

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
EMERGENCY FINANCE COMMITTEE MEETING
FRIDAY, MARCH 12, 2021
MINUTES**

I. Call to Order

The meeting was called to order by Committee Chair, Jacob Akopnik at 3:03 p.m.

II. Roll Call

Present	Absent	Staff/Guests
Jacob Akopnik, Committee Chair (voting)	Jasmine Guerrero, Committee Co-Chair (voting)	Stephanie Barboza, Chair, Diversity & Inclusion Committee
Debra Hammond Executive Director (non-voting)		Reshini Ekanayake, Student Administrative Support Assistant, Accounting & Finance
Joe Illuminate, Executive Secretary (non-voting)		
Saul Maldonado, Student Committee Member (voting)		
Juan Martinez, Student Committee Member (voting)		
Gisselle Olmedo, Student Committee Member (voting)		
Fernando Ortiz, Student Committee Member (voting)		
Sara Pelayo, Student Committee Member (voting)		
Dr. Shelley Ruelas-Bischoff, Student Affairs Representative (voting)		
Dr. Edith Winterhalter, Associate VP for Budget & Strategic Business Operations, Administration and Finance (voting)		

- Stephanie Barboza left at 3:34 P.M.

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III. Approval of Agenda

M/S/P (J. Martinez / S. Maldonado) Motion to approve the Agenda for March 12, 2021.

Main motion passes by General Consensus

IV. Approval of Minutes

M/S/P (Dr. Ruelas-Bischoff/ J. Martinez) Motion to approve the Minutes for February 19, 2021.

Main motion passes by General Consensus

V. Chair's Report

J. Akopnik informed the committee of the USU 2019-20 Annual Report and encouraged the members to read the information given. Additionally, he mentioned the upcoming USU elections and wished all the members a good Spring break.

VI. Discussion Items

A. CALPIA Campus Statement

Project Rebound encourages CSUN and all related entities, including Associated Students, Foundation, North Campus Development Corporation, The University Corporation, and University Student Union, to completely divest from all partnerships with the California Prison Industry Authority (CALPIA).

The USU does not currently have or has had any partnerships or contracts with CALPIA.

Debra L. Hammond led the discussion and informed the committee of the reasons for this action and they are as follows:

- Carceral labor is rooted in slavery. According to the United States' Constitution, slavery and involuntary servitude are legal if used as punishment for crime. CSUN should have no role in reinforcing an institution founded on racism and exploitation.
- Because carceral labor is legal, incarcerated people are often exploited – some people are not paid at all for their labor, and for people that do receive wages, they start at \$0.08 an hour in California. While some incarcerated people see this as a benefit since they can obtain some wages

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inside, others understand it as exploitative and as a form of slavery. A recent federal lawsuit against Aramark (company) and Alameda County brought forward by current and formerly incarcerated people at Santa Rita Jail reveals the coerciveness of carceral labor. While CALPIA labor takes place in California's thirty-five prisons, the lawsuit reveals the coercive conditions of carceral labor:

- threats of solitary confinement or longer sentences for refusing to work
 - being fired for taking a sick day
 - undesirable transfers to other housing units
 - loss of "good time" credits, which extends incarceration time
 - being denied access to the commissary
 - being forced to do extra shifts and denied food if they refused.
- In addition to exploitative wages, 40% of CALPIA participants' earnings are taken to pay for court-ordered restitution and fees.
 - CALPIA facilities have shown a pattern of creating dangerous working conditions
 - Reports of deaths, injuries, and complaints to Occupational Safety and Health Authority (OSHA).
 - Violations include employers failing to report injuries in a timely manner and failure to provide proper training for hazardous and dangerous equipment and facilities.
 - Some facilities offered no supervision for operations of highly hazardous and dangerous equipment during shifts.

She stated the importance of having a written policy to ensure that CSUN doesn't participate in any partnership with CALPIA in the future.

The Discussion then opened up for questions:

- Dr. Winterhalter inquired if the written policy would be specific to CALPIA or a general policy that include all companies that CSUN divest from.

