May 24, 1982

MEMO TO: Deans, Department Chairs, Administrative Heads
FROM: Gail Fullerton
SUBJECT: The Freeze

We have received a number of inquiries concerning the expenditure of operating funds to meet the supply needs of the various offices on campus. The attached memorandum from Mr. Hanner dated March 26 supersedes my memorandum to you of the same date.

Questions relating to the purchase of supplies should be addressed to Messrs. Guttormsen and Robinson.

GF/jd

Attachment: Hanner memo of 3/26/82.
Date: March 26, 1982

To: Presidents

From: D. Dale Hamner
Vice Chancellor
Business Affairs

Subject: Governor's Executive Order 897-82, 1981/82 Expenditure Restriction

The Governor's Executive Order 897-82 was issued to be effective at the close of business on March 11, 1982 and to terminate on July 1, 1982. The California State University has indicated that it will comply fully with the Executive Order and subsequent State directives within the limits imposed by legal considerations. The restrictions imposed by the Executive Order have been determined by the Department of Finance to be applicable to all funds which are deposited in the State Treasury. This includes all of the funds appropriated to The California State University as well as all Revenue Funds and Trust Funds.

Implementation of the Executive Order is delegated to the Advisory Committee named in the order. This group is empowered to "mitigate its provisions when it is determined by the Committee to be in the best interest of the State."

The Department of Finance is directed to coordinate and implement the Executive Order and to issue guidelines and instructions as necessary. In carrying out its role, that department initially issued Management Memos No. 82-06 through 82-08 as a first clarification of the Executive Order. Further clarification has since been provided by Management Memos 82-10 and 82-11. These directives deal with the four restrictions (A through D) set forth in the Executive Order.
To date the following appeals have been presented to the Governor's Advisory Committee:

a. A request for authority to administer all aspects of the Freeze - Request denied.

b. A request for an exemption to fill a specific number of faculty positions for the Spring and Summer Quarters - Conditional approval received. See the following discussion of "Hiring Freeze".

c. A request for blanket exemption for all Special Funds and Reimbursed Programs - Request denied.

d. A request for a blanket exemption for Student Assistants and Work Study Student Assistants - Conditional approval received. See the following discussion of "Hiring Freeze".

This office, working through a recently created task force in the Chancellor's Office will henceforth keep campuses informed of developments as they occur in the form of a special series of Budget Planning letters with the added designation of ER-x (i.e., Expenditure Restriction). This is the first issue of that series.

Hiring Freeze - Management Memos No 82-05 and 11

Memo No. 82-05 lists the personnel actions which have been restricted. It also specifies that intermittent employees and overtime may not be used to offset the prohibition against new appointments. The listing includes every type of personnel action used by the CSU. Those are prohibited with the exception of merit salary adjustments and mandatory reinstatements which are specifically exempted. This memo also makes provision for implementation of personnel transactions for which firm commitments had been made prior to March 12, 1982. In accordance with that provision, lists of names of qualifying individuals were provided to the Department of Finance prior to the deadline of 4:30 p.m., March 17, 1982.

Individual personnel transactions omitted from the lists or for whom there was no firm commitment by March 12 are subject to the listed prohibitions and, if critical, handled as requests for exemption in accordance with the guidelines set forth in Management Memo 82-11. Specific CSU instructions regarding content, the format and procedure for exemption requests will be included in a subsequent BP (ER) letter.
d. Student Assistants - All individuals on the Prior Commitment lists may be appointed. In addition, all Work Study appointments may be implemented. However, appointment of regular student assistants are subject to the condition that the student must have been previously employed as a student assistant during the current fiscal year. In other words, the State Advisory Committee decided that no new student employees should be put on the payroll during this freeze.

e. Special Fund Employees - The only appointments which may be implemented are those which qualify under A or B above.

f. 1982/83 Appointments - The Executive Order terminates at close of business on June 30, 1982 and has no impact on appointments subsequent to that date. Recruitment efforts and commitments for the Fall term should continue in the normal manner. However, appointment documents effective July 1 or thereafter should not be submitted to PPSD until after July 1.

g. All other personnel transactions not covered by the above are not authorized and must be handled on a case by case basis as exemptions to the freeze in accordance with Management Memo No. 82-11 and further instructions from this office.

