

COVID-19: Financial Impact

Bennington College - Interim President Isabel Roche

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Dear Staff and Faculty,

Thank you for the many ways you have adapted and responded to the new reality we find ourselves in. Bennington swiftly moved to a new way of functioning—and did so with great energy and ingenuity. Our top priority remains maintaining the health and safety of this community while continuing to provide a distinctly Bennington education to our students. Your work and collaboration with each other over the past month to accomplish this has been moving and inspiring.

As much as this pandemic has impacted us physically and emotionally, it has also affected the College financially. We want here to update you on Bennington's financial status, give you an overview of the College's efforts to date to mitigate the financial losses resulting from the COVID-19 health crisis, and present a preview of what we are working on as we focus on both the immediate and the longer-term financial health of the College and look to next year and beyond.

Bennington, like most other colleges and universities, relies on tuition and room and board revenue and annual fundraising to support its operations. As you know, our current campaign, [The World Needs More Bennington](#), has as one of its primary goals to grow our endowment and reduce our dependence on tuition and annual fundraising over the long term. While the campaign has been very successful thus far—our endowment has more than doubled, standing now at \$53 million in commitments—it will still be some time before we see the effects of these gifts (many of the largest endowment commitments are deferred). Further, we expect that the sharp drops and volatility in the stock market will have a negative affect on our donors' philanthropic support, something that we have not yet seen but anticipate going into next year. This means that the College's efforts to recruit a new incoming class, retain our students, and advance our annual fundraising remain as crucial as ever, despite being even more challenging in this time of crisis.

There has been an immediate impact of the pandemic on the College's financial position, both in terms of lost revenue and in terms of new expenses. Most importantly, the College has seen:

- prorated refunds or credits of room and board fees of approximately \$1.35 million;
- the cancellation of the Middlebury Language Schools this summer, reducing revenue from this program by more than \$1 million; and
- an almost 20% reduction (as of today) in the cash value of the College's endowment due to market declines triggered by the pandemic. As a point of reference, the draw from the interest earned on endowment provided just over \$1 million for this year's operating budget.

The most significant loss we anticipate and brace for, however, is how the pandemic will impact our undergraduate enrollment going forward. Uncertainty about the course of the pandemic, combined with

rising unemployment and an incipient recession of unknown dimensions, will undoubtedly negatively affect the College's first-year and returning student enrollment (despite our strong retention gains). While we cannot yet know the size of this impact—and while we are doing all we can to counter it—we nevertheless must anticipate a marked reduction of income from tuition, room, and board for the next fiscal year. This year's deposit date has been pushed from May 1 to June 1 to accommodate the changed environment in which we are all working (with no prospective students able to visit campus). We will know much more by June 1.

In the meantime, these are the immediate steps we've taken to mitigate the current and future losses described above:

- Both of us and all vice presidents are taking an immediate, voluntary 20% salary reduction. We are committed to taking a progressive approach to additional salary reductions, should they become necessary in the coming fiscal year, so that those earning the least are the least impacted.
- We have frozen hiring for faculty and staff open positions, and will only hire in FY21 for positions essential to the College.
- We have significantly curtailed spending; only essential costs will be funded in operating budgets for the remainder of the fiscal year.
- We have suspended capital expenditures for the remainder of the fiscal year (with the exception of the design work for the rebuilding of the Barn, for which the College has already received significant contributions through the [Barn Challenge](#)).
- We applied for federal relief funding, and our application for a \$5.9 million loan from the Payroll Protection Program, administered by the Small Business Administration, has been approved. This loan can later be forgiven if the College uses this funding to support payroll expenses (including retirement contributions and employee medical insurance premiums), utilities, rent, and debt service payments. We anticipate full loan forgiveness at this time.
- We have received confirmation that we will receive approximately \$600,000 through the higher education allotment of the CARES Act. These funds are calculated based on our number of Pell eligible students, and must be used to support domestic students who are Pell grant recipients. We are required to distribute 50 percent of the funds we receive directly to those students and can apply the other half towards expenses we have incurred on their behalf.
- We are seeking emergency grants from foundations who provide project support to the College; several of our close partners are providing one time grants to help mitigate expenses we are incurring.
- We established a [COVID-19 Relief Fund](#), which has thus far garnered \$14,000 in gifts from alumni, parents, faculty, staff, and friends.

The federal relief funding, as well as these initial cost-cutting and fundraising efforts, will help mitigate the stresses of the current moment, but we are preparing for more strain in the coming year, given that the coronavirus disruptions may continue into the fall term and well beyond. We must be extremely prudent in managing the College's finances, and we may need to reduce operating expenses further if fall enrollment declines sharply.

Assuming that we will see the impact of the coronavirus extend to the fall term, we have created a new task force to lead the effort to plan alternative academic approaches, called the Fall Planning Working

Group, comprised of an elected group of faculty and academic administration staff. This group has begun to meet to develop scenarios and make recommendations about the teaching and learning structures for the 20-21 academic year. While our greatest desire is to resume in-person learning as soon as possible, we have to plan for the possibility of continued remote and hybrid instruction. We owe our students—new and returning—the strongest learning experience we can provide and we must reimagine what we do to meet this moment and keep students on an uninterrupted path to their degrees. The Fall Planning Working Group will be working closely with our principle elected faculty committees (the College Steering Committee, the Academic Policies Committee, and the Curriculum Planning Committee) as it moves toward their recommendations. The agendas of these committees will also necessarily be shifting for this term because of the changed circumstances under which we are operating. The College Steering Committee, in particular, will have additional focus in working with us on budgetary matters as we plan for next year.

At the same time, and as we look to Bennington's second hundred years, we have to take hold of the opportunities before us to secure the College's future. Bennington must continue to evolve, in principled, mission-driven ways, to meet the changes and challenges we have seen in higher education and elsewhere. But the College must do more than *meet* these changes and challenges: Bennington at its strongest can both anticipate and help to solve what is to come, and serve as a leader among liberal arts colleges in responding to the moment. We must now hold close that best version of ourselves to see our way through and beyond the current, daunting crises—to a healthy, dynamic, and powerful Bennington playing its self-determined part in the world.

We are certain that you will have questions and will make time to address them at the upcoming remote meetings for faculty ([April 22](#)) and staff ([April 29](#)).

With gratitude,

Isabel Roche
Interim President

Brian Murphy
Vice President for Finance and Administration