

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MEETING
FEBRUARY 14, 2018
MINUTES**

I. Call to Order

The meeting was called to order by Committee Chair, Jazmin Hernandez at 3:30 p.m.

II. Roll Call

Present	Absent	Staff/Guests
Aisha Bahadar, Student Committee Member (voting)	Debra Hammond, Executive Director (non-voting)	Emery Hernandez, Student Administrative Assistant
Sharon Eichten, University Representative (voting)	Cassidy Jimenez, Student Committee Member (voting)	
Jazmin Hernandez, Committee Chair (voting)	Iris Ramirez, Board Chair (non-voting)	
Joseph Illuminate, Executive Secretary (non-voting)	Dr. Shelley Ruelas-Bischoff, Student Affairs Representative (voting)	
Alexis Lopez, Student Committee Member (voting)		
Clarissa Mejia, Student Committee Member (voting)		
Habiba Naqvi, Committee Co- Chair (voting)		
Guadalupe Perez Barrios, Student Committee Member (voting)		
Angela Pham, Student Committee Member (voting)		

Angela Pham arrived at 3:32 p.m., Guadalupe Perez Barrios arrived at 3:43 p.m.

III. Approval of Agenda

M/S/P (C. Mejia / A. Bahadar) Motion to approve the agenda for February 14, 2018.

Main motion passes by general consensus

IV. Approval of Minutes

M/S/P (A. Lopez / C. Mejia) Motion to approve the minutes for November 29, 2017.

Main motion passes by general consensus

V. Chair's Report

Committee Chair, Jazmin Hernandez welcomed the committee back for the Spring Semester. She hopes everyone had a great winter break. She also informed the committee that there are only three more Finance Committee meetings scheduled for the spring semester.

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VI. Action Items

A. Finance Committee Codes

M/S/P (A. Lopez / C. Mejia) Motion to accept the revisions to the Finance Committee Code as presented.

Guadalupe Perez Barrios presented the revisions to the Finance Committee Code. The Finance Committee Code requires updating to include the newly created co-chair position along with other minor revisions. Administrative Staff Assistant, Carol Nardini, has reviewed the revisions to the Finance, Facilities & Commercial Services and Personnel Committee Codes for consistency.

All the revisions included are listed below:

- In Section VI. A. b. Composition of the Committee, the *Co-Chair* position has been added.
- Subsections 2b and c were added.
 - Sub point b. states that there shall be one student member of the USU BOD who serves as Co-Chair and a voting member of the Committee.
 - Sub point c states that The Committee Co-Chair shall be recommended by the USU BOD Chair and approved by a simple majority vote.
- Subsection 2, *The Committee Co-Chair Shall*, has been added to list the duties of the Co-Chair. Just like the Committee Chair has its own duties, so does the Committee Co-Chair. For example, the Co-Chair shall assist the Committee Chair in the recruitment, training and Development of committee members. Along with working closely with the Committee Chair, Executive Secretary, and other staff.

Sharon Eichten pointed out that the Co-Chair position should be added to Section D. Removal since the Code describes the removal process for the Committee Chair and Committee Members and should now include the removal process for the Co-Chair position.

The consensus was to recommend that either the words “or Co-Chair” or “and Co-Chair” be added after every appearance of the word “Committee Chair” in Section D.1.a. Since this same change is required for the Facilities & Commercial Services and Personnel Committees, it was decided that the Amendment to the Main Motion to effect this change would be made at the next Board meeting.

Main motion passes 7-0-0

B. Fee Restoration Plan

M/S/P (A. Bahadar / A. Lopez) Motion to accept the restoration of the student union fee in the amount of \$13.00: effective July 01, 2019 and \$7.00 effective July 01, 2020.

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Committee Chair, Jazmin Hernandez explained that back in 2009, CSUN President, Jolene Koester, approved the USU's proposal for a \$15.00 operational fee increase. However, due to the fact the USU was in good financial standing and because students had been experiencing year over year tuition increases, the USU decided to implement only \$2.00 of the \$15.00 fee.

The decrease in the fee from \$15.00 to \$2.00 will have resulted in putting an additional \$8 million back in student pockets through fiscal year 2020-21.

