



MEMO

From the office of the...

Vice-President Finance

TO: Executive Board
FROM: Alexandra Johnston, Vice-President Finance
SUBJECT: 2020-2021 Operating and Capital Budgets
DATE: April 9, 2020

Dear Executive Board.

As outlined in Corporate Bylaw 3- Finances, the VP Finance must compile budget requests from all department managers and work with the General Manager and Director of Finance to present an Operating Budget and Capital Budget for the upcoming year. The budget will be officially approved by the incoming Student Representative Assembly; however, first Executive Board is required to review the budget and provide any additional recommendations.

The timeline for this year's budget process will be the following:

April 2nd, 2020: Executive Board reviews the budgets and provides any recommendations.

April 10th, 2020: The recommended Operating and Capital Budgets are circulated with the Student Representative Assembly.

April 26th, 2020: The Student Representative Assembly meets to vote on the recommended budget.

Current Year in Review:

Overall, this year has been a difficult year for the MSU and its finances given the disruptive nature of the Student Choice Initiative and the current unforeseen challenges that have arisen as a result of Covid-19, disrupting revenue generation. As such, the MSU's planned loss of roughly \$83,000 in the Operating Fund could be higher, however, it is currently too soon to know what the outcome of this will be. Luckily, the MSU has accumulated a strong reserve over the years to weather these uncertainties and unprecedented times. This said, the 2020-2021 Operating Budget has been designed to be more conservative and allow for a surplus of funds to support any challenges that could arise next year, the main being: SCl is reinstated after a successful appeal or the Covid-19 challenges extend for a period of time disrupting the MSU fees. Additionally, planning for a surplus allows for the incoming Board to implement some of the

KPMG changes with flexibility in the budget. **I do also want to make clear that this budget is made assuming the MSU received 100% of the Operating student fee (i.e. reverting back to the 2018-2019 year and SCI not happening).** If the Student Choice Initiative is appealed successfully, the planned surplus allows for a buffer.

2020-2021 Operating Budget overview:

I have outlined below some key departments/areas of the budget and any information I think is pertinent for review.

TwelvEighty:

TwelvEighty has done well this past year. The introduction of 1280-2-Go, the expansion of The Grind and the streamlining of kitchen and front of house staff have been great steps in the right direction. The 2020-2021 budget proposal has TwelvEighty's projected loss of \$15,000. This is with realistic sales targets and with TwelvEighty and the Grind closed for the summer. With strong marketing, continued growth in catering and events, good management, I am confident 1280 can hit this target.

Silhouette:

Trends in advertising sales this year are very low for the Silhouette, however it is important to note that the Campus and Community Partnership Coordinator role switched to part time in December. This said, overall print media advertising has declined in recent years. As a result, the current budget proposal reflects funds for a monthly print schedule. Additionally, there was an increase in funds allocated to The Silhouette's training line to reflect a need for more robust training and onboarding throughout the summer for staff recommended by the Board of Publication. The Sil's website is addressed in the Capital budget, however the MSU does recognize The Silhouettes need for an up to date website to increase online engagement and readership. The current budgeted loss for the Sil is \$160,000 which is an approximate subsidy of \$6.40/student.

Underground:

Now that the Underground has a full staff compliment, we anticipate next year to be a better year financially. As such the anticipated loss for the service is \$17,000. The Underground will need to increase its marketing strategies to continue to engage and draw students in and The Underground needs to increase its external client base as it currently relies too heavily on MSU services. I am hopefully next year's VP Finance will be a strong lead in refining the Underground operations.

Part-time led Services:

I met with most of the part-time managers for this year to discuss their budgets. Overall, most managers were comfortable with their current budgets and did not have many changes to recommend. The largest change that was made this year was that I made an effort to streamline our funding across services, specifically for the volunteer appreciation budget lines. Some services had over \$2000 to spend in appreciation whereas other services had zero. As a result, this year I have kept volunteer appreciation consistent across each service, so every service led by a part-time manager has \$750 in their volunteer appreciation lines. There are only two services that the \$750 will be a decrease for. Additionally, EFRT is considered separately due to the fact that the University also assists in funding this service. Additionally, I tried to keep funding allocations consistent without making drastic changes across service clusters.

Advocacy:

For many years the Advocacy/Education Team has been included within the Executive departmental budget. This has not been the smoothest system and as a result this year I have worked with Shemar to introduce a new Advocacy department within the budget. This will allow for us to clearly show how much money is allocated towards advocacy initiatives and assist the VP Education in budgeting for OUSA and other initiatives.

Compass:

Compass will be closed throughout the summer which will lead to a decrease in costs incurred in staffing as Compass makes little revenue from sales/commission. Additionally, the renegotiated HSR pass has situated Compass and the MSU well as we will be receiving additional funds to support our management of the HSR. As such the projected loss for the year is approximately \$26,000 so roughly \$1/student.

Health and Dental Plan:

This year, we have made the decision to lower the amount collected for the Health Plan to \$103. This is in attempt to deplete the large surplus accumulated. Additionally, the Dental Plan has increased by CPI to \$129.00/student. Please note that students will of course be able to opt-out of their Health and Dental Insurance and that all students will continue to receive access to the Student Assistance Plan, regardless of if they opt-in or not.

2020-2021 Capital Budget Overview:

The Capital Budget allows for expenses to happen, however, please note it does not mean that they will!

As an overview, below is a highlight of some of the funds allocated for the Capital Budget.

- Marketing and Communications team: purchase of camera equipment which will improve our digital output and ensure staff are not required to use their own equipment.
- Silhouette: funds have been allocated for the Silhouette to re-do their website as the current site keeps crashing and is dated.
- EFRT: redo the EFRT floors to laminate to replace their current carpet design.
- Underground: purchase a new POS system as their current system is out of date and out of production, making repairs difficult
- Campus Events: build an AODA compliant accessible stage ramp and purchase of some equipment for AVTek.
- Clubs: purchase of chairs to refit the clubs offices into bookable spaces for clubs.

Thank you for taking the time to review this memo and the budget. I am comfortable with the budget proposal presented. Used effectively throughout the year, this will be a living document that evolves with the need of the organization throughout the year. I anticipate with the current uncertainties surrounding with Covid-19, the MSU may need to revisit the budget quarterly as the landscape and operations of the Union may change.

Thank you again and if you have questions, please email me and we can arrange a time to chat. I will make myself as accessible as possible to answer any questions that you have.

Warm regards,
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