

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MEETING
MAY 6, 2016
MINUTES**

I. Call to Order

The meeting was called to order by Committee Chair, Sara Yousuf at 12:13 p.m.

II. Roll Call

Present	Absent	Staff/Guests
Ferny Arana, Student Representative (voting)	Shahtaj Khan, Board Chair (non-voting)	Tina Jensen Kronqvist, Student Assistant
Khusbeen Dhillon, Student Representative (voting)		Jonathan Navarro, Accounting Manager
Sharon Eichten, University Representative (voting)		
Adrianna Natalie Esparza, Student Board Representative (voting)		
Debra Hammond, Executive Director (non-voting)		
J. Illuminate, Executive Secretary (non-voting)		
Michael Odino, Student Representative (voting)		
Dr. Shelley Ruelas-Bischoff, Student Affairs Representative (voting)		
Lele Situ, Student Representative (voting)		
Sara Yousuf, Committee Chair (voting)		

Ferny Arana departed at 1:11 p.m.

III. Approval of Agenda

M/S/P (M. Odino/K. Dhillon) Motion to approve the agenda for May 6, 2016.

Main motion passes by general consensus

IV. Approval of Minutes

M/S/P (N. Esparza/L. Situ) Motion to approve the minutes for April 15, 2016.

Main motion passes by general consensus

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V. Chair's Report

Committee Chair, S. Yousuf thanked the committee members and professional staff for coming to the meeting. She also thanked the student members for their continuous contributions to the committee, and for being active throughout the entire year, ensuring quorum in every meeting.

She announced that Natalie Esparza was the recipient of the annual BOD Committee Member of the Year Award, and proudly pointed out that the Finance Committee has now won the award three years in a row.

VI. Action Items

A. 2016-17 Designated Reserves Allocation Proposal

M/S/P (M. Odinlo/S. Eichten) Motion to approve the 2016-17 designated reserves allocation proposal in the amount of \$473,065 for the following:

1. \$353,065 - General Staff Salary
2. \$70,000 – Vacation Advances
3. \$50,000 – Student Wages

Designated reserves consist of the following payroll-related items:

1. General staff salary reserve
 - a. The general staff salary reserve may be utilized for general salary increases, bonuses, salary adjustments, employer-paid payroll taxes, or changes in salary as a result of the organization compensation survey being completed by the Employers Group.
 - b. The USU is requesting assistance from Employers Group to analyze current practices, policies and total rewards in order to develop a program for enhanced employee engagement, productivity and efficiency.
2. Vacation advances
 - a. The reserve for vacation advances is established for those employees who choose to take their accrued vacation benefit in the form of cash according to the Human Resources Management System (HRMS) Policy.
3. Student wages
 - a. The reserve for student wages is a backstop funding source for USU departments who may have insufficient funds in their student wages budget as a result of the increase in the minimum wage to \$10.50 per hour effective July 01, 2016.

In prior fiscal years, the motion to approve reserves included **unallocated reserves** as well as designated reserves. For 2016-17, unallocated reserves will be removed from the motion to approve

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reserves since unallocated reserves are approved when the operating budget is approved e.g. unallocated reserves are included as a part of the operating budget.

Chair, Sara Yousuf explained that there is a need to plan ahead and prepare for the student wage increase, since the minimum wage will keep rising until 2020. The committee discussed the fact that the USU must follow the minimum wage laws for the *City of Los Angeles* whereas the campus follows the minimum wage laws for the state of California. Since the minimum wage will increase to \$15.00 per hour in the City of Los Angeles prior to the minimum wage increasing to \$15.00 statewide, there will most likely be a discrepancy in wages between USU student assistant employees and campus student assistant employees. However, no decision has been made yet regarding how the campus will be managing the minimum wage increase in the future.

Main motion passes 7-0-0

B. 2016-17 Operating Budget Proposal

M/S/P (M. Odino/L. Situ) Motion to recommend approval of the 2016-17 Operating Budget Proposal with projected revenues and expenses of \$15,291,088.

