

April 20, 2021

Subj: Spring Update #14 – Financial Update

Dear Faculty and Staff Colleagues,

The signs of physical and spiritual renewal that are the hallmark of spring and the Easter season feel particularly meaningful this year. As we anticipate a more hopeful future and an eventual end to the difficulties of this pandemic, we are guardedly optimistic.

Although government stimulus and a robust vaccine rollout hold immediate promise, the economic repercussions of the pandemic will continue to challenge us into the future. The national unemployment rate is around 6%. Unemployment claims over the past year were more than double any 12-month period on record, with higher education among the sectors most deeply affected. A Pew Charitable Trusts study (based on data from the U.S. Bureau of Labor Statistics) revealed that public higher education jobs fell 13.7% in the period from February to October 2020, second only to the leisure and hospitality industry.

Your stewardship, creativity, and sacrifice over these months have allowed the University to honor its commitments to students, faculty, and staff. We are fortunate that we have avoided furloughs and have been able to pay all of our full-time and benefits-eligible part-time staff throughout the pandemic. Thanks to our dedicated faculty and all those who supported new ways of teaching and learning, we have done what seemed nearly impossible last spring: provide in-person instruction for the vast majority of our classes. With modifications in place to keep our community safe and healthy, together we are offering students a residential experience on campus, allowing them to live in community, learn from one another, and take advantage of the University's many resources. Thank you!

The realities of the current financial landscape will, of course, impact our budget and planning for the upcoming fiscal year, and perhaps longer. Our current overall fundraising is down compared to fiscal year 2020. Moving forward, we must account for the uncertainty surrounding donor confidence to give and the variety of priorities to consider given the many challenges in our world, as well as the extent to which we may welcome visitors back to campus this fall. Our financial outlook will also be influenced by our capacity to resume normal campus operations, restore auxiliary revenues (e.g., Hammes Notre Dame Bookstore, Morris Inn, retail dining, catering), and host athletic competitions, academic conferences, and other such events.

The demand for undergraduate need-based financial aid has increased significantly due to our students' families being adversely impacted by the pandemic and the University's goal to increase the number of Pell and first-generation students attending Notre Dame. We invested \$155 million in undergraduate financial aid in fiscal year 2020 and \$173 million in fiscal year 2021, and are projecting funding of \$184 million for fiscal year

2022. At the same time, we expect to implement more modest annual tuition, room, and board increases in the years ahead. Tuition, room, and board will increase 2% in fiscal year 2022, which represents the lowest percentage increase in more than 50 years. In addition, COVID-related spending in the form of testing, quarantine and isolation spaces, classroom technologies, etc., has exceeded \$30 million since last March. Despite facing unexpected expenses and declining revenue, we have maintained a strong financial position due considerably to your collective stewardship and cooperation in eliminating non-essential spending.

Looking to the new fiscal year, starting July 1, 2021, we are very pleased to report that:

- Merit pay increases will resume, and promotions will be re-instituted, where appropriate.
- The staff hiring freeze for replacement personnel will end on June 30, 2021, though approval of the appropriate dean or vice president will be required for such hires; and new staff positions will continue to require the approval of an executive officer.
- Our full 403(b) matching contribution program will continue to remain in effect.
- We are planning for an increase in our endowment payout.

While this news is promising, enduring uncertainties dictate that we all must continue to act with great prudence and be careful stewards of all University resources. We are deeply grateful for your partnership.

Our relative success over the past year has been, in every sense, a team effort—the result of hard work, flexibility, and ingenuity on the part of our faculty, staff, students, parents, alumni, Board of Trustees, and the Congregation of Holy Cross, as well as our partners in St. Joseph County and the state of Indiana. We have been inspired by the depth of your commitment to Notre Dame’s mission, and we are humbled to work alongside you.

Even as we feel the pressures of the pandemic relenting, we remain galvanized as a nation by the horrific deaths of George Floyd, Breonna Taylor, and too many others. Here at Notre Dame, we are committed to advancing the cause of racial and social justice to address long-standing inequities in our communities and our country. Acknowledging all that still lies ahead, we have every confidence that together we will forge a future that is worthy of Our Lady’s name and emerge stronger, wiser, more compassionate, and more united.

Yours in Notre Dame,

Marie Lynn Miranda
Provost

Shannon Cullinan
Executive Vice President