Purchasing Freeze - Management Memos No. 82-06 and 11

Memo No. 82-06 specifically prohibits the purchase, other than from State Central Stores, of the following:

1. Equipment - as defined in the State Administrative Manual.

2. Office furniture, office machines, and office supplies.

It is our interpretation, after discussions with John Babich, Chief, Office of Procurement, that the prohibition regarding equipment is quite specific and all inclusive. The prohibition regarding office furniture, machines and supplies is also quite specific but is restricted only to that category of purchases. It does not cover instructional or plant operation supplies, library books, printing, computer and duplicating paper, or the myriad of other supply purchases required for the operation of a campus not involving office operations.
The current status of the hiring freeze is as follows:

a. All personnel transaction documents (PPT) which were received by the Personnel/Payroll Services Division of the State Controller's Office (PPSD) prior to March 12, with an effective date prior to March 12, have been implemented. All other documentation is being held in suspense.

b. Prior Commitment Lists - The lists submitted by the campuses by March 17 were submitted to the Department of Finance. These lists were divided into three categories by that department. The categories are:
1) faculty (including graduate assistants), 2) students and, 3) other. The lists for faculty and students have been approved and are being sent to PPSD for checking against the PPT's which campuses either have or may now submit for these two groupings. The third category of "other" presumably includes new hires and reclassifications of staff positions. Clearance of this grouping is pending selective on-campus audits of the lists by the Department of Finance.

NOTE: Management Memo No. 82-11 requires that documentation for appointment (PPT) of individuals on the Prior Commitment Lists must be received by the Controller no later than April 21, 1982.

c. Faculty for Spring and Summer Quarters - A limited exemption has been authorized by the Governor's Advisory Committee which will allow a quarter calendar campus to fill faculty positions for the Spring and Summer quarters. Therefore, in addition to the faculty appointments identified by name on the Prior Commitment Lists, quarter calendar campuses may make faculty appointments for the Spring and Summer quarter to the extent that those appointments do not exceed the total number of FTEF positions requested by the campuses. These maximum FTEF levels, as submitted by the campuses, are listed on Attachment A. Please note that this exemption does not apply to semester calendar campuses. You should also be aware that, by explicit order of the Governor's Advisory Committee, this special exemption does not apply to graduate assistant or substitute faculty appointments.
The prohibition regarding equipment purchases involves not only regularly budgeted support equipment but also includes Instructional Replacement Equipment (ICRPE). Requests for exemption will be handled on a case-by-case basis in accordance with Management Memo No. 82-11 and further instructions from this office.

Travel Reduction - Management Memo No. 82-07

This provision of the Executive Order is no an expenditure but rather a budget reduction since it requires the unallotment of an additional 10% of budgeted 1981/82 travel funds. The reduction is estimated to be $350,437 for the system. Allocations Orders will be issued by the Office of Budget Planning to reduce campus budgets when the Department of Finance implements this provision of the Executive Order.

Contract Restrictions - Management Memos No. 82-08, 10 and 11

The Executive Order specifies that agencies may not enter into, extend or amend any consultant or personal services contract. Management Memo No. 82-08 revokes contract review exemptions contained in SAM Section 1206. However, this memo states that interagency agreements and public works contracts are exempt, and therefore can be processed. Management Memo No. 82-10 begins to provide specific clarification of terms and should be read closely. It clearly restricts agreements for Special Lecturers and Commencement Speakers as well as a number of other types of agreements used by the CSU. However, it does define a number of types of service agreements which are exempt. It also defines construction contracts to include the type of Special Repair, Minor Construction, and Capital Outlay projects for which the CSU is currently budgeted. Requests for exemption will be on a case-by-case basis in accordance with Management Memo No. 82-11.

As indicated above, this is the first in a series of memos related to the expenditure restriction and reduction. The next memo in the series will deal with the following:

1. Identification of the members of the CSU Expenditure Restriction Committee.
2. Instructions for submission of payroll documentation to the Controller’s Office. These instructions must first be cleared with PRSD in order to avoid unnecessary confusion and possible rejections of documentation.

3. Instructions for submission of requests for exemption which will be reviewed by this office for possible consolidation and submission to the Department of Finance.

4. Any additional information or guidelines received from the Department of Finance.

5. Clarification of the applicability of the expenditure restrictions to the bond programs (Dormitory Revenue Account programs).

Questions regarding any of the material covered in this memo or questions in general should be directed to either Bill Lahey in Faculty and Staff Affairs (Ext. 5592), Gene Forney of Auxiliary and Business Services (Ext. 5575), or to Howard Hicks in Budget Planning and Administration (Ext. 5725). However, it would be appreciated if the contacts can be limited to questions rather than a daily progress report.

DDH: HSH: mt1

Attachment
### SPRING AND SUMMER QUARTER FACULTY EXEMPTION(a)

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<td><strong>TOTAL</strong></td>
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(a) This is in addition to the faculty personnel actions identified on the "Prior Commitment List".