

Sept. 24, 2020

Dear NC State community:

We would first like to sincerely thank each and every NC State employee for your dedication and hard work in preparing our campus for the fall academic semester and beyond. We are extraordinarily proud of the effort and professionalism displayed by all of our colleagues as our Wolfpack community faced numerous challenges presented by COVID-19.

Unfortunately, due to the spread of COVID-19 throughout our campus and surrounding community and the university's resulting safety efforts to limit the campus population for the fall semester, we are experiencing steep decreases in the use of on-campus auxiliary services by students, faculty, staff and visitors. This sharp decline is leading to immediate and substantial revenue shortfalls within our auxiliary services units. For the fall semester so far, we have experienced a 61% revenue shortfall (\$75.4 million) for our affected auxiliaries.

NC State's decisions about how to best address revenue shortfalls are being guided by the following principles:

- We value our talented faculty and staff in all areas of the university, who provide the foundation for one of our most competitive factors: our academically strong and research-intensive university environment.
- We are implementing specific operational reductions first, followed by personnel actions where necessary.
- In necessary personnel decisions, the university is prioritizing temporary actions over permanent actions to preserve business continuity and enable prompt restoration of service levels.

Auxiliary units, including enterprises such as University Housing, NC State Dining, Transportation and the McKimmon Center for Extension and Continuing Education, are self-supporting business units within our university that rely on sales and receipts for funding. The university is not allowed to use tuition or state funds to mitigate auxiliary units' revenue shortfalls. Each of NC State's auxiliary units has implemented operational expense reduction plans to help address the revenue shortfalls. Auxiliary units have worked diligently to consolidate services; reduce hours; close facilities; enact hiring, travel and spending freezes; renegotiate service contracts; and, where possible, transition from in-person services to alternative online services.

Unfortunately, due to the sharp decrease in revenue, some of our auxiliary units, in addition to operational reductions, must move forward to implement personnel actions, such as temporary furloughs and temporary salary reductions, impacting employees within the affected auxiliary units. A furlough is a temporary leave from work with no pay for the days in which an employee is furloughed; some benefits will remain intact during the furlough.

NC State's auxiliary service employees are an integral part of our campus community, and their commitment to serving the university has been unwavering during these challenging times. We are making these difficult decisions focused on actions to return our employees to full employment as quickly as possible.

From an overall institutional perspective, our research enterprise is performing well, and we are fortunate to have stable fall enrollment and strong state funding support. NC State has been prudent in managing liquidity and growing limited, but important, central reserves. We are confident that the actions we take within our auxiliary units, combined with the resources we have, will sustain the university's operations for the remainder of fiscal 2021 — assuming no change in state-appropriated support or expected funding from tuition and fees.

University Human Resources (UHR) is working directly with each auxiliary unit and will assist every affected employee to ensure an understanding of their individual circumstances. In addition, UHR has developed a comprehensive support program for impacted employees to include, but not limited to, a dedicated [furlough-based programs webpage](#), a furlough-based program support call center, virtual support consultation appointments and a series of informational sessions. We will update employees on a regular basis, and, as the conditions evolve, work to reactivate our furloughed employees as quickly as possible.

As we move forward in these unprecedented times, we encourage all NC State faculty and staff to take care of yourselves, look out for one another, and continue doing all you can to [protect the Pack](#) and help NC State return to full, normal operations and staffing as soon as possible.

Thank you,

Randy Woodson, Chancellor

Warwick Arden, Executive Vice Chancellor and Provost

Charles Maimone, Vice Chancellor, Finance and Administration

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