Dear SAIC Community,

We are a hardworking community, and throughout the challenges of the global health crisis, we have worked harder than ever. So far during the pandemic, we invented dynamic online learning environments, raised emergency student relief funds, made critical steps toward anti-racism, donated our time and talents toward pandemic relief, and kept everyone employed during the spring semester, whether they were able to work or not. We are also hard at work on our return-to-campus planning and are looking forward to soon announcing expanded opportunities for dialogue with School leaders, including me, about this coming academic year. Like last semester, our next academic year will look different as we seek to mitigate the risk of viral spread of COVID-19. Unfortunately, the pandemic endures, as does its financial impact.

Like most colleges and universities, the pandemic-related additional expenses mean we've already faced financial difficulties. Those challenges are likely to continue. In response, we need to make changes to our budget and this unfortunately includes a reduction in workforce, which means the elimination of certain staff positions. By now, you may have learned that some staff members have been informed that their positions were eliminated. This is painful. Please know that all affected individuals are valued and made significant contributions to SAIC, and it is only due to financial necessity and operational needs that these staff reductions were made. The School is committed to being as generous as possible to our departing colleagues. I also want to explain what has changed and why.

Below you will find a detailed narrative which explains our financial outlook, budgetary measures, workforce reduction, and severance and benefits-continuation efforts. These changes are necessary to preserve the future of SAIC and safeguard our mission of providing a world-class art and design education for the long term. Nevertheless, our mission is unchanged and we will continue to teach, practice, and support our students throughout this momentous period. During this time, it is so important to take care of yourself. Please remember that the counseling services of the Employee Assistance Program are available to all faculty and staff at 800.311.4327. Students may reach out to the Wellness Center for consultation at 312.499.4271 and counselingservices@saic.edu.

Next Tuesday at noon, I will address the School community via webcast. You will receive a separate email prior to the event where you can let me know what questions you want answered and learn how to watch; a video recording of the event will be shared later in the week for those who cannot join us synchronously. This will be a time to mark the changes to our School going forward. It will also be a moment to consider the important work of SAIC that must continue: The community of belonging we strive for. The interdisciplinary boundaries we exceed. The learning, making, and growing we foster. And the significant contribution School of the Art Institute of Chicago artists, designers, and scholars make to our shared society.

Elissa Tenny
President

Financial Outlook
Since the pandemic required us to close our campus in March, we’ve taken a number of steps to mitigate the impact of reduced revenue and increased costs. As we’ve previously shared, the spring and summer reductions in revenue from residential and summer tuition, the temporary closure of the Gene Siskel Film Center, and increased expense to transition to remote instruction totaled $8.4 million in additional costs and lost revenue. To balance the budget and offset this loss, to date, we have:

- Placed a moratorium on all non-essential faculty and staff travel;
- Placed a freeze on hiring vacant positions;
- Frozen the discretionary spending of all vice presidents, deans, and department heads; and
- Delayed all capital projects that required institutional funding (we are continuing to move forward with the opening of our new galleries and graduate studios at 33 East Washington Street, since the major renovation of the space has been paid by our landlord and because the lease will ultimately provide a cost savings of $6.8 million over the duration of the 12-year lease).

These steps were undertaken this spring and will continue into the fall. These were critical cost-saving measures which enabled us to balance the budget for the 2020 fiscal year.

For the 2021 fiscal year, which began yesterday on July 1, 2020, we are projecting a $25 million revenue shortfall, primarily due to a drop in enrollment that is on track to decline by at least 15 percent. In addition to the current financial challenges, we also need to prepare our institution for potentially more financial disruptions, including:

- Ongoing costs to address COVID-19;
- Challenges in enrolling international students, as the US State Department is currently not issuing student visas; and

- Significant financial hardships faced by our current and prospective students.

To prepare for this financial impact, we have taken the following actions:

Staff Workforce Reduction
We have decided not to fill 30 vacant staff positions, and despite every effort to preserve every job at the School, we simply cannot avoid a workforce reduction. As we've shared before, nearly 80 percent of the School's revenue comes from tuition, and we are projecting a drop in enrollment, given the challenges facing students and families. As of July 6, we have eliminated 65 full-time staff positions and 12 part-time and special services staff positions. Additionally, decreased spending on contracted services has led to the reduction of 26 contract workers. Staff and departments impacted by this reduction are being informed. No faculty teaching positions have been eliminated as part of this staff workforce reduction.

We will provide as much support as possible to ease the transition with a severance benefit for all affected employees, including at least four weeks of pay—or more, based on years of service—and healthcare continuation through the end of September for full-time staff. While we will not name the impacted employees today out of respect for each individual's privacy, we will share more information soon so that continuing employees can adapt to the changes in our workforce.

Please know that this was a decision over which we agonized. It was the result of careful, thorough planning. We considered everything possible to avoid this scenario, and I am heartbroken to have to move forward in this way to preserve the future of the institution.

Additional Salary-Based Cost-Saving Measures
Merit adjustments and raises for all faculty and staff, as well as the starting course rate increase for newly hired part-time faculty, have been put on hold for the fiscal year, July 1, 2020, through June 30, 2021.

A temporary pay reduction has been implemented for some faculty and staff. These progressive cuts take a higher percentage from those who earn more, and we have established a floor so that those who earn less are not being asked to carry the burden at this time. Starting July 1, 2020, all staff who earn $150,000 or more per year will take a temporary pay reduction. Faculty earning $150,000 or more per year will also take a temporary pay reduction, effective August 16 with the 2020–21 contract. These reductions will last six months, and may be extended, following the schedule below:

- President: 20%
- Provost: 17%
- $200,000+: 15%

- $150,000–$200,000: 10%

Please note that depending on our fall enrollment, faculty and staff earning between $100,000 and $149,999 may also be required to take a temporary pay reduction of 5 percent.

Debt Payments and Controllable Expense Reductions
We refinanced institutional debt to reduce our debt payments, including interest and principal. Additionally, vice presidents and deans reviewed their fiscal year 2021 budgets and identified an additional $4 million in non-personnel reductions.

Our Endowment
There have been questions about the role of the School's endowment in our financial situation. The vast majority of our endowment is restricted, meaning that the original gift, the principal, cannot be spent and must survive in perpetuity to benefit future generations. In addition, the income from the endowment may only be used for specific purposes such as financial aid, which is the largest portion of our endowment. Legally, we cannot simply use these restricted funds at our discretion. Therefore, these funds cannot address the scope of the current challenge. However, there are a small number of endowments that do not have these stringent donor restrictions, and we are temporarily increasing the funds drawn from these endowments to help support our operations.