Debra stated that both options are possible, and it is up to the committee to decide.

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- Dr. Ruelas-Bischoff inquired if the Diversity & Inclusion Committee and the Finance Committee are going to co-write the policy.

Debra Stated that it would possibly be through the Finance committee and endorsed by the Diversity & Inclusion committee.

Diversity & Inclusion Committee Chair, S. Barboza informed the members of the emergency D & I meeting where they had a discussion on writing a long-lasting policy with collaboration of the Finance Committee to ensure that CSUN divest from all CALPIA partnerships in the future even under different leaderships.

- Gisselle Olmedo inquired if any finances would be reallocated to a different company with this new policy.

J. Akopnik stated that there were no finances involved since CSUN had no partnerships with CALPIA and D. Hammond confirmed the statement.

- Jacob inquired if there's any existing policy that the new CALPIA policy could be added into.

J. Illuminate informed the committee that it could be included in the Procurement and/or Contracts policy but he stated the need to review the CSU general provisions to see if CSUN has already addressed this issue.

VII. Action Items

A. 2020-21 Second Quarter (6 & 6) Budget Report

M/S/P (S. Pelayo/ S. Maldonado) Motion to recommend the approval of the 2020-21 Second Quarter (6 & 6) Budget Report.

J. Akopnik presented the Second Quarter (6 & 6) Budget Report.

The purpose of this summary report is to outline the financial results of the USU for the six-month period which ended on December 31, 2020. The optimal operating range is 50% of the yearly budget although limits from 45% to 55% are acceptable.

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Statement of Activities

- a. The USU's budget is operating within the optimal range for Revenues (50.3%) and considerably below the operating range for Expenditures (36.3%).

As a result, the *actual* Change in Nets Assets (net income) has more than doubled from \$1,092,894 to \$2,210,679 since 9/30/20 because all projected Student Fee Revenue has been received while expenditures have continued to decline in a virtual university environment.

- b. The overall *budget* for both the Revenue and Expenditure categories were reduced by \$6,306 indicating the budget for the Change in Net Assets budget is zero or breakeven. Please refer to the table below.

Financial Category	Amount
Total Revenue	\$6,306
Salaries, Wages, and Benefits	(\$191,226)
Operating Expenditures	\$197,532
Subtotal – Expenditures	\$6,306
Change in Net Assets	\$0

The following are important takeaways from the data in the table:

1. Revenue

- a. The budget was increased by \$6,306 in the Interest Income and the Miscellaneous Income categories.

2. Salaries, Wages, and Benefits

- a. Due to virtual university, the budget for all salary categories and benefits continue to decline.
- i. The budget for Staff Salaries decreased by \$24,000.
 - ii. The budget for Hourly Wages decreased by \$3,082.
 - iii. The budget for Student Wages decreased by \$58,132.
 - iv. The budget for Staff Benefits decreased by \$106,012.

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3. Operating Expenditures

- a. The budgets for the following operating expenditure categories were reduced:
 - i. General Operating Expenses: \$20,371.
 - ii. Supplies & Services: \$154,474
 - iii. Utilities: \$324,204
 - iv. Repairs & Maintenance: \$245,611 of which \$232,002 is attributable to Custodial Services.
- b. The budgets for the following operating expenditure categories were increased:
 - i. Fees & Charges: \$273,350 which is attributable to establishing a budget for the donations to campus entities the Board approved in November 2020.
 - ii. Expendable Equipment: \$21,805
 - iii. Postretirement Related Charges: \$225,434 which is attributable to a steady decline in the discount rate based on the revised actuarial valuation received from Demsey-Filliger.

A decline in the discount rate causes an increase in postretirement expense because a lower rate indicates that the USU must supply more cash (expense) in order to fund the Retirement Health Benefit Plan (RHBP).

4. Total Expenditures

- a. The budget for Total Operating Expenditures increased by \$197,532.

5. Unallocated Reserves

Our Unallocated Reserves practice reclassifying unutilized funds in the budget to Unallocated Reserves is a resounding success. The majority of the reductions in the budget for Salaries, Benefits, and Operating Expenditures were redirected to Unallocated Reserves.

