

July 21, 2020

Dear Colleagues,

Yesterday, Chancellor White provided an update to all CSU faculty and staff on the state of the budget for the CSU system. While he announced that the CSU will not pursue a systemwide employee furlough program during fiscal year 2020-21, he also noted that the reduction in state allocations to the CSU will be felt for multiple years into the future. While the news of our financial situation is disappointing, we must act now with the difficult choices facing CSUSB, as the financial crisis is expected to last for at least three years and potentially longer.

In early June, I shared four core principles that will guide our budget planning as we move forward, focused on the success of our students, faculty, and staff. CSUSB will commit to:

1. Prioritizing the delivery of the academic mission, inclusive of instruction and support services.
2. Minimizing impact to current employees, as much as possible.
3. Aligning the budget to ensure successful programs and services across all divisions/colleges.
4. Committing to continuing high levels of financial transparency as we manage this crisis.

As compared to last year, CSUSB's 2020-21 budget decreased by nearly 6% or \$13.4 million. This reduction is permanent and made up of a combination of lower State appropriations, increased employee benefit and insurance premiums (which have historically been funded by the State), and an anticipated reduction in the number of international and non-California students attending CSUSB this year. The good news is that enrollment from California residents at CSUSB looks very strong for 2020-21 and that is critical to our continued financial health.

Through proactive management of our financial resources, including the establishment of a reserve structure in preparation for an economic downturn, CSUSB is prepared to proactively address these challenges. While there are still many unknowns that may have additional impact on our budget, based on what we know today, we do not anticipate taking additional employee personnel actions, including layoffs, for any state-funded operations during the 2020-21 year. However, these additional actions may be necessary in 2021-22 and beyond. It is critical to stress that the financial impact from the COVID-19 pandemic remains extremely fluid and may require additional considerations as the year progresses.

As we move forward, to minimize the impact to current employees, each of us needs to be prepared to tighten the fiscal belt and make additional sacrifices. Every dollar we save allows the campus to delay additional employee personnel actions further into the future. A sampling of the financial management strategies that are in place, effective immediately, include:

- Employee Hiring Chill: CSUSB spends a majority of its annual budget on employee salaries and their associated benefit programs. A reduction of our overall employee base will be necessary to manage this financial crisis. Moving forward, we can achieve this by taking advantage of when employees leave the organization by not back-filling their positions. When a position vacancy is created, a careful review by the Cabinet will be required if there is to be any consideration of searching for a replacement.
- Employee Travel Suspension: CSUSB has already announced that all non-essential faculty and staff travel is suspended through June 30, 2021. This decision was reached both out of safety concerns for travel during a pandemic and for the financial savings.
- Essential Purchasing Only: CSUSB will continue with additional scrutiny to ensure that all purchases of goods and services are for essential needs only and that the university is getting the best business deal. To reiterate, every dollar saved delays tougher actions into the future.

While we continue into Fall Semester in a mostly virtual instructional mode, there will be no doubt opportunities for additional savings, including reduced energy consumption, events and hospitality expenses, and many of the operating costs associated with providing in-person services. However, that continues to be counterbalanced with increased costs for additional IT equipment for students, faculty, and staff, personal protective equipment for essential on-campus work and classes, and facility modifications for future in-person services.

We remain committed to communicating regularly on the state of the university's fiscal situation. The University Budget Advisory Committee, comprised of faculty, staff, and student leadership, continues to meet through the summer to review budget updates and provide critical feedback and guidance. We will also come together for another all-university budget forum during Fall Semester.

While I know it can be disappointing to hear the news of difficult financial times ahead, I remain committed to minimizing the impact on our dedicated faculty and staff. I ask that you not let these challenges interfere with our commitment to the success of our students. With mostly remote instruction and services, now more than ever, our students are counting on each of us to help them navigate the academic and personal challenges

that lie ahead. I thank you in advance for never wavering in your commitment to them and to one another.

Please stay safe and healthy,

Tomás D. Morales
President