



MEMO

From the office of the...
Vice-President (Finance)

TO: Student Representative Assembly
FROM: Declan Sweeney, Vice-President (Finance)
SUBJECT: 2025-2026 Operating and Capital Budgets
DATE: March 20th, 2025

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 both an Operating Budget and a Capital Budget for the upcoming year. After collaborating with our department managers and conducting extensive internal consultations, we have prepared a budget that maintains financial sustainability.

Over the past two years, the addition of new events, buildings, and departments requires us to do an in-depth review of our overall operations, enhance revenue opportunities, and establish a forward-looking strategic plan—particularly in light of declining enrollment. While the budget will ultimately be approved by the incoming Student Representative Assembly, the next step is for the Executive Board to review it and provide any further recommendations.

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

- **March 19th, 2025:** Executive Board reviews the budgets and provides any recommendations for changes.
- **March 21st, 2025:** The recommended Operating and Capital Budgets are circulated with the Student Representative Assembly.
- **April 13th, 2025:** The Student Representative Assembly meets to vote on the recommended budget.

Current Year in Review:

Overall, this year has been a year of new challenges & opportunities within our organization. We have had our first full year of in-house Food & Beverage operations, The Hub opening, & Homecoming coming back to campus. This has stressed our operating budget to have an additional \$1.8 million dollars of expenses with only approximately \$1.1 million dollars of revenue coming in for these activities. This means that we have overall increased our expenses to the operating fund this year by over \$700,000. In our other business units, we have seen substantial growth in our other departments:

- *The Silhouette* this year has increased their projected revenue from last year by \$83,965. \$62,000 of this is the revenue is from hosting the NASH Conference in February which brought in \$14,000 in profit. We saw substantial increases across our advertising for *The Silhouette* & are projecting a reduction in overall cost from last year of \$38,290.
- *The Underground* has increased their projected revenue this year by \$41,602 from the last fiscal year. Along with this we have implemented cost-saving measures which have reduced the projected overall cost from last year by \$51,244.
- EFRT First Aid Revenue: We have seen a substantial increase in revenue through the leadership of the EFRT Director, we are projected to increase our First Aid revenue by over \$6,000 compared to last year. We are still far away from pre-COVID revenue but believe this is a strong path forward to ensure that EFRT expenses do not continue to increase at an excessive amount (\$42,406 in 2018-19 to \$124,209 in 2023-24)
- FYC-HCS Agreement: This benefit will not be seen until next year but we have been able to negotiate an agreement with *Housing & Conference Services* to provide support to First-Year Council. This funding will enhance the mandate of *First-Year Council* & support First-Year specific events such as First-Year Formal.
- OMBUDS Agreement: We were able to negotiate an agreement to ensure that GSA had the opportunity to become a part of the *Ombuds Committee*, we were able to negotiate this year.
- RBC Rent Agreement: Throughout the remainder of the RBC lease within DBAC as this space was a former MSU space, we received additional space allocation plus \$31,049 in rent.
- USIF Services: Through discussions with University Administrators, we were able to reach agreement that for initiatives which the services ran are eligible for USIF funding. This was utilized for the Winter Term & has been flagged to incoming PTM's as an opportunity for experiences which significantly enhance campus life.

These areas along with developing a strong advertising & sponsorship strategy has allowed us to weather the storm of this alongside other non-budgeted expenses & a budget built last year which was more aspirational than realistic. The budget which is brought forward for next year is based on historic trends, expectations set during budget meetings & being willing to candidly set numbers where they should be. A budget should not be wishful but set the expectation & standards for the upcoming year & that is what our team has done for this year.

2025-2026 Operating Budget overview:

For the 2025-2026 Budget, the expectations for the following funds are below:

- Operating Fund: Projected Surplus of \$4,135. This is mainly due to the additional agreements reached for funding & *The Silhouette* being within the CFMU Fund, alongside business units being more efficient as they continue to develop.

- CFMU Fund: Projected deficit of \$130,849. With *The Silhouette* now being incorporated within the CFMU fund there is going to be additional expenses as these two departments begin to collaborate on the future of Campus Media. Our goal with the transfer of the Marmor Fund is to best integrate the goal of the Marmor which is inherently campus media with our new plan for the future while providing stability.
- Student Health Plan: Projected deficit of \$111,712.81. As part of our ongoing discussion about work allocation we realized the labour from our Full-Time staff in managing both the Health & Dental plans. As well, we chose to not increase the fee for our dental plan by CPI but only by 1.5% due to the reserve we have currently within the plan.
- Student Dental Plan: Projected surplus of \$13,500.
- University Centre Building Fund: Projected deficit of \$58,988. With increased overhead from the Hub Operating Policy, this is a measured projection after 5 years of 6-figure surpluses.

Overall, this means that we will be running a deficit budget which was built to take the burden off our operating fund which is where we have been running deficits on for the previous two years to ensure long-term stability. Our ancillary funds have built up sizable reserves & our long-term plan is to keep them stabilized but not continually growing these reserves going forward.

Going into our different departments for the upcoming year, here is the information on some of the most pertinent. Happy to answer any questions which are not listed in the section below about individual departments.

Administration:

There has been two new lines created within the Administration Line specifically for RBC & Ombuds Rent. We have significantly reduced the amount we expect from our investment portfolio due to the extreme volatility of the last three months, I am hoping this is a conservative estimate but do not believe we will see significant revenue coming from this in the upcoming year. I would also like to let all Executive Board & the SRA to know that we will be going through re-negotiation with HSR for the Bus Pass next year which is an extremely important service for students.