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The outcome has resulted in a significant increase in the Unallocated Reserves budget from \$2,509,887 to \$2,947,638, an increase of \$437,751.

Statement of Changes in Financial Position

- a. Total assets are \$9,483,196 of which \$8,698,181 is liquid cash.
 - i. The cash balance is steadily rising each month because Student Fee Revenue is constant, and expenditures are consistently declining in a virtual university environment.
- b. Total liabilities are \$4,660,450 of which \$3,752,113 is the liability to pay for the projected medical expenses of current and future USU retirees who are in the Retirement Health Benefits Plan (RHBP).
- c. Total Net Assets are \$4,822,746.

Investment Summary

Total investment income is \$81,636 of which a total of \$81,460 is from our investment in the CSU Systemwide Investment Fund Trust (SWIFT).

Designated Reserves

A total of \$37,649 of Designated Reserves was transferred to the operating budget during the quarter for vacation advances and employer-paid payroll taxes.

Capital Outlay

The capital outlay budget is \$45,589. No capital outlay expenditures were incurred during the second quarter.

The Microsoft Surface Hub purchase will be postponed until 2021-22. Since the entire 2020-21 fiscal year is virtual university, the HUB would not be utilized until 2021-22. Moreover, purchasing the HUB now would start the countdown on the three-year warranty while the HUB would not be in use for several months.

Foundation Account Balances

The USU Foundation account has a cash balance of \$310,726 of which \$180,381 is unrestricted and \$140,346 is restricted.

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Work Study

The USU has expended \$9,428. The work study agreement for 2020-21 was recently approved meaning the USU should receive its first work payment in the third quarter.

Motion passes 8-0-0

B. Cash & Checks Handling Policy

M/S/P (F. Ortiz/ G. Olmedo) Motion to recommend the approval of the Cash & Checks Handling Policy as presented.

J. Akopnik presented the Policy with changes by Dr. Winterhalter and D. Hammond as discussed on February 19, 2021.

The following additional changes were suggested by Dr. Winterhalter:

Previous	Revised
<p>Cash equivalents stamped or otherwise identified as “Payable/Paid in Full” are not to be accepted and must be appropriately safeguarded and returned to the presenter no later than 30 days after receipt.</p> <p>Page 5 → Handling Cash & Cash Equivalents → Point d</p>	<p>Cash equivalents stamped or otherwise identified as “Payable/Paid in Full” are not to be accepted and must be appropriately safeguarded and returned to the presenter no later than 30 days after receipt in order to reissue the check with the University Student Union without the Payable/Paid in Full language stamped on the check.</p>
<p>The USU must establish procedures to ensure the safety cash and cash equivalents. Cash and cash equivalents shall be physically secured through the use of security systems, lockable receptacles, vaults, or safes. Generally, any amount of cash that exceeds \$1,000 must be maintained in a vault or safe. Amounts under \$1,000 should be maintained in a lockable receptacle</p> <p>Page 6 → Physical Security → Point A</p>	<p>The USU must establish procedures to ensure the safety cash and cash equivalents. Cash and cash equivalents shall be physically secured through the use of security systems, lockable receptacles, vaults, or safes. Generally, any amount of cash that exceeds \$1,000 must be maintained in a vault or safe. Amounts under \$1,000 should be maintained in a lockable receptacle</p>

Motion passes 8-0-0

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VIII. Announcements

G. Olmedo informed the committee on her involvement in improving CSUN's social media accounts and requested all members to participate in a survey she created to gather information on how CSUN can improve their social media accounts to better serve a diverse group of students.

J. Akopnik informed the committee that the next Board meeting will be on March 22nd and he mentioned the proposal of annual Budget review Meeting to be moved to the week of May 25th to provide Accounting & Finance additional dates and times to put the documents together.

IX. Adjournment

Committee Chair, Jacob Akopnik adjourned the meeting at 3:52 P.M.

Respectfully Submitted by,

Joseph Illuminate
Associate Director, USU Accounting & Finance