



Cornell University Employee Assembly

Summary of staff feedback on FY21 budget proposals

OVERVIEW

At the June 6, 2020 Employee Assembly meeting, university administrators Mary Opperman, Vice President and Chief Human Resources Officer, and Paul Streeter, Vice President for Budget and Planning, presented three budgetary scenarios for FY 21, based on possible changes to campus operations and enrollment in the 2020-21 academic year as a result of the COVID-19 pandemic. Each scenario included proposed cost-cutting actions to meet the projected budget shortfall.

Following the meeting, staff feedback on the financial update was solicited via the EA website and Facebook page. More than 60 comments were received. Overall, the respondents were understanding of the difficult decisions facing the administration in this time of uncertainty, but a common thread throughout the comments was a feeling that employees are being asked to shoulder too much of the financial burden, given the possible alternatives to staffing and compensation cuts, such as drawing down on the endowment.

Cuts to compensation, combined with workforce reductions, are viewed as a continuation of the university's pattern of asking staff to "do more with less," and staff who experienced the economic downturn in 2008-09 are skeptical that salaries and benefits will return to normal levels in FY22.

The following are key themes we saw throughout the responses:

- Compensation cuts for endowed and contract college staff should be equitable
- Older employees will be adversely impacted by cuts to retirement contributions
- Staff want a choice between pay cut or CURP pause
- Echoes of 2008: Bearing the brunt of cuts erodes trust, staff morale
- Questioning the focus and timing of workforce reductions
- Administration should use the endowment to share the burden

KEY THEMES

Compensation cuts for endowed and contract college staff should be equitable

Several people pointed out that the different approaches to cuts for endowed and contract college employees don't seem equitable. The retirement contribution pause for endowed employees, while not impacting the money in their pockets now, is a much bigger future value loss. On the flip side of the coin, the pay cut for contract college employees is especially worrisome for those who live paycheck to paycheck (maybe even more so now due to COVID-19). Staff whose finances are strained might prefer to defer the financial impact through reductions in retirement contributions, but that option is not on the table for contract college employees.

Cornell Leadership - If I am understanding your proposal correctly, you are proposing the following in every scenario ... Endowed Employees - no Cornell retirement contributions (10% of salary) for FY 2021 Contract Employees - pay reduction of 1 - 5% based on pay range with some employees not having any reduction. If my understanding is correct, I am VERY concerned about this proposal as it does not appear to be equitable between Endowed and Contract employees. Endowed employees would not only lose the retirement contribution for FY 2021, but they would also lose any compounded growth of that money for years to come, while Contract employees would be faced with a short-term one-year deficit. Furthermore, I am struggling to understand how an effective 10% "reduction" of retirement income for Endowed employees is equal to a 1-5% pay reduction for Contract employees. I know these are difficult decisions to make and you are doing your best to make the "right" decision. My request is that whatever your decision is, please make sure it is equitable regardless if the employee is an Endowed or Contract. Perhaps the best approach is to allow the employee to decide if a retirement or pay cut would be best for their individual situation.

As a contract college member, neither one of these options are more equitable than the other. In the contract side we already pay more for health insurance than the endowed, have no vision plan, no access to the gyms on campus, and are required to put in funds for the NYS plan. As someone who worked on both sides, I actually took a pay cut moving over to the contract side although the salary was slightly more. The current deductions already impacting current monthly pay, an additional pay cut would be even more difficult. The effect of removing funds for the immediate without the SIP for contract college employees, doesn't take into account the current situation of prices inflating with the pandemic. To have access to even less funds immediately can cause issues with access to childcare, paying mortgage/rent, commuting costs, and other basic necessities. Due to high costs of living some staff members have additional part time jobs, our household surely does, which were affected due to the recent shut down. In removing retirement funds for endowed employees does have a larger long-term

implications however does not impact the staff members directly during the 2021 fiscal year. If a plan moves forward, it should impact the staff equally in the same manner.

