

DIVISION OF BUSINESS & FINANCIAL AFFAIRS

COVID-19 BRIEFING - UPDATE

April 29, 2020

Unit: Financial Services

Prepared by: Stephanie Bracamontes, Marcus Armstrong, Barbara Rex, Nathan Bowden

ACTION: Authorize the following to mitigate the budget uncertainty created by the impact of COVID-19:

- Cabinet members shall approve expenditures over \$5,000;
- Division heads shall identify Procard user cards except for a small number of users designated by for critical purchases;
- Freeze savings from permanent position vacancies;
- Require approval by Division heads for all travel occurring after the current CSU limit on travel is lifted; and
- Require approval by Division heads for commitment of any University resources as part of a grant proposal.

BACKGROUND AND POLICY ISSUE(S): As a result of the COVID-19 crisis, the State of California and the CSU System are faced with extraordinary budgetary and fiscal challenges. The Governor's initial proposed budget for FY20-21 has been pulled back as the state's budget is anticipated to be completely reshaped by the pandemic.

Typically, at this time of year, as we enter the fourth quarter of the fiscal year, significant year-end spending occurs from remaining funds in the O&M lines and from expected salary savings. Given the constrained environment that the University will be operating in for the foreseeable future, including into the next fiscal year, it is important that executive staff scrutinize spending for critical needs and reinforce this approach within their respective divisions.

Based on a previous briefing to Cabinet dated March 22, 2020, CSUCI has already put into place certain cost mitigation efforts, including cancelling all non-essential and non-critical purchases. Essential expenditures include those necessary to facilitate virtual learning, health, safety, continuing operations, or active construction projects. Despite these guidelines, the Procurement team continues to receive requests for purchases that are deemed non-essential (for example, furniture items).

Additionally, the campus has currently issued over 250 procards for use across the campus. Finally, while current CSU policy prohibits all non-essential travel due to the COVID-19 outbreak, this travel restriction currently extends only until July 31, 2020. As restrictions begin to be lifted at a national, state and system level, it is anticipated that staff and faculty will begin booking travel again. The Financial Services team has already begun seeing travel included in grant proposals for the fall and beyond.

RECOMMENDATION: Approve the following additional cost mitigation measures:

- Spending: Any expenditures over \$5,000, either one-time or on an ongoing basis, should be submitted for review to the appropriate VP/Provost for his/her area. If the VP/Provost supports, the Cabinet member will bring the request for purchase to a Cabinet meeting for review and discussion.
(This recommendation modifies the original cost mitigation briefing approved on March 23, 2020.)
- Pro-Cards: The Procurement team, working with Divisions, shall identify all current Pro Card holders. The VP/Provost shall approve the suspension of the Pro Cards for all but a small number of nominated users. These ProCard users shall be authorized for use for essential purchases.
- Salary Savings: Savings from vacant positions should be considered to be frozen with no further spending expected from those lines.
- Travel: Upon lifting of current CSU restrictions on staff and faculty travel, all staff/faculty travel must be approved by the responsible VP/Provost. If the VP/Provost supports the travel request, the Cabinet member will bring the travel request to a Cabinet meeting for review and discussion if either (1) the request is for in-state travel totalling greater than \$500, or (2) the request is for out-of-state travel totalling greater than \$1000.
- Grants: Any expenditure of University resources (including employee time and University funds) included as part of a grant proposal must be approved by the responsible VP/Provost.

Approve attached communication on spending controls, to be distributed by divisional leadership.

SUPPORTING DOCUMENTATION:

- Attachment 1: Draft message on expenditures for distribution to employees
- Attachment 2: Draft communication to AVPs, Deans, and Associate and Assistant Vice Provosts from Director of Materials Management
- Attachment 3: COVID-19 Update: Travel Suspension Extended, Steve Relyea, Executive Vice Chancellor and Chief Financial Officer, April 29, 2020

CURRENT UPDATE: See above.

ATTACHMENT 1

Draft message on expenditures for distribution to division employees by divisional leadership

Dear Colleagues,

As you know, the COVID-19 crisis has had an immediate and broad impact on economic activity in the state. As a result, the budget outlook for the state, including the CSU system, has changed considerably from the beginning of the calendar year when the Governor released his initial budget proposal. While the extent of the impact of COVID-19 is still to be determined, we can be relatively certain that funding for the CSU will be much more limited than was the case before the crisis.

As a result, the campus is taking steps now to help prepare for potential budget challenges by focusing on our current spending. In addition to measures we've already put in place to slow hiring and review open purchase orders, effective immediately, we are taking the following steps to help control expenditures:

- Any expenditures over \$5,000, either one-time or on an ongoing basis, must be submitted for review and approval to [insert Cabinet member name]. Any expenditures supported by [Cabinet member] will be discussed with Cabinet members to seek a recommendation for approval.
- The Procurement team will be working with Divisions to provide a recommendation to [Cabinet member] to limit the number of ProCard holders and limit the use of active ProCards for essential purchases.
- We are holding all salary savings from existing open positions with no further spending against those savings. Vacancy savings from permanently budgeted positions will be monitored by division on an ongoing basis.
- Once current CSU restrictions on staff and faculty travel are lifted, all staff/faculty travel must be approved by [Cabinet member]. All in-state travel over \$500 and all out-of-state travel over \$1000 will also be discussed with Cabinet.
- Any expenditure of University resources (including employee time and University funds) included as part of a grant proposal must be approved by [Cabinet member].

