



香港城市大學  
City University of Hong Kong

## *University Announcement*

### A letter from the President of City University of Hong Kong

Dear colleagues,

When I wrote to you in early February, I suspect few of us could have imagined that the novel coronavirus would have evolved into a global pandemic with over 2 million cases and led to a worldwide standstill and a global recession worse than during the Great Depression in the 1930s. As with everyone else in Hong Kong, the pandemic, coupled with the social unrest in the second half of 2019, has changed our operation model and seriously affected our academic activities and undermined the University's financial well-being.

The 2019/20 fiscal year is now approaching its end. With your dedication and adaptability, we have successfully maintained our CityU-Learning, research, and other ongoing initiatives in a safe, secure and infection-free campus. My heartfelt gratitude goes out to all of you who have supported the University's endeavours during this challenging time.

Knowing that more hurdles lie ahead, we need to carefully review our situation and needs.

#### **Financial impact**

The unfavourable environment ever since last June has impacted not only our operations but also forced us to downsize some of our longer-term efforts. The University is suffering from a reduction in different sources of income, including university investment, tuition fees associated with international enrolment, donation income and research funding. In addition, we are required to settle the costly repair bill for damage caused by the social unrest and accommodate the investment needed for improving campus safety and security.

#### **Budget hearing**

We have maintained balanced budgets, while pursuing academic excellence, through conservative financial management over the past 10 years.

The budget hearing mechanism that I established in 2009 has allowed accountable planning and communication between management at different levels. With a clear understanding of the University's financial situation and needs, we are able to prioritise funding requests.

Despite the current financial hardship, with the full support of our heads and line managers, we have devised a sustainable budget proposal for 2020/21. Along with our solidarity, dynamism, and boldness in tackling issues, we are ahead of the curve in dealing with these crises, but unavoidably facing some budget cuts.

#### **Curbing the impacts of recession**

Given the uncertainties in the macro environment, my management team and I must adopt careful measures to control costs and prepare the University for a speedy recovery when the situation allows.

- **Budget:** Our recurrent expenditure budget needs to be reduced significantly to achieve a break-even budget. Allocations for cancelled student activities such as student exchanges will be reviewed to avoid excessive provisions.
- **Staffing:** We have no plan for layoffs, but staffing will be affected. Given the global impact on universities, we will continue to invest in our strategic areas and, when necessary, there will be staff redeployment to provide the flexibility that the University needs to overcome challenges.
- **Salary:** We may need to consider freezing pay raises for 2021 to safeguard against potential budget deficiency. This is not ideal but will help the University curb the recession.
- **Infrastructure and equipment:** All building projects that were contracted and underway are now delayed. Other than safety related projects, we will stop non-essential capital expenditure for infrastructure and equipment until the end of 2020. Also, all budgeted but not-yet-started projects will be scrutinised by Vice-President (Administration).
- **Student care:** The worsening situation in Hong Kong will impact our graduates and non-local students whom we are planning to help whenever possible.

The above outlines some of the measures that we are adopting. As the situation evolves, other measures may be required. Human capital is our most important asset and we have made a strong commitment to you, our staff, and our students, as reflected in our measures. It may take 18 months for the world to return to normal after an effective Covid-19 vaccine is developed. Before that, we will implement practices that allow us to continue our academic and non-academic activities as much as possible.

Just sharing with you, to alleviate financial stress, the senior management (President and VPs) are voluntarily contributing 10% of their salaries from May to December 2020 to get through this difficult period. For my contribution, this will be in addition to my annual personal donation.

To be on top of the crises, we need to maintain the spirit of unity and cooperation that has characterised our actions over the past months, or even longer. We value your dedication and contribution, and during this difficult time, your kind understanding of our tough decisions is much appreciated.

I hope you and your family stay safe and healthy.

Way Kuo  
President and University Distinguished Professor

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