*As many have pointed out, the 10% CURP reduction seems far more severe of a cut than the 1-5% scaled cuts in the Contract College. I, and other Endowed staff I spoke to, would like the option to have the pay reduction instead of the CURP reduction. For early-career employees, a huge retirement contribution cut like that now potentially means tens of thousands in losses in ~40 years. It's not an equivalent measure. (It's also, needless to say, these staff pay/benefits cuts are already on top of the *actual* pay cut due to no COL increase this year.)*

I don't see how the salary reduction of 1-5% in the contract colleges is equivalent to no retirement contribution (last I checked 10% of my salary) and the corresponding future earnings for endowed employees. I would like to hear more about why this is considered equitable and comparable. I understand that difficult decisions will have to be made. Our students, their parents, and our faculty, have very high expectations of our services. We will have to start doing less with less. We can't continue to be expected to do more, or even the same, with less.

Given I don't know the specific numbers, this may not be feasible, but I don't understand why the 1-5% pay cut (depending on the graduated thresholds that pay cuts would apply to) isn't a standard plan for both contract and endowed employees. Why the different treatment? I would greatly appreciate the option of keeping the retirement match even if that meant a small pay cut.

Older employees will be adversely impacted by cuts to retirement contributions

Employees close to retirement age shared concerns about the impact of the university suspending its retirement contributions. Many worry that they won't have enough time to catch up, savings-wise, to be able to retire as planned.

Dear Cornell Leadership: Thank you for your transparency and soliciting feedback. These are not easy discussions. I have concerns as an older worker about the cut to the retirement plan. As others have noted, it's in effect worse than a 10% pay cut. And for older workers, there is less time left to absorb the loss and rebuild in a very volatile investment environment. And as others have noted, that potential cut is coupled with foregoing a pay increase this upcoming year.

To suggest eliminating CURP...even for a year...that's not only disappointing...it raises many deep concerns...first and foremost...how can those close to retirement hope to recover what a year of those contributions would have been....not only in the contributions themselves...but in the investments and returns. There is not enough time for many to absorb that loss and rebuild. That's quite a cut you're asking us to take.

The proposal to stop the University contributions to retirement rather than reduce pay for the same number of work hours would be the easiest way to not put some staff in a more difficult financial position today. However, as an endowed employee who is closer to retirement than not, I too am concerned about missing the University contribution to retirement and being able to "catch up" from missing a year of contributions. I would be in favor of a pay cut similar to that proposed for the Contract College side.

Being in the latter part of my career, a 10% hit in retirement contributions, plus no SIP, plus a crash in my retirement account, all within 5 years of retiring makes for the appearance of fairness of an-across-the-board retirement pause, but in fact it is completely unfair. I am out of time to make up that kind of money. If you have 20-30 years of service in that should count for something. I feel you are taking the easy way out. At the very least a sliding scale of a %decrease for people in certain age brackets should be taken into account. for example 55-65 get 7% 45-54 get 5%, 35-44 get 3% under 34 get 0. If you want to add another dimension for years of service, go for it! Why not take back some vacation time? I would even favor a 5% pay cut to get the after-tax retirement money in my account. It would be a lot fairer to those of us who have put in the time and make Cornell the great place it is.

Those of us that have been employed with Cornell for a long time and are close to retirement will not be able to bounce back as quickly as the younger generation.

Staff want a choice between pay cut or CURP pause

Several commenters, presumably endowed employees, expressed a preference to take a pay cut and continue to receive the retirement contribution on their reduced pay, rather than pause retirement contributions altogether. Some appeared to suggest that staff be given a choice between the retirement contribution pause and the 1-5% salary cut presented for contract college employees; others simply wanted the option of a comparable pay cut, whatever that may be. For most, suspension of the retirement contribution is perceived as a cut of last resort, due to the compound negative effects on future retirement savings.

Could it be left to employees to decide if they would prefer the 10% retirement contribution cut or choose a comparable temporary salary cut? A 9% cut in salary and receiving a retirement contribution at the reduced salary is almost nearly the same direct cost savings of 10% per salaried individual to the university. This allows employees to decide how their money is best invested and how it affects their income brackets for tax and other purposes.