We know that COVID-19 has already caused a lot of uncertainty and hardship and that we are only beginning to see the impacts of this crisis. However, we are committed to doing what we can now to help us weather that uncertainty so that we can continue to provide the critical educational services relied upon by our students and our community.

ATTACHMENT 2

Draft communication to AVPs, Deans, and Associate and Assistant Vice Provosts from Director of Materials Management

To: Deans, Associate and Assistant Vice Provosts, Associate and Assistant Vice Presidents
From: Marcus Armstrong – Director of Materials Management
Re: Cost Mitigation and the use of ProCards
Date:

Dear Colleagues,

BFA continues to provide essential business support functions to campus during this challenging operating environment. This communication serves to inform you of necessary cost mitigation steps and procedural adjustments. Please share this information with your team leaders and support staff as appropriate.

Essential Expenditures

To preserve financial resources for strategic needs in line with actions taken by other campuses, leadership have directed managers to limit expenditures to those deemed essential and mission critical. Essential expenditures include those necessary to facilitate virtual learning, health, safety, continuing operations, or active construction projects.

ProCard

The Procurement team working with Divisions, shall identify all current Pro Card holders. The VP/Provost shall approve the suspension of the Pro Cards for all but a small number of nominated users.

A small number of cards to remain open for use by card holders for essential expenditures valued less than \$5,000. The recommendation was based upon usage. A review with AVPs and Deans will be conducted for their approval. You are encouraged to establish internal controls and approvals to ensure ProCard spend is carefully managed. Note that ProCard cannot be used for technology acquisitions. Please direct your staff to their dedicated Procurement Specialist, Daniel Brown, for software and hardware requirements.

We are Here to Help

Procurement & Contract Services will continue to deliver service levels campus clients have increasingly come to expect. We are committed to doing whatever is necessary to help meet your essential business needs on time and as hassle free as possible.

**Action: Travel Suspension
Extended to July 31**

DATE: April 29, 2020

TO: CSU Presidents

FROM: Steve Relyea
Executive Vice Chancellor and Chief Financial Officer

SUBJECT: COVID-19 Update: Travel Suspension Extended

This document updates travel guidance and related communications to CSU presidents dated March 4, March 9, March 13, and March 19, 2020, and **extends the suspension of all international and non-essential domestic travel to July 31, 2020** due to the COVID-19 pandemic. Presidents may extend the travel restriction beyond that date based on local circumstances.

Determinations about how best to protect our university community (within the U.S. and abroad) are informed by evolving guidance from the Centers for Disease Control and Prevention (CDC) and the U.S. State Department, as well as state and local public health agencies. To date, the U.S. State Department continues to maintain a Level 4 Travel Advisory applicable to worldwide travel. A *Level 4: Do Not Travel* advisory is the highest warning level due to a greater likelihood of life-threatening risks. During an emergency of this magnitude, the U.S. government may have very limited ability to assist individuals traveling outside of the U.S; accordingly, the State Department has advised U.S. citizens to avoid travel and to return to the United States as soon as it is safe to do so.

CSU campuses and their auxiliary organizations will therefore continue the suspension of all international and non-essential domestic travel through July 31, 2020. We regularly monitor data from local, state, national and international agencies and organizations, and may modify the temporal or geographical restrictions in this directive if warranted by future developments. Based on the above considerations, we will review this travel restriction by mid-June.

Campus presidents may provide an exception in *extenuating and compelling circumstances*; however, this authority shall not be delegated. When considering requests for an exception, presidents shall consider the following factors, along with other relevant factors as determined by the president:

CSU Campuses			
Bakersfield	Fresno	Monterey Bay	San Francisco
Channel Islands	Fullerton	Northridge	San José
Chico	Humboldt	Pomona	San Luis Obispo
Dominguez Hills	Long Beach	Sacramento	San Marcos
East Bay	Los Angeles	San Bernardino	Sonoma
	Maritime Academy	San Diego	Stanislaus

CSU Presidents

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- Necessity of the proposed travel, including consequences of postponing travel
- Needs and preferences of the individual
- Availability of safe and secure shelter at the destination
- Availability of appropriate medical care at the destination
- Availability of transportation, services, and other necessities at the destination
- Assessment of risks associated with traveling versus risks of remaining in place

Upon consideration of the factors above and others as determined by the campus president, the campus president is authorized to approve and/or arrange international and domestic travel. This authority shall not be delegated, and any prior delegations of authority of travel are rescinded. Individuals granted exceptions to travel must observe local health guidelines upon their return. Presidents who grant an exception to the travel suspension must create a written memorialization of how the circumstances were extenuating and compelling, using the factors above.

Circumstances and conditions in any country may, of course, change at any time and we will provide updated information as available.

cc: Timothy P. White, Chancellor
Loren Blanchard, Executive Vice Chancellor, Academic & Student Affairs
Andy Jones, Executive Vice Chancellor and General Counsel
Garrett Ashley, Vice Chancellor, University Relations and Advancement
Evelyn Nazario, Vice Chancellor, Human Resources
Larry Mandel, Vice Chancellor and Chief Audit Officer
Provosts/Vice Presidents of Academic Affairs
Vice Presidents of Student Affairs and/or Enrollment Management
Vice Presidents of Administration and Finance
Vice Presidents of Advancement
Chief Information Officers
Environmental Health and Safety Directors
Human Resource Directors
Emergency Managers
Risk Managers
Senior International Officers
Auxiliary Organization Association