeployed, even for just a portion of their traditional work week, but they must complete the survey that was in Dr. Newman’s email.</li> <li>• If redeployment is not possible after April 25, staff will be provided the opportunity to utilize bonus days, holiday leave, vacation, and well-being days to minimize the impact if they choose to do so. After that, or if they choose not to use these leave days, they will transition to administrative no-pay status and will be eligible to apply for unemployment.</li> </ul>

	<p>Under the new state provision, separation is not necessary. Today, April 23, 2020, managers are providing their impacted employees with detailed information about the unemployment process.</p> <ul style="list-style-type: none"> <li>• We are closely monitoring the situation and will bring back employees as soon as possible.</li> <li>• Related specifically to the clinical faculty, messages on various topics were released. Of those, professional development dollars and/or days will not be carried over. Base salaries will not be increased in clinical faculty but we will also try to maintain them as best as possible. We have also discussed not having productivity incentives as well as not carrying over vacation leave. Questions about this should be directed to departmental leadership.</li> </ul>
<p>3. Additional Budget with General and other Academic Budgets</p>	<ul style="list-style-type: none"> <li>• The College of Medicine is being asked to reduce our budget by 10 percent. The College of Medicine plan is due to the Provost and Dr. Monday on Tuesday, April 28, 2020.</li> <li>• Dean DiPaola explained the specifics of how the University arrived at the College of Medicine’s need to reduce the fiscal year 2021 budget by 10 percent.</li> <li>• Metrics were used to determine what each college would be responsible for. Based on metrics used, the College of Medicine is responsible for 10 percent, which equates to about \$6 million, in addition to the \$4.5 million in clinical staffing. In total, the college is likely to have a reduction in our total budget by \$15-20 million between now and the end of fiscal year 2021.</li> <li>• Due to past College of Medicine efforts and the growth in research, clinical care, and education, the College of Medicine goes into this current situation as a very strong college.</li> <li>• At this point, leadership is looking very closely at current central programmatic areas across the college in hopes they can minimize the impact to the departments and to our teams.</li> <li>• The Dean is doing his best to preserve base salaries for faculty, but there could potentially be impact to the total compensation package. More discussion around this is needed, and leadership is working with department chairs on this as well as potentially looking at appointment period, again without a decision.</li> <li>• Dean DiPaola is committed to working toward eliminating \$1 million from his own central administration budget with continued communication as changes occur.</li> <li>• Dean DiPaola welcomes all comments and feedback related to the issues at hand.</li> <li>• Dean DiPaola and executive leadership are working on the process of staffing in clinical areas and budget reduction in College of Medicine academic funding. These items will be discussed and Dean DiPaola will communicate updates with the College of Medicine.</li> </ul>