I agree with other commenters that we should be given a choice of salary reduction percentage or retirement contribution elimination, if possible. In particular, it would help couples at the University manage their finances, as both wage earners will be affected unpredictably, depending on if they are endowed or contract college. It would

make all employees feel like everyone was contributing more equally to this recovery – 10 % (or whatever percent) from everyone and it would allow those nearing retirement (who will probably be impacted more) more control in how to recover/react to loss of salary/benefits before retirement.

I agree with those who have proposed giving the option depending on each person's priorities--either money going into retirement for long-term investment or maintaining pay levels for shorter-term needs.

It is shortsighted to take away retirement and not at least give people the choice to have it come from their salary rather than pre-tax investments. What is the harm to the university in offering choice to staff? Choice opens the possibility for keeping alive some sense of trust and community. Choice allows people to feel heard. I'm most disappointed that choice is not an option. Within that context, I would much rather have a pay cut than a cut to my pre-tax investments.

Echoes of 2008: Bearing the brunt of cuts erodes trust, staff morale

Staff who have worked at Cornell through fiscal crises such as the economic downturn in 2008-09 expressed frustration that it seems as though, once again, the employees will feel the biggest pinch in this effort to cut costs. Recalling the last time SIP was cut, and the reduced salary growth in the years following, some staff members are skeptical and would like assurances that salary and retirement benefits would be restored as suggested in FY22. Understanding the reality that cuts need to be made, staff are looking for more of a shared sacrifice by the faculty, as well the administration, in the form of cuts to non-critical initiatives and scope of work. We should do less with less.

I was here in 2008 when cuts had to be made...and it was the staff / non-exempt that took the biggest hit, learning how to do more with less. Now...again...it is not the faculty/ those with the highest salary's that are asked to take a cut or reduction in order to save the University funds so they can continue to operate...it is the staff /non-exempt employees...the ones who have the most to lose that are being asked to give up more. I understand that SIP needed to be taken....we never really saw that come back to what it was before 2008...in fact it doesn't really amount to a cost of living increase.

If the staff are to make another sacrifice for an economic crisis as we did in 2008-09, there should be more done to improve salaries/benefits when the economy and Cornell's finances are doing well. Staff did not see any significant raises in all the years between 2009 and 2020 despite record growth in the stock market (which should translate to the endowment) as well as a 50% increase in operating expenses from a decade earlier. Hopefully we can avoid cuts to salaries or benefits but if those are necessary, a better commitment from the University to make up for those cuts in the future would alleviate a lot of stress that employees are feeling right now.

I appreciate Mary Opperman's observation that we are a community of highly creative people with ambitious ideas for things we want to do (it is one of the reasons I value being part of this institution), and also her observation that we need to right-size our ideas, and therefore the size of our staff, to our true, sustainable financial capacity. However, in every cycle of cuts I have navigated in my 30 years here, I have yet to see true leadership around right-sizing the scope of our initiatives to match the realities of our resources. The difficult decisions about cutting staff are made out of budget necessity, but I have yet to see a leader who can make the equally difficult choices to reduce our scope of work accordingly. Doing the same with less is just as unsustainable, even if the numbers on the budget sheet look great, as doing more than we can afford. I truly hope every dean and every vice president is being held accountable for demonstrating not just what staff they will cut, but what work - initiatives, ideas, projects, events - they will ALSO cut, so that those who survive the cuts can have realistic, attainable goals to be achieved. Without this, we will be in this situation again, and again, and again.

As someone who worked on campus through multiple fiscal crises, I have yet to learn how - if at all - the faculty contribute to the "we are in this together" solution to financial hardship? While I get that we want to retain the top teachers and research funding, at this time of global hardship and many smaller institutions going under, there are not as many options for the faculty (particularly young faculty) to flee. I believe staff have been squeezed as far as possible, and still do so much with less and less. The faculty must contribute as campus community members, we staff have many fewer opportunities for generating revenue as faculty (who can do speaking, consulting, and many other earning potential activities).

Some of us have been around for a while and have a somewhat cynical view of how often promises are fulfilled. Can we get a guarantee, in writing, with a penalty to the University should they choose to break that guarantee, that the proposed "temporary" cuts to salaries/retirement will be restored in FY2022?