The USU is proposing its \$6/\$7 plan to restore the remaining \$13.00 of the fee. The USU considered a \$13.00 plan and \$4/\$4/\$5 plan, but the \$6/\$7 was selected because this plan provides the right balance of an increase in student fee revenue and sensitivity to students by spreading the fee restoration over two fiscal years. Six (\$6.00) of the fee restoration would go into effect on July 01, 2019 and seven (\$7.00) would go into effect on July 01, 2020.

The \$6/\$7 plan is needed to stop the gradual decline in the Debt Service Coverage Ratio or DSCR. The DSCR is a ratio that measures the USU's ability to repay its annual debt service. The **minimum** ratio allowed by the CSU Chancellors Office is 1.25 which indicates that there is \$1.25 of student fee revenue for every \$1.00 of annual debt service.

Without the \$6/\$7 plan, the DSCR will drop below 1.25 in 2020-21 and will continue to decline gradually each fiscal year thereafter. With the implementation of the \$6/\$7 plan, the DSCR remains above 1.25 through 2027-28.

The reason the DSCR gradually decreases over time is because expenses are rising faster than student fee revenue because of the following:

- Increase in professional staffing.
- Increases in professional staff benefits costs.
- Increase the minimum wage for student assistants from \$10.00 to \$15.00 per hour.
- Payment of sick time to student assistants.
- The addition of the Pride Center, Veterans Resource Center, and Oasis Wellness Center has increased overall costs required to support these centers (administration, accounting, technology, human resources, and marketing).
- Increase in custodial costs.

In conclusion, the \$6/\$7 plan is critical to stabilize the DSCR and offset unanticipated cost increases that have been incurred since April 2013.

Executive Secretary, Joe Illuminate, reassured the committee that prior to presenting the \$6/\$7 plan to the Finance Committee, the plan has been reviewed and accepted by the following officials:

1. Dr. Dianne Harrison, President
2. Colin Donahue, V.P. Administration & CFO
3. Dr. William Watkins, Student Affairs & Dean of Students
4. Dr. Ruelas-Bischoff, Associate V.P. – Student Life
5. Sharon Eichten, Associate V.P. Budget Planning & Management

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6. Debra L. Hammond, USU Executive Director

The \$6/\$7 Plan will be presented at the Board of Directors meeting on Monday, February 19, 2018.

Main motion passes 7-0-0

C. **6&6 Quarterly Budget Report**

M/S/P (A. Bahadar / C. Mejia) Motion to accept the 2017-18 Second Quarter Budget Report as presented.

Executive Secretary, Joe Illuminate presented the 2017-18 Second Quarter Budget report. He stated that the purpose of this report is to summarize the financial results of the University Student Union as of December 31, 2017. This report reflects financial operations for the sixth-month period ended December 31, 2017. The optimal operating range is 50% of the yearly budget, although limits from 45% to 55% are acceptable. The percentage indicates the total amount of the revenue budget received or the total amount of the expenditure budget incurred fiscal year-to-date.

Big Picture

The USU's financial position as of December 31, 2017 is solid. The budget is operating within the optimal range for both revenue and expense which is 49.9% and 45.1% respectively. The USU is reporting a surplus of \$800,441 and there is \$5.4 million in cash on hand and net assets \$2.7 million.

We continue our strategy of transferring surplus funds identified during the quarterly budget review to unallocated reserves so that the USU has the flexibility to repurpose these funds for other organizational priorities identified throughout the fiscal year. The unallocated reserves budget is approximately \$522,000 which is 260% greater than the Board approved budget of \$201,000. The increase in the unallocated reserves budget is attributable to vacant positions and postponed repair and replacement projects.

Revenues

Total revenue is \$8,307,056, which represents 49.9% of the revised budget of \$16,645,663.

Revenue categories that are outside the optimal range or have a budget adjustment greater than \$10,000 are explained in this report.

