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*From the office of the...*

## Vice-President Finance

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TO: Student Representative Assembly  
FROM: Vice President (Finance)  
SUBJECT: Vice-President Finance Report  
DATE: March 15, 2016

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Dear Members of the Assembly,

Since I reported at the last SRA meeting, I will not have an extensive report. However, I will provide some additional information since the last meeting.

### MSU Budget

One of the largest tasks of the outgoing VP Finance is to create the new budget for next fiscal year. This has been potentially the most challenging task I have had to work on so far. This is not due to the decision making of our organization, but challenges facing the entire sector, including McMaster. This past year, our membership decreased by 600 students. This 3% decrease translates to a reduction in our fee by approximately \$75,000. However, our largest cost, salaries, continues to increase by at least inflation every year, across all departments. These increases in costs are currently not being met by our flattening of revenue, and it doesn't take a Nobel Prize winning economist or recognized business leader to identify a problem with ever increasing fixed costs but flat or even decreasing revenue. To counter-act this, I believe the MSU must make a few changes. Firstly, this year we, where possible, have decreased discretionary spending for every department. Unfortunately, costs in our fixed areas are too high, and to counter that we have to balance the budget somewhere else, namely discretionary spending. Sacrifices for this year have to ensure fiscal stability.

Also, if this trend of flat student enrolment continues, I suggest that in future years, the MSU begin to take a realistic, and difficult, but necessary look at our service delivery. Additionally, if our projection of only 1% student population growth is off, and its higher, or this year's student population is readjusted up significantly, I recommend that next year's VP Finance look at increasing some budgets to provide better service delivery.

However, I believe there is another solution to this problem, which is prudent for the MSU to undertake for next year. That is to change the limits to our fee. From my understanding of MTCU guidelines, the MSU can determine what limits we place on increasing our fee. Thus, it is only our corporate bylaws limiting how much we can increase our fees. Thus, by amending Corporate Bylaw 3, to allow increases greater than inflation, for example, an increase of 200% of CPI on top of the typical inflationary increases, that would have to be approved by the SRA. This change would provide us the ability to give the MSU the opportunity to grow our fee with the services our students expect from us, while still instituting restraint by asking students anytime we want to increase fees by greater than the cap we institute. I do understand that eliminating this regulation would provide the opportunity for the MSU to be less responsible with student fees and I do believe that difficult conversations regarding our current service offering is required. However, to maintain the current service offerings, and potentially grow them, revenue cannot flat line.

### Emergency Bursary

The MSU Emergency Bursary is something which I believe plays an important and valuable role to make McMaster more financially accessible. While we have seen many positive steps to improve student financial assistance across the institution and the province, short-term cash flow issues will always be present. However, from administering the fund this year, and from discussions with the University, I've determined that the best path

forward for this bursary is not to administer it ourselves, but to have the university administer this program. From discussion with representatives from McMaster, this is something we would be able to create. We would be able to create a fund which could be donated to for a charitable tax deduction, growing the aid available, while also ensuring we can give \$10,000 towards this issue.

Additionally, this bursary would be administered based on the criteria we set out, essentially analogous to the Emergency Bursary. Thus, we wouldn't have direct control as we do now, but we would be able to get a bursary set up in the style we wanted, just not directly choosing which students receive it. Also, by having this bursary in Financial Aid will help create one centralize area for students seeking support, run by professionals rather than having a disjointed system, which isn't necessarily supported by experts in financial aid. While we would lose direct control over this bursary by collaborating with the university, I believe we would gain efficiency and effectiveness not only for the MSU but students, as well as creating the potential for increasing the money available for aid.

Sincerely,



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