Employees also fear that a cessation to CURP contributions announced as temporary will become permanent or lead to a permanently lower employer contribution level.

It is entirely inappropriate to be having discussions regarding permanent long-term income cuts to employees (i.e. no CURP contributions) while simultaneously demanding that those employees all take on significant additional responsibilities due to a hiring freeze, attrition, and rapidly shifting self-contradictory direction from above with impossibly short deadlines. The University must address the reality that the current crunch-level workload being required of all staff is unsustainable and expecting us to maintain that level while simultaneously reducing compensation is patently absurd. The concept "Do more with less" is a nonsense corporate platitude that has no business here. At some point, we must do less with less. At the very least, maintain status quo without

continuing to pile on "initiatives" on increasingly smaller and more stressed single points of failure, or risk disaster when those points decide it's no longer worth the stress at the newly reduced compensation.

I understand that Cornell is working hard to retain our positions and is thoughtfully evaluating all options. However, this is not like the 2008 crisis and those making decisions are likely in a different situation than most staff. We are at home. We have school age children who we are teaching. We are working early or working late or working weekends because our partners are also working full-time jobs (if we are lucky). Or we have less income and are faced with difficult choices daily. Some of us work to bring the best and brightest students into the university so that faculty have people to teach. Some of us work in development so that the endowment grows. Some of us work in facilities so that faculty have functional labs, equipment, and classroom spaces. We worry about our job security while we are being asked to give more, to do more with less, and to continue to support faculty needs when they are not sharing the sacrifice.

Questioning the focus and timing of workforce reductions

Several respondents questioned the rationale for staffing cuts in enterprise units and sectors that could generate revenue. If furloughs are necessary, staff advocated for the administration to: time furloughs to allow staff to take advantage of enhanced unemployment benefits; solicit volunteers who may want to reduce their hours; and consider shorter-term furloughs for a broader swath of the staff, thus minimizing the acute impacts on certain units.

I implore the University to seek alternative options to furloughs for Enterprise units. This option is especially difficult to hear when you consider that at this time there is no information that would lead me to believe furloughed employees in the fall will receive additional assistance to make it through the furlough timeframe.

Every staff member can name higher level employees who have worked beyond their efficient work potential, and I would hope that there could be hard choices in assessment of the production for G level and higher faculty AND staff. If they are not contributing equitably, furlough or layoff those who are not able to keep up with workload, technology, or other aspects that can be measured.

Has the university leadership considered an across the board short term furlough of one to two weeks for all faculty and staff to help reduce longer term furloughs and layoffs? What savings might this option provide?

Has the university leadership considered reaching out to staff members to see if there would be any interest in voluntary reduction in work hours/furloughs?

Yes, do [furloughs] now through then end of July so we can also receive the additional \$600 a week plus unemployment. This would benefit everyone including helping the University.

What is the logic in cutting staff in enterprise units that are revenue-generating? Wouldn't we want to increase activities in those units and not reduce resources?

What is the reasoning as to why FCS is not allowed to hire temporary trades people to do departmental work in house rather than allow that work to be contracted out? It would appear that if we are doing that work in house with our FM project group a portion of the money spent on those projects, while expense to the particular department, would be revenue to FM-FCS (University department) instead of 100% of that money spent leaving the University by contracting it out. Surely we were not in the business of doing that type of work and losing money on it. It would seem that the cost of having a temporary tradespersons on staff dedicated to departmental work would not exceed the hourly rate that they bill out. The argument that if we don't do the work in house the money won't get spent on this type of work has proven not to be the case over and over again. The work still happens. That type of work budgeted at around \$350,000 or less is generally less expensive to do with our FCS-FM projects groups as the overhead of design, project management, and contract management are considerably less than when work goes out to bid. Factor in at cost material and now comparable labor rates to contractors, the understanding of our capabilities and the discretion used to only execute the work we can do in a fiscally responsible manner to the University and what you have is a win/win situation for the units within the University, the employees doing this work, as well as the University as a whole. Furthermore, if we are looking at a reduction in spending towards this work in the future, wouldn't now be the time to organize a temporary labor force to accommodate all the work that is currently out there? We are talking about reductions and cutting and appear to be completely overlooking this opportunity to bring more revenue in.