○ **Rental Income: Subleases, Room, Equipment (47.5%)**

The Rental Income budget in USU Reservations & Events decreased by \$30,000 of which \$20,000 is because of a forecast miscalculation in the equipment category. \$10,000 is attributable to current room reservation trends which indicate a slight reduction in revenue. The positive news is that the decrease in rental income was offset by a \$27,000 increase in the Indirect Cost Recovery account explained in the Miscellaneous Income section of this report.

○ **Food Service Commission (43.0%)**

This category is slightly below the optimal range because The University Corporation (TUC) food commission check for December wasn't received and recorded until January 2018.

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○ **Program Income (57.5%)**

This category is slightly above the optimal range because Games Room sales were higher than anticipated. If this trend continues, the budget for Games Room Program Income will be increased during the third quarter.

○ **Summer Camp (41.8%)**

This category is typically below the optimal range as of December 31st of each fiscal year range because enrollment for the summer camp begins in February. However, projected revenue was reduced by \$15,381 due to camp registration refunds.

○ **SRC-Related Income (61.0%)**

It is anticipated this category will be in the optimal range by fiscal year-end. This category is above the optimal range as of 12/31/17 for the following reasons:

1. Higher than anticipated Pro Shop sales.
2. Spring semester towel and locker sales and spring semester faculty and staff membership fees collected in December. Previously these sales started in January.

○ **Grant Income (0%)**

This category has had no activity because the first billing for the African American/Black Student Success Initiative, funded by the Campus Quality Fee, will be submitted in the third quarter.

○ **Miscellaneous Income (53.0%)**

The budget for this category was increased by \$27,000 in the Reservations & Event Services Indirect Recovery account. The reason is that meeting room reservations are now required to have audiovisual technicians included as part of the service which has generated more revenue than anticipated.

Expenditures

The total expenses for this period were \$7,506,615, which represents 45.1% of the revised budget of \$16,644,697.

Expenditure categories that are outside the optimal range or have a budget adjustment greater than \$10,000 are explained in this report.

○ **Staff Salaries (47.5%)**

The budget for this category was reduced by a net of \$81,723 for the following reasons:

- \$25,000 - Assistant Director and Accounts Receivable position vacancies - USU Reservations & Events.
- \$23,000 - Assistant Director of Diversity Initiatives vacancy.
- \$26,460 - transfer from staff salaries account to professional services account to fund the temporary Executive Administrative Analyst position.
- \$7,000 - Events Supervisor vacancy.

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○ **Hourly (52.3%)**

The budget for this category was reduced by \$16,937 primarily due the vacancy in the part time Events Lead for USU Reservations & Events.

○ **Student Wages (46.4%)**

The budget for this category was reduced by \$70,665. The majority of the total is attributable to the Maintenance, USU Reservations & Events, and Intramurals departments because of student assistant position vacancies, missed shifts, and absences.

○ **General Operating Expense (51.0%)**

This budget for this category was increased \$30,631 of which \$23,000 was a transfer from administrative contingencies to provide funding for the USU Branding Campaign.

○ **Supplies and Services (39.4%)**

The category is below the optimal range because only 25% of the \$347,000 contract with LPA, an architectural firm, has been expended. It is anticipated that the LPA contract will be paid in full by fiscal year-end.

In addition, the budget for this category increased by \$26,515 by a transfer from the Staff Salaries expense category to the Professional Services expense account to fund the Executive Administrative Analyst position.

○ **Travel (35.9%)**

This category is typically below the optimal range as of December 31st each fiscal year. Travel for major conferences like ACUI & NIRSA takes place in the second half of the year.

○ **Utilities**

The budget for this category was increased by \$58,674 based on twelve (12) months of actual data. The reason is attributable to slightly higher electricity prices and the increase in demand for electricity as a result of seasonal fluctuations in the weather.

○ **Repairs & Maintenance (45.3%)**

The budget for this category was reduced by a net amount of \$139,258 due to the following:

- Building supplies savings from postponed Sightlines projects as the current supplies are still in good working condition:
 - Project #797 - SRC – repair damaged pavers.
 - Project #807 – installation of ADA door openers.
 - Projects #840 & 842 – Southwest Building doors.
 - Project #345-346 – Plaza del Sol Performance Hall restroom fixtures.
- Repair & Maintenance projects postponed: Computer Lab Door/Storefront Replacement and the East Conference Center Door/Storefront Replacement because the doors are still in good working condition.