1280:

1280 has had their first full year of operations in-house during this current year, we are projected to have a sizable loss but that was to be expected with connecting with students along with getting the space operational long-term. We are including the food accessibility initiative within 1280 for the upcoming year as our Food & Beverage team will need to oversee & support this project where necessary. This current planning would be for approximately 60,000 meals as there is upfront costs which were not considered within the original proposal for the food accessibility initiative referendum. Along with this we have separated out our cost of goods sold (COGS) lines to more accurately represent where this cost went. We have built out the recommended margins for COGS next year. Overall, for next year we would be looking at

proposed loss of \$257,231. I would highlight the strength of our catering services & how best we can leverage our spaces for the future to continue this trend of increased catering services as it has a greater profit margin than our day-to-day operations.

Underground:

The Underground has been fantastic this year & with the finalized UB Media contract for the Campus Screens, we should expect increased revenue throughout the year alongside the negotiated Xerox contract which will have self-pay printers at The Hub & Clubspace. I am excited about how we continue to innovate for the years forward. I have the Underground with a projected loss of \$79,302 which is an over \$100,000 reduction from 2022-23 & shows the strength of the department going forward. I am hopeful that the next VP Finance will continue this trend as the Underground is a significant support for all services, promotions, & advertising throughout the organization & essential to our organization.

Child Care Department

For the first time since 2020-2021, our Child Care Centre is projected to run a surplus, this is mainly due to the increase to the CWELLC system as well as the leadership of our Child Care Centre Director. This should continue as long as the federal program is in effect, with the potential for a change in government we need to be prepared to transition back into the private model if the subsidy is discontinued.

The Hub:

The Hub had its first year of operations; there was significant utilization of our rental spaces from services, clubs, & external groups. We will be reviewing our rental pricing strategy for the next year to best optimize this process. Along with the overhead we will be getting from the chargeback written into The Hub Operating Policy. As we get into the second year of operations of this building, we must be ready for increased cost with small repairs & getting overall

Clubs:

The specific changes made to clubs are for Pangaea which will no longer be the responsibility of DEN but with Clubs to provide FT Staff support as well as better outreach to clubs to participate in this event as well as a student group programming line which for collaborative events between multiple clubs will give the MSU the ability to sponsor an event up to \$400 pending the approval of the Clubs Administrator. This would allow the MSU to better support collaborative events & give incentive to Clubs to collaborate early with the Club Department on these events which are usually more complex from an event planning & management perspective. Overall, we would be running this department at a \$269,251 deficit for the year.

IT Department:

The IT Department this year has taken on two significant projects, bringing the IT Support for CFMU in-house & away from a third-party provider & The Hotspot which provides technical support to undergraduate students for a small labour fee. This is reflected in the budget where we are making a modest revenue from The Hotspot to reflect the labour costs associated with this project & for the CFMU transition an increase of \$10,000 for purchased services which are needed for the CFMU project.

Campus Connect:

We have focused on Campus Connect as a space which can be effectively utilized by our services free of charge, while charging a nominal fee to outside vendors. As we have seen an increase in the outside vendors utilizing this space, I am projecting a small increase in revenue for the space going forward.

Campus Events:

We are projecting a \$250,000 loss on Homecoming for the upcoming year, this is a safe estimate as we have the potential to enhance our revenue through increased sponsorship & advertising for the concert or day-programming & projecting ticket sales at approximately 5,000 students. Alongside this we have created a Light Up the Night revenue line to ensure we are accurately assessing costs & revenue. Lastly, we have made the decision to discontinue Charity Ball as it had decreased attendance year-over-year since the pandemic & with the many formals held by faculty societies it is more important to focus on more varied programming which is not as saturated on campus. Overall, we will be running a \$922,000 deficit which is a \$132,500 improvement compared to last year's budget for Campus Events.

Part-time led Services:

I sent out the first draft of the Part-Time Budgets to the current PTM's on February 25th to better get their insight on the upcoming budget. I received good feedback & made adjustments where necessary. I feel comfortable with these budgets for the upcoming year. I have also discussed with our services, the opportunities available for grants, USIF, & SLEF to subsidize their current projects & to expand their programming or outreach.

Advocacy:

For Advocacy, the only major change is to allow for a conference similar to Breaking Barriers this year. Over the past three years the Advocacy line has been underfunded throughout the past several years. As well, clarifying that if two Board of Directors are travelling to an event/conference that the corresponding budget line is BOD Travel & Conference rather than Ed Team Travel & Conference.

CFMU-Silhouette:

As mentioned above, the merger of CFMU & The Silhouette will run on a deficit of \$130,849 while working on the re-structuring of our campus media department. The major differences this year for both will be working through the joint reporting structure, handling the joint-contribution of staff members to both entities, & content consolidation. This process will take multiple years to refine & utilizing the Marmor Fund to support the transition.

2025-2026 Capital Budget Overview:

The Capital Budget capitalizes long-term purchases which we are expected to be used for many, many years.

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

- Administration: Laptop purchases along our depreciation cycle for the two SOP accounting roles, office clerk, & to create the ability for hybrid meetings to be feasible within the small boardroom.
- IT Department: Storage & Infrastructure upgrades totaling \$6,300 which will all be depreciated over a five-year cycle.
- Campus Events: Lighting & Cable covers which will be depreciated over a ten-year period.
- Underground: Workstation upgrades with both monitors & chairs alongside a new cutting machine as the old machine was becoming unreliable.
- The Hub: Additional Tables & Podium to ensure for major events there will not be a need to rent out additional for major events depreciated over a ten-year period.
- Executive: Purchasing a laptop for the president as the current setup is outdated by almost a decade.
- CFMU/ Silhouette: Fiber Optic Cable as our current transmission to our radio tower will no longer be functional soon, USB Power Unit, Website Update, & portable podcasting equipment.

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.

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.

Thanks,
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