

**STUDENT UNION
SAN JOSE STATE UNIVERSITY
MEMORANDUM**

DATE: November 18, 2022
TO: Steve Perez, Interim President
FROM: Tamsen K. Burke, Executive Director
CC: P. Day, C Faas, I. Andrews, D. Alves
RE: Approval of the 2022-23 Student Union Budget Allocation Proposals

The purpose of this memo is to seek your approval of the 2022-2023 Student Union Budget Allocation Proposals.



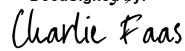
Upon the signing of the Operating Agreement, the Finance Committee and the SUBOD reviewed updated financial changes to (1) fulltime wages and benefits, (2) reimbursable expense, and (3) utilities. The Updated FY 22-23 budget for submission was approved on September 16, 2022.

The 2022-2023 Student Union Budget Allocation Proposals has been reviewed and approved by the campus officials appointed to roles on the Finance Committee and the Student Union Board of Directors (SUBOD).

- Charlie Faas, Vice President of Finance and Administration; serves as SUBOD ex-officio
- Patrick Day, Vice President Student Affairs, serves as SUBOD ex-officio
- Sonja Daniels, Associate Vice President of Campus Life, serves as VP SA designee
- Kathleen Prunty, Sr AVP Finance and Business Services, serves as VP Finance and Administration designee

Please indicate your approval with your electronic signature via Adobe DocuSign which will automatically route a copy of this complete package to Steve Perez, Charlie Faas, Patrick Day, Isaiah Andrews, and Tamsen K. Burke.

Please feel free to contact me at extension 6371 or David Alves, Director of Finance and Accounting, at extension 6315 if you have any questions.

	12/5/2022
<small>9555A9491CAC436...</small> Dr. Steve Perez, Interim President	Date
	12/5/2022
<small>1D9EF6ABA0244A2...</small> Patrick Day, Vice President of Student Affairs	Date
	12/5/2022
<small>A8A07319C3F8409...</small> Charlie Faas, Vice President for Administration and Finance	Date



STUDENT UNION WE

***Annual Budget
& Message
2022-2023***

**STUDENT UNION
SAN JOSE STATE UNIVERSITY
2022 – 2023 BUDGET MESSAGE**

To: Dr. Steve Perez, Interim President

INTRODUCTION

The purpose of this message is to provide an overview of the Budget Allocation Proposals presented herein. The budget is the means by which the organization implements its strategic priorities and allocates resources to student programs, services, and facilities. These proposals reflect our commitment to our students and the campus community by maintaining financial viability and integrity within the constraints of available resources.

ADVERSITY, RESILENCY, AND HOPE

Our world has faced some of its severest challenges in generations since March 2020. The pandemic has caused hundreds of thousands of deaths and overwhelming suffering worldwide. The vibrant energy and excitement of student campus life and learning on campus was replaced by virtual programs, services, and learning being delivered via Zoom, and business practices through hybrid workplace models that supported on-going service to the campus and its needs.

Throughout the entire 2021–2022 year, the Student Union, Inc. at San José State University has stayed agile and kept our focus on what’s important - our students, staff, and campus community.

First, and foremost, the safety of everyone was paramount. The Student Union, Inc. of San Jose State continued to support programs, facilities and services with safe use of facilities, employee safety plans, and return to work training as we reopened in Fall 2021. Our business continuity was key to our successes to pivot every changing climate for the campus and our students.

Per the Operating Agreement, Student Union, Inc. is responsible for the management and operation of the Student Union. Through this oversight and programming, the auxiliary engages in partnerships and collaboration with the cultural centers, student involvement, commercial services, to support students as a part of creating community and a sense of belonging.

Despite the adversity of financial challenges, the Student Union (SU) has remained resilient! It gave us glimpses of hope and inspiration born from the opportunities afforded to us through collaboration, resilience, cooperation and care.

This year 2022-2023, our team is eager, hopeful, and passionate about returning to normal and providing exceptional programs and services to our students and the SJSU campus. Through hours of preparation and vision, including onboarding 200+ new student employees, staff and Board of Directors, the Student Union is ready to execute a successful year of opportunities, engagement, and partnerships.

STUDENT UNION SAN JOSE STATE UNIVERSITY 2022 – 2023 BUDGET MESSAGE

THE STUDENT UNION IS EVOLVING

Student Union, Inc. of San Jose State University supports the development, growth, and well-being of students and the campus community by providing diverse programs, and desired services that enhance the collegiate experience.

