



MEMO

From the office of the...

Vice-President (Finance)

TO: The Full Members of MSU and CFMU Incorporated
FROM: Sefa Otchere, Vice-President (Finance)
SUBJECT: 2024-2025 Operating and Capital Budgets
DATE: April 5, 2024

Dear Full Members,

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 in the capacity of MSU Inc; however, first the 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:

March 27th, 2024:

The Executive Board reviews the budgets and provides any recommendations.

April 5th, 2024:

The recommended Operating and Capital Budgets are circulated to MSU Inc.

April 21st, 2023:

MSU Inc. votes on the recommended budget.

At the most recent Executive Board meeting a draft budget was presented. After much discussion, amendments were made and those are included in the budget you now have before you. The changes were;

FCC – Clarifying account names and uses, along with increasing the total amount available to spend on campaigns and food inventory. This resulted in an additional cost of \$1000 increasing from \$4000 last year to \$5000 this year.

Campus Events – There was a want from the majority of representatives to increase funds available for this event. This increase to the total net expenditure on Homecoming from the original proposed budget of \$200,000 to \$450,000; an increase of \$250,000.

Also, from the time of submission, the Ontario Government has advised that minimum wage will be going up 3.9% from \$16.55 to \$17.20 in October of 2024.

Those changes have additional costs to the organization which resulted in a proposed net deficit from \$57,680.80 to \$313,380.80.

Current Year in Review:

For the first time in three years the MSU operated in full capacity with no shutdowns. After this period, I believe this will be a theme for the next 1-2 years as we support students in an incredible experience at McMaster will be maintaining and exceeding what we do in terms of operations (i.e. more engagement and supporting our services further). Below, I've also listed other themes that impacted this year, the upcoming budget recommendations and could potentially impact the budget in the coming years.

Inflation

The impact of increasing costs is reflected in every and all operating services. Not wanting to pass that cost on to students lowers our margins of revenue and increases our overall expenditure.

Start Up Costs

Having just taken over operations at 1280 again as a service delivery model in the last few years has mandated the MSU to incur additional staffing, equipment, and resources costs in relaunching of our food and beverage services.

Marketing & Education

Many traditions, experiences, and insights have not been transitioned between students as it relates to the on-campus activities. To compensate for this, we still continue to prioritize educating students on the services, resources, and events available to them. Also, with student engagement steadily increasing again on campus we are seeing an increase costs of marketing due to more events on campus

2024-2025 Operating Budget Review:

With those themes as the backdrop, I present to you the 2024-25 budget, the following are the priorities outlined in the submission.

Support for MSU Clubs

Last year, Clubs saw an increase in their budget, and it was received positively. We've seen an increase in club activities and engagement on campus. With the opening of the HUB, we hope to see further increase and engagement on campus with greater support to the club's department.

Increased Funding for On-Campus Events

Campus events are one of the most direct services that drive up campus spirit, aligning with the president-elect's platform goals, I have increased campus events' funding to include the Homecoming. Last year their budget was their fall-term and winter-term programming funds were increased to substantially increase the types and amount of programming they can provide to student life. From low energy level activities to large scale campus-wide events to everything in between, this was one of the most impactful funding increases for the student life experience. Promoting collaboration with the departments of Clubs, services, and the HUB. For 2024- 2025 we aim to do the same with the inclusion of Homecoming.

HUB Opening

Well, it finally happened! After many delays, the MSU with the University launched the Hub in February 2024. The feedback has been very positive, and we are excited for what next year is to bring.

To build on what we started, the MSU will need to designate resources. As a reminder, as part of the terms of the referendum and agreement with student affairs, the university is responsible for the capital and operating costs. The MSU is responsible for the programming costs. In the budget submitted, you will see an increase to the department's staff wages, programming and operating costs. This is offset by revenues generated by the Student Market (set to open in August 2024) vendor event proceeds, and a subsidy from the net revenues of the MUSC fund. We will be bringing a policy forward shortly to institutionalize this practice, so it is not lost during our annual transition.

