

COVID-19 Monitoring and Planning Guide: Cost Containment

Options for Managing Costs in the Face of the Pandemic

Capital and Cash

TACTIC	OPTIONS
<ul style="list-style-type: none"> Postpone selected capital projects or strategic investments 	Prioritize capital safety projects; reevaluate strategic investments considering post-crisis environment
<ul style="list-style-type: none"> Work with banks to ensure lines of credit are in place 	
<ul style="list-style-type: none"> Critically review IT spend, and identify spend and projects that can be deferred 	Consider upgrades of current systems; prioritize non-mainframe systems and projects for deferral
<ul style="list-style-type: none"> Refinance debt 	Reorganize debt, focusing on better terms
<ul style="list-style-type: none"> Actively manage accounts payable and accounts receivable 	Contact long-term vendors to negotiate price reductions on current contracts; explore innovative resolution strategies to maximize payment recovery

HR and Benefits

TACTIC	OPTIONS
<ul style="list-style-type: none"> Institute a wage freeze 	Defer all planned merit-based or cost-of-living wage and salary increases. Reduce hours of part-time and as-needed employees. Consider pay or workday reductions for full-time and salaried workers.
<ul style="list-style-type: none"> Defer new employee start dates for non-critical positions 	Look to delay start date for a defined period by position
<ul style="list-style-type: none"> Offer an early retirement program for selected positions 	Will incur severance expense; must be selective so as not to include critical or scarce resources
<ul style="list-style-type: none"> Institute a hiring freeze for non-essential personnel 	Focus on non-critical positions
<ul style="list-style-type: none"> Temporarily furlough non-utilized and/or non-essential workers (support and overhead staff) 	Consider paying furloughed staff a percentage of base pay for a defined period
<ul style="list-style-type: none"> Reduce, suspend, or defer employer matching contributions to employee retirement plans (403(b)) 	Seek counsel from legal or employee benefits consultants prior to acting. Consider local market competitive conditions.
<ul style="list-style-type: none"> Defer or suspend selected benefits such as tuition remission 	
<ul style="list-style-type: none"> Institute temporary executive/cabinet-level pay cuts 	Consider up to 20% for executive/cabinet-level to send a positive signal to employee base

FOR MORE INFORMATION:

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Overhead

TACTIC	OPTIONS
<ul style="list-style-type: none"> Reduce/eliminate discretionary spending such as travel, education seminars, subscriptions, campus events, etc. 	Recoup previously paid deposits/payments
<ul style="list-style-type: none"> Reduce hours or close non-essential, non-utilized facilities (e.g., fitness centers, dining halls, library, bookstore) 	Conduct a strategic review of all programs and services. Close or change hours of operations based on volume of curtailed services; consider those impacted by campus closures or social distancing policies.
<ul style="list-style-type: none"> Eliminate all food-service catering 	Eliminate food and drink available at meetings for the immediate term
<ul style="list-style-type: none"> Investigate potential utility spend reductions 	Consider impact of spend in buildings that have been closed
<ul style="list-style-type: none"> Investigate energy block purchasing 	Applicable only to deregulated energy states. An organization can purchase a portion, or “block,” of its energy at a fixed price for a defined period (e.g., one year). The remainder is purchased at market pricing.

Supplies and Services

TACTIC	OPTIONS
<ul style="list-style-type: none"> Contact long-term vendors to negotiate price reductions and payment terms on current contracts 	Consider both supply and purchased service vendors
<ul style="list-style-type: none"> Accelerate prepayment to vendors for an agreed-upon discount 	With limited cash reserves this may not be possible. Also maximize use of p-cards to make payments where able to get rebate dollars for use.
<ul style="list-style-type: none"> Manage purchased services more aggressively; look at delaying projects or purchases in short term 	Evaluate purchased services and consider suspending or delaying certain projects or services
<ul style="list-style-type: none"> Rationalize check payments and recruit additional ePayables and ACH spend 	Capitalize on potentially higher rebates associated with purchasing and virtual cards
<ul style="list-style-type: none"> Release Requests for Proposals (RFPs) for expiring contracts 	Seek price reductions for supply and purchased service vendors

Academic Programming

TACTIC	OPTIONS
<ul style="list-style-type: none"> Optimize academic portfolio 	Consider consolidations and/or sunsets based on demand, capacity, and expense
<ul style="list-style-type: none"> Further develop online instruction 	Increase revenue and minimize expense
<ul style="list-style-type: none"> Maximize part-time/adjunct/non-tenure track faculty utilization 	
<ul style="list-style-type: none"> Achieve or exceed benchmark faculty productivity measures by discipline 	Increase teaching loads

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Revenue

TACTIC	OPTIONS
<ul style="list-style-type: none">▪ Pursue CARES Act funds	
<ul style="list-style-type: none">▪ Ensure rigorous accounts receivable management	Explore innovative resolution strategies to maximize payment recovery
<ul style="list-style-type: none">▪ Leverage surplus facilities and resources for COVID-19 relief	Utilize large unused spaces (extra testing sites, quarantine facilities), Wi-Fi and IT networks, as well as food-preparation facilities and staff

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