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- Leftover funding from the carpet replacement project for the Sol Center, A.S, and the IESC.

- **Fees and Charges (29.3%)**

This category is typically below the operating range as of December 31st of every fiscal year. The reason is because Sunny Days camp online registration begins in February and the merchant fees derived from these online camp payments comprise the majority of this category's budget.

- **Reserves**

Please reference the Reserves Summary included as part of this package.

- **Expendable Equipment (82.3%)**

It is anticipated that this category will be within range by the end of the fiscal-year. The category is above the range now because the Technology Support Services (TSS) department has purchased 95% of its budget for Expendable Computer & Peripheral. In addition, 87% of the Expendable Furniture & Fixtures budget has been expended. TSS has purchased the following computer and peripherals

- Dell Desktops and Laptops
- Mac Minis
- Cisco Desktop phones
- Hard drives and memory upgrades

The Operations department and USU Reservations & Events have purchased chairs, tables, a credenza, and other assorted furniture.

- **Amortization & Depreciation (50.6%)**

This category is within the optimal range, although there was a reduction of \$13,841 from savings in the Amortization Software account as the Virtual Desktop Infrastructure (VDI) software has not been purchased and put into service. For purposes of the capital outlay/ fixed asset budget, it was assumed that VDI purchase would take place in July. This means depreciation expense would have commenced in July.

Statement of Changes in Financial Position

Total assets are \$6,250,439 of which \$5,378,667 is cash. Total liabilities are \$3,557,340 of which \$2,450,038 is the estimate to pay the projected medical expenses of current and future USU retirees in the Retirement Health Benefits Plan (RHBP). Total Net Assets are \$2,693,099.

Investment Summary

The USU continues to yield positive returns in the money invested in the CSU Systemwide Investment Fund Trust (SWIFT). The USU has earned \$29,288 in interest income year-to-date.

Capital Outlay

The capital outlay budget is \$257,827, with actual expenditures of \$53,391. The purchases of the Virtual Desktop Infrastructure (VDI) software license; the heater for the Plaza pool, the heating,

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ventilation, and air conditioning unit for the Plaza del Sol Performance Hall; and the Executive Board conference table are in process.

Unallocated and Designated Reserves

During the third quarter the unallocated reserves were increased by \$216,937. We have continued the strategy to transfer surplus funds identified during the quarterly budget review to working capital reserves so that the USU has the flexibility to repurpose these funds throughout the year.

A total of \$20,275 of designated reserves for vacation advances was transferred to the operating budget during the quarter.

USU/CSUN Foundation

The USU Foundation account net balance is \$250,701. The net balance takes into account the \$50,000 donation allocated by the Board for DACA application fees, but not yet transferred to the MataCare Fund as of 12/31/2017.

Work Study

The USU has expended \$18,543. The USU received its first work study reimbursements in January 2018.

Main motion passes 7-0-0

VII. Discussion Items

A. **Spring 2018 Finance Committee Schedule**

The purpose of this discussion is to reschedule the meeting time of the May 9, 2018 annual budget meeting because some committee members are not able to attend. The tentative plan is to reschedule the meeting starting time from 3:30 p.m. to 12:30 p.m. Jazmin will email the members to determine if the proposed time fits everyone's schedule.

VIII. Announcements

Committee Chair, Jazmin Hernandez informed the committee that starting next meeting, we will be reviewing the 2018-19 proposed Capital Outlay Allocation Proposal and Major Repairs & Replacements Allocation Proposal.

She thanked Guadalupe for volunteering to present the Finance Committee Code at both the Finance Committee and Board of Directors meeting.

Committee Co-Chair, Habiba Naqvi, informed the committee that Board of Directors elections have begun and encouraged the students to run as it is a great opportunity to serve the student body.

IX. Adjournment

Committee Chair, Jazmin Hernandez adjourned the meeting at 4:34 p.m.

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Respectfully submitted by,

Joseph Illuminate
Associate Director, USU Accounting & Finance