With the signing of the Operating Agreement between the Student Union and CSU, the Auxiliary engages in the following functions which are essential and integral to the educational mission of the Campus. The auxiliary's primary function is the management of day-to-day scheduling, program operations including programs, special events and related business services as well as provides operational oversight associated with overall use of the Diaz Compean Student Union, Provident Credit Union Event Center, Spartan Recreation & Aquatic Center, and scheduling of the South Campus Recreation Field. Through this work, Student Union has contributed to the campus success and its incredible growth opportunities.

- Our Division I Men and Women's Basketball to showcase their presence in the Mountain West Conference and the Gymnastics team to continue their winning streak as the Mountain Pacific Sports Federation Champions.
- Our 30 student club sports will return to the court, field, arena within the Event Center to practice then travel to compete in local, regional, national and international competitions to contributing to the Spartan Nation pride.
- The return of 300+ Student Organizations will be looking for spaces to dance, play table tennis, and the three facilities, SRAC, Student Union, and the Event Center will be the place students will be able to engage and thrive.

In 2021-22, with a measured operational approach to COVID Return to Campus the Spartan Recreation and Aquatic Center and the Student Union open its doors to engage students in our facilities filled with programs, classes, events, and meetings for our students to create a sense of belonging, create new friendships, recreate, and learn about how much the Student Union and its resources have to offer them within their new community. Looking forward to 2022, the Student Union, known as the "living room and playground" for the campus will be thriving with our buildings open 18 operational hours, the return of its historically 4500 users at SRAC, 12-15,000 users at Student Union, over 75 special events, 1,300 fitness classes, 200+ intramural and club competitions, 15,000 climbing wall users, and 59,000 bowling users. It is going to be a great year.

The most critical part of Student Union's mission is to support the development, growth, and well-being of students and the campus community by providing diverse programs, and desired services, that enhance the collegiate experience. Our Employee Student Success program focuses on the development of 350+ students that fosters a student centric leadership approach to its operations. Through their employment, students create meaningful experiences, growth and development in key core competencies: (Thinking, Creativity, and Communication, Personal

Development and Self-Realization, Diversity, Social Responsibility, and Civic Engagement, and Leadership in Practice) in preparation of their future employment opportunity.

FINANCIAL STRATEGIES

The Student Union has implemented various strategies to ensure that we can withstand economic downturns and maintain our long-term financial viability.

Strategy 1: Financial Plan

Our first strategy is to ensure that total revenues and expenditures in the operating budget proposal align with the corresponding revenues and expenditures in the financial plan. We are continuing to work closely with our consultants UBS Wealth Management to continually update the plan with the latest financial information.

Strategy 2: Long term Reserves

The second strategy is to retain within the Student Union UBS long term investment reserves (3 months of the approximately \$15M operating budget, plus \$750K for furniture & fixtures needs) in the amount of \$5.25M to handle unexpected economic events and any other financial contingency. In 22-23, we will be watching market trends as we forecast a minimum of 10% losses due to market volatility.

BUDGET ALLOCATION PROPOSALS

Operating Budget Allocation Proposal

The Student Union's 21-22 Budget Allocation Proposal totals \$16,017,281 with the allocation of \$14,378,587 from San Jose State University. The SU is proposing a breakeven Operating Budget which means that the total budget for revenue equals the total budget for expenditures. The summary of the Operating Budget Allocation Proposal is shown in Exhibit 1.

Capital Outlay Allocation Proposal

Capital Outlay, also known as fixed assets, is defined as a single item purchase or project greater than \$5,000 in local reserves that is used in a productive capacity in the Student Union for more than one year. We are requesting an allocation totaling \$650,000. Exhibit 2 provides the details and justifications for the three items in the proposal. The summary of the Capital Outlay Allocation is shown in Exhibit 2. These are funded from the \$750K of Furniture and Fixtures reserves.

Major Purchase, Repair, & Maintenance Allocation Proposal

The Student Union will collaborate directly with Facilities Development, and Operations as FD&O evaluates on-going conditions of facilities, address deferred maintenance, and new concerns. Student Union may request additional project funding.

The following projects listed below are managed by SJSU Facilities Development and Operations to make improvements to the facilities Student Union uses for our students' programs and services.

➤ Event Center Fire Alarm Project Update

In good faith commitment to the university and its contribution to its facilities, the Student Union Board of Directors approved \$1.8M contribution to address need improvements in the fire alarm system at the Provident Credit Union Event Center in

2020. This project is being managed by SJSU FD&O which began the process of soliciting bids last spring with anticipated improvements in 2023, and the progress is being communicated with SU Facility and Program Committees by the AVP of FD&O.