Chair, Sara Yousuf explained that the USU is proposing an operating budget that is in alignment with the long-term financial plan. One of the key components of the financial plan is to maintain a Debt Service Coverage Ratio (DSCR) that is greater than 1.25. The USU's projected DSCR is greater than 1.25 for each fiscal year in the plan.

Sara emphasized that the long-term financial plan takes into account the monetary impact of the following fiscal challenges:

1. An increase in the minimum wage and the increase in the total number of hours student assistant are scheduled to work.
 - a. The passage of the minimum wage law in the City of Los Angeles increases the minimum wage to \$15.00 per hour by July 2020. The projected 2016-17 financial impact of the minimum wage increase to \$10.50 per hour is approximately \$394,698. The *estimated* monetary impact (from 2017-18 through 2020-21) ranges from \$197,000 to \$331,000 per year.
 - b. The 2016-17 student assistant hours budget is 267,377 hours which is a 16,210 hour increase over the 2015-16 actual projected student assistant hours of 251,168.
2. Employers Group organizational compensation analysis
 - a. The estimated monetary impact of the organization compensation analysis is 1.5% of the annual budget for staff salaries.

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3. The addition of an Executive Administrative Analyst for the Administration department. The estimated *net* monetary impact of adding the additional staff member is \$21,500.
4. The potential addition of a second Retirement Health Benefits Plan (RHBP).
 - a. The current RHBP allows retirees and eligible partners to be reimbursed a fixed amount each month for allowable medical expenses. The additional plan would allow retirees and eligible partners to stay on the same medical and dental plans as active employees until they are Medicare eligible. The estimated monetary impact (from 2017-18 through 2020-21) of adding the second RHBP ranges from \$189,000 to \$249,000 per year.
 - b. The addition of a second plan would make the USU's RHBP comparable with the RHBP of Associated Students. Associated Students has paid 100% of the medical and dental premiums for eligible retirees and partners for many years.

Even with the fiscal challenges just described, estimated Net Assets after Working Capital Reserves as of June 30, 2021 are a robust \$10,162,108.

After discussing the long-term financial plan, Sara gave a brief summary of the projected revenues and expenditures for 2016-17.

Revenues are projected to increase by \$1,129,101 or 8.0%. See the detailed breakdown of the significant changes in revenue categories in the following table:

REVENUE CATEGORY	2015-16 6 & 6 Budget	2016-17 Proposed Budget	\$ Variance	% Variance
Student Fees	\$ 12,020,363	\$ 12,972,045	\$ 951,682	7.92%
Food Service Commissions	\$ 78,242	\$ 82,155	\$ 3,913	5.0%
Rental Income	\$ 781,814	\$ 785,892	\$ 4,078	0.5%
Program Income	\$ 497,801	\$ 499,917	\$ 2,116	0.4%
SRC Income	\$ 725,986	\$ 774,760	\$ 48,774	6.7%
Interest Income	\$ 7,500	\$ 11,717	\$ 4,217	56.2%
Miscellaneous Income	\$ 50,281	\$ 164,604	\$ 114,323	227.4%
Total Revenues	\$ 14,161,987	\$ 15,291,088	\$ 1,129,101	8.0%

Expenditures are projected to increase by \$1,129,101 or 8.0%. Salaries and benefits comprise 61.5% of the total expenditure budget and operating expenses comprise 38.5% of the total expenditure budget. See the detailed breakdown of the significant changes in expenditure categories in the following table:

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EXPENDITURE CATEGORY	2015-16 6 & 6 Budget	2016-17 Proposed Budget	\$ Variance	% Variance
Staff Salaries	\$ 3,915,177	\$ 4,181,496	\$ 266,319	6.8%
Hourly Wages	\$ 159,943	\$ 165,634	\$ 5,691	3.6%
Student Wages	\$ 2,835,960	\$ 3,029,860	\$ 193,900	6.8%
Benefits	\$ 1,798,555	\$ 1,885,288	\$ 86,733	4.8%
Cost of Goods Sold	\$ 28,260	\$ 28,600	\$ 340	1.2%
General Operating Expenses	\$ 388,922	\$ 399,048	\$ 10,126	2.6%
Supplies & Services	\$ 1,831,004	\$ 1,815,442	\$ (15,561)	-0.8%
Travel	\$ 234,732	\$ 199,117	\$ (35,616)	-15.2%
Utilities	\$ 792,271	\$ 845,102	\$ 52,831	6.7%
Repairs & Maintenance	\$ 1,294,422	\$ 1,532,474	\$ 238,052	18.4%
Fees & Charges	\$ 51,408	\$ 54,717	\$ 3,308	6.4%
Reserves	\$ 393,541	\$ 709,155	\$ 315,614	80.2%
Grants & Scholarships	\$ 58,148	\$ 58,242	\$ 94	0.2%
Expendable Equipment	\$ 83,825	\$ 182,745	\$ 98,920	118.0%
Amortization & Depreciation	\$ 295,818	\$ 204,169	\$ (91,649)	-31.0%
Total Expenditures	\$ 14,161,987	\$ 15,291,088	\$ 1,129,101	8.0%

Main motion passes 6-0-0

VII. Discussion Items

A. 2015-16 Finance Committee Goals Year-End Review

S. Yousuf reviewed the following table, and explained what goals the committee has completed/not completed and which goals are still in progress.

No.	Goal	Progress
1	Create a Hospitality Policy (November 2015)	Completed – February 19, 2016
2	Revise the following policies and procedures: <ul style="list-style-type: none"> • Conflict of Interest Policy (September 2015) • Petty Cash Policy (September 2015) • General Change Fund Policy (September 2015) • Purchasing Policy (April 2016) • Fixed Assets Policy (April 2016) • Gift Card procedure (May 2016) • Check Signature & Electronic Authorization Policy (November 2016) 	Completed – November 06, 2015 <ul style="list-style-type: none"> • Conflict of Interest Policy • Petty Cash Policy • General Change Fund Policy • Check Signature and Electronic Payment Authorization Policy Not Completed – due to time constraints <ul style="list-style-type: none"> • Purchasing Policy • Fixed Assets Policy • Gift Card procedure
3	Develop a financial plan for the Northridge Center Renovation Construction Project utilizing a feasibility study as the basis for the financial plan. (May 2016)	Delayed – the financial plan for the Northridge Center will be developed when the Facility Master Plan (feasibility study), prepared by the consulting firm of Brailsford & Dunlavey, is completed in fall 2016.

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4	Revise the financial plan to incorporate repair and replacement funding figures from the revised 30-Year Major Repair & Replacement Plan prepared by Sightlines, facility asset management consultant. (December 2015)	<p>Completed – Summer 2015</p> <ul style="list-style-type: none"> • The financial plan was updated to include a \$2 million annual allocation to the Repair & Replacement fund based on data from the 30-Year Major Repair & Replacement Plan prepared by Sightlines.
5	Implement a P-Card (purchase card) program (May 2016)	<p>In Process – a contract was signed with Concur in December 2015 in order to implement a P-Card program utilizing the American Express Corporate card. Implementation of the P-Card program will continue through 2015-16 fiscal year. The rollout of the program is expected to take place in fall 2016.</p>

B. Committee Member Appreciation

Committee Chair, Sara Yousuf, thanked every committee member individually for being such an asset to the committee throughout the year, and gave student members a certificate of appreciation and a gift bag. She stated she hopes that the student members will continue their service on the committee for next year.

Natalie Esparza praised Sara Yousuf and Joe Illuminate for their ability to explain financial concepts in uncomplicated terms, making it easy for every member to understand what is being discussed during these meetings.

VIII. Announcements

None

IX. Adjournment

The meeting was adjourned by Committee Chair, Sara Yousuf at 1:20 p.m.

Respectfully submitted by,

Joseph Illuminate
Associate Director, Finance & Business Services