Administration should use the endowment to share the burden

Staff are not entirely accepting of the university's rationale for avoiding use of the endowment. Here again, the perception is that the proposed solutions place most of the burden on employees to close the budgetary gap. Some advocated for use of the endowment across all three budgetary scenarios to reduce the financial impact on staff.

Why does the university, that already eliminated wages, think it's acceptable to look to recover debt from its employees by also eliminating retirement contributions for the year rather than incur debt themselves or tap into the endowment?

Admin on tapping the endowment: "We can't possibly do that; it permanently decreases available funds and leads to having to cut expenses later! This is a totally unreasonable thing to ask of a multi-billion-dollar enterprise!" Also admin: "Endowed staff will get no contributions to their retirement accounts this year, permanently decreasing their available funds and leading to expense cuts later. This is a totally reasonable thing to ask of heavily-indebted employees for whom the retirement contribution was part of the explicit hiring contract and implicit social contract!"

Cornell University has a \$7.3 Billion in Endowments. Listening to Paul, I understand why you do not want to use the Endowments. However, maybe you should. We heard the same thing in 2008/2009 about the Endowment. It is time to use it and stop reducing staff and staff salary.

I understand why you wouldn't want to tap into the endowment funds but, FY2019 the fund gained 5.3% to reach a record high 7.3 billion, that's around 370 million increase in 1yr. From FY2014 - FY2019 the fund gained 1.6 billion.

It sounds as if pay cuts/retirement cuts are a done deal and that no option which does not include pay cuts for staff has reached the shortlist of potential paths. I echo many other people's feelings of being undervalued here.

I believe it is mission critical to remain a "need blind institution" and thus find ways to make up any gap for financial aid that might be caused by the current economic, viral induced, climate. To support the mission of Cornell and retain my rewarding job I am willing to share in the financial responsibility. There was no salary improvement this year, so I (we) have contributed ~2-3% in real dollars. Further I am willing to take a 1-year salary reduction to support Cornell (and thus honestly my future employment). I believe there should be a salary cap under which there is no salary reduction (e.g. ~\$50-70K/year) and also agree with a graduated decrease, i.e. make more = a larger cut. Lastly, I understand that future earning from the endowment should be preserved and that much of it is restricted in use. However, I think if there has been a time for a one time use of some of it prudently for financial aid this might be it; with some use in all three budget deficient forecasts. I encourage examining a model where a sustainable, small portion of the endowment is used to help offset salary reduction (not eliminate them). For example, if there is already a 3% loss of SIP and someone stands to lose 3% more how about using the endowment to the extent this person loses only 1.5% of salary, i.e. a total fiscal year loss for this person of 4.5% instead of 6%? The other examples at the 1-5% reductions are obvious. If the math works it appears that shared individual and institutional accommodations could work for Cornell, individual employee work satisfaction, and in fact likely the benefit of the entire economy (esp. Tompkins Co. and neighboring ones where Cornell employees live). Thank you for all your thoughtful and hard work to face this challenge to the best of our ability.

First staff lose their tiny SIP increases for the coming year, then we pause hiring for vacancies meaning that remaining staff will have to work harder/more hours (if salaried) for the same amount of money, then even the "best" case scenario proposed here takes away our retirement contributions for the coming year, which represents a cumulative effect greater than a 10% salary reduction. The salaried staff where I work are already asked to well beyond the standard 38-40 hours/week to get all our work done, so now there will be fewer members of our team, so we will work even more hours AND our ability to retire will effectively be pushed back for another year or more due to the lack of contributions for the coming year. Morale is already really low given everything going on this spring, isolation, stress trying to take care of children/homeschool them, fear over losing jobs, financial impacts of COVID, etc. Now Cornell will take away 100% of our retirement contributions for the coming year and give us more work to do, so I hope you realize morale is about to go into the toilet. If you care about staff you will find a way to still provide some amount of CURP, even if it's only a percent or two, and tap the endowment to some extent even at the \$98 mil deficit level. Faculty may be the "brains" of the university, but staff are the backbone and you're about to break our backs.