➤ **Event Center HVAC Replacement Project**

➤ **Event Center Weight Room Renovations and Operating Guidelines; Event Center Scoreboard, LED Marquee**

Student Union is a partner in the management of space, SU schedules and supervises the weight room and uses operating budget. In addition, SU Marketing team, equally partners with Athletics and SJSU Marketing on content management of the LED Marquee

➤ **Diaz Compean Student Union Signage for New Centers**

The Student Union utilized Ramiro Compean and Lupe Diaz Compean Student Union Operating Fund held within the Tower Foundation to purchase new signage for the new CAPISE Center (Center for Asian Pacific Islander Student Empowerment) Fall 2022 and the re-named BLOC (Black Leadership Opportunity Center) Fall 2021.

**STUDENT UNION
SAN JOSE STATE UNIVERSITY
2022 – 2023 BUDGET MESSAGE**

The FY 22-23 was prepared and determined by the Finance Committee and SUBOD to be based on a non-COVID year. The comparable year of Student Union operations in 2019-2000 aligned with actual business expenses and service levels historically provided by Student Union at San Jose State University.

Decreases in revenue is managed by realigning expenditures with revenues during quarterly budget reviews. Historically, lease revenue, facility use fees, and reimbursed expenses offset operating expenses. Per the Operating Agreement and new direction of SJSU practice on chargeback and shared service model, SJSU departments and affiliates will use Student Union resources in a shared services model in which the Student Union will perform services for the Campus (the Campus will also perform services for the Auxiliary) and utilize a Cost Recovery Method which take place at the Diaz Compean Student Union, Spartan Recreation & Aquatic Center, Provident Credit Union Event Center, South Campus Recreation Field, Morris Dailey Auditorium, 7th & 9th Street Plaza, Tower Lawn, Caret Plaza, or at other events as requested by the University. The following table summarizes the dollar in each Revenue category:

Item Description	Student Union	Event Center	SRAC	Budget Request FY22-23	Actual FY19-20	\$ Variance	% Variance
Revenue							
Budget Request	14,378,587	-	-	14,378,587	11,564,085	2,814,502	24%
E. C. Arena	-	170,500	-	170,500	857,145	(686,645)	-80%
SU Rentals	-	-	-	-	1,767,574	(1,767,574)	-100%
SRAC Rentals/Fitness	-	-	-	-	40,751	(40,751)	-100%
Aquatic Pool Rentals	-	-	12,000	12,000	240,557	(228,557)	-95%
S.U. Event Services Rentals	22,465	-	-	22,465	138,386	(115,921)	-84%
Audio/Visual-All Areas	-	-	-	-	18,209	(18,209)	-100%
Programs							
Bowling Center	187,875	-	-	187,875	162,687	25,188	15%
Campus Rec Programs	-	-	127,949	127,949	45,210	82,739	183%
SRAC Memberships	-	-	232,185	232,185	579,220	(347,035)	-60%
SRAC Aquatic Instruction	-	-	7,600	7,600	2,440	5,160	211%
SUI Reimbursed Expenses	-	69,120	-	69,120	1,266,026	(1,196,906)	-95%
Box Office	-	-	-	-	23,212	(23,212)	-100%
S.U. Event Services Rentals	-	-	-	-	-	-	-
Other							
PPP Loan Forgiveness	-	-	-	-	-	-	-
Misc Income	9,000	-	-	9,000	31,266	(22,266)	-71%
Interest Income	100,000	-	-	100,000	386,396	(286,396)	-74%
Total Operating Revenues	14,697,927	239,620	379,734	15,317,281	17,123,164	(1,805,883)	-11%
Total Revenue from Trust Account	-	-	-	-	-	-	-
Total Revenue	14,697,927	239,620	379,734	15,317,281	17,123,164	(1,805,883)	-11%

Where the Money Goes

The projected increase in expenditures is \$853,334. Salaries & benefits comprise 69% of the expenditure budget and Operating Expenditures comprise 31% of the expenditure budget. The percentage of total salaries and benefits to the total budget is higher than it has traditionally been (less than 65%). The amount of \$3M for FDO Custodial and Maintenance Service Agreements is an annual place holder, with the transfer to be executed within six months of the signed Operating Agreement September 8, 2022 and due February 8, 2022 or sooner. The financials for Custodial and Maintenance are within wages, outside agency, supplies, repairs and maintenance.

The following table summarizes the dollar and percentage variances in each Expenditure category:

Item Description	Student Union	Event Center	SRAC	Budget Request FY22-23	Actual FY19-20	\$ Variance	% Variance
HEADCOUNT							
FULL-TIME	53	3	15	71			
PART TIME (STUDENT ASSISTANTS 20 HRS/WK)	104	37	215	356			
Expenses							
Payroll							
Student/Part