

President Dennis Assanis – Remarks to the UD Faculty Senate, April 1, 2024

Eleni and I hope that you all have enjoyed a change in pace during the Spring break this past week, and for those of you celebrating Easter, we wish you a belated Happy Easter!

In my comments today, I want to start with a reflection on the listening tours that Provost Carlson and I have been engaging in with numerous members of the faculty and staff across campus in response to the budget-mitigation measures and guidelines. While the budgetary shortfalls for the current academic year and the next academic year required collaborative efforts to manage, both of us acknowledge that some of the measures we announced on February 6 impacted many of our faculty in ways we did not intend. I have said before that a measure which saves relatively little money while aggravating a large number of our faculty is not a good measure.

In hindsight, beyond our administrative teams and the deans of our colleges, we recognize that we should have also consulted proactively with department chairs and groups of faculty, including the Senate and the AAUP, about the details and impact of certain measures. Over the past few weeks, we have reached out to these groups, and want to sincerely thank them for the very valuable conversations. We trust that people in this room will recognize the revisions we have already made in the measures based on feedback from both individual faculty and staff members and the Senate's Budget Committee. We welcome continued input.

Towards that goal, the Provost and I, along with the Chief Financial Officer and Chief Budget Officer, will be meeting with the Budget Committee of the Senate on Tuesday this week to seek their perspectives and input in the process of preparation of the FY25 budget, ahead of the submission of the budget to our trustees, as we have been doing over the past several years. Similarly, we will be meeting with the Senate's Coordinating Committee on Thursday to discuss a draft of the multi-year enrollment plan. Also, the Finance Committee of the Board of Trustees has invited all members of the Senate Budget Committee to attend their meeting on April 19. While representatives of the Faculty Senate and the Faculty Senate Budget Committee have been regular attendees at Finance Committee meetings, this is the first time that members of the Senate Budget Committee as a whole have been invited to a Trustee Finance Committee meeting.

The budget development process for academic year 2024-25 is especially important given the need for continuing budget-mitigation measures at the institutional level to deal with ongoing fiscal challenges. As previously communicated, the health insurance premiums that will be assessed to the institutions participating in the State of Delaware's group health insurance plan are expected to go up by 27% for next year. This will translate into a recurring impact of at least \$30 million on our budget from FY25 onward. As I mentioned at the Board of Trustees' Special Meeting on March 19, we have begun the process of exploring alternatives for providing health insurance to our employees and retirees and their families that would be comparable to the coverage which has been provided by the state's plan. Based on my own experience, and the comments I have heard from many other faculty members and retirees, continuing to provide

excellent healthcare coverage is a priority. We are optimistic that we may be able to present options that offer outstanding health care at providers of choice, including a PPO option, that are also fiscally sustainable. Based on recent claims history, our employee and retiree populations are healthier, in general, than the state's average.

However, it is important to understand that the process of creating and migrating to a UD-provided health insurance plan is complex and requires at least one year of lead time. The process will include consultation with the University/AAUP joint committee on Benefits and Cost Containment that we are planning to convene shortly, and also with the leadership of the UD Association of Retired Faculty. To mitigate the impact of the healthcare premium increases during this current year and next, I will be recommending to the Board of Trustees Finance Committee the one-time utilization of some of our reserve funds to partially offset the impact of sudden increase in healthcare premium costs. This would be with the understanding that during the next academic year (FY25) we will continue to make progress to address the other factors contributing to the escalation of our costs of education delivery, while at the same time enhancing our efforts to develop new revenue sources. Through these efforts, and by carefully managing our enrollment, hiring and capital plans, we can ensure that our operating revenues will exceed expenditures by a healthy operating margin in FY26 (academic year 2025-26).

I continue to be inspired about the future of our great University. None of us wants to slow or suspend the momentum that we have created, nor the progress we have made together over the past several years, in spite of enormous and unprecedented challenges brought on by the Covid-19 pandemic. To forge our path forward, all of us must continue to work together with a strong spirit of support and collaboration, and with increased transparency, which is essential for building and maintaining trust in the months and years ahead.

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