Promotions & Marketing

I believe one of the most direct ways to give back to students is through MSU swag. In consultation with the communications department, we are increasing the amount of swag giveaway to students to drive up MSU's brand recognition and engagement. Especially, with homecoming happening in the 2024-2025 school year.

Investment in Technology

The Information & Technology Committee has requested additional resources to improve how we digitally interface with students and staff alike as reflected in the operating budget. In addition, the capital budget highlights a need to provide students and staff with additional resources to execute their roles in today's environment.

Beyond these themes, I have outlined some key departments/areas of the budget below that I would like to ensure are highlighted.

Food & Beverage:

In August 2024 the MSU resumed operations of our food and beverage operations as Compass Group severed our partnership. With the commencement of the school year a month away, it

created many challenges. The result financially will not be a positive one for the 23-24 fiscal year. What has been positive is the renewed energy, attendance and value provided to students in the winter semester. We are confident that we will be able to minimize the losses in the 24-25 fiscal year and be able to provide an incredible experience and value to students.

Underground Media & Design:

Underground provides two key services to the MSU. Firstly, it provides graphic design and production services to over 30 MSU services. It ensures a high-quality product, on budget and on time. The feedback received highlights the team's ability to do this to a high standard.

The second function is that of a revenue generator. The industry, along with Underground, faces challenges as many students can do the design or print work themselves. In addition, ancillary advertising through tools like wall calendars and Almanacs have been eliminated as we no longer produce those products. This is slightly offset by digital media advertising through the campus screens.

Part-time led Services:

In consultation with our PTMS, a common struggle across services is the ability to provide services. This year being the second-year services were fully operational post-Covid we've seen an increase in events and campaigns that are provided by the services, with that the 2024-2025 school year will see an increase in the annual campaign line for services to give them more room to provide their service to the student.

Advocacy:

There will be a slight increase in the OUSA membership fee for next year. In addition, our observation with CASA will determine the need for a membership fee for the 2025-2026 school year.

Compass Information Centre:

We are developing an I/t plan for space usage, which would have a budget impact.

Health, Dental & Student Assistance Plan:

As we continue to provide students with Student Assistance Plan (SAP) at no cost, we would like to investigate different options/coverage of SAPs that support preventative therapy/counselling.

2024-2025 Capital Budget Overview:

The process for Capital purchases is outlined in **Corporate Bylaw 3 (section 11)**. Approval of this budget does not necessitate the expenditure but rather allows for the allocation of capital expenses.

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

- **Accounting:** requires updated accounting system.
- **Campus Events:** Tools and additional resources for proper operation
- **Information & Technology:** Replacement for computers (occurs on a multi-year cycle). Investment in renewing our website, specifically to address the problems with the HR Module, E-Commerce Module, and likely improve Clubs usage
- **Underground Media & Design:** a new vinyl sticker printer.
- **Clubs:** Furniture renewal in clubs' space
- **Marketing & Communications:** update of equipment's to continue to operate and perform to expected level of operations
- **CFMU Inc.:** Resources required for proper operation

Beyond the approval of the budget, there are other items of which members of the corporation should be aware. Ideally, these items can be discussed in the coming months by the 2024-25 SRA, Board of Directors, and staff.

One Item I would ask everyone to put at the back of their minds is:

- **Enrollment**– We are being advised that enrollment will plateau or slightly reduce in the short term. This could become an issue for our operations. Many of our costs such as staffing and purchasing are impacted by inflationary pressures. This has been offset by growing enrollment and our fee being linked to CPI. We advise next year's team to monitor this actively and reflect on what, if any, adjustments need to be made.

Thank you for taking the time to review this memo and the proposed budget. A big thank you to John, Sean, and all the department managers for the development of this budget. If you have any questions, please do not hesitate to email me.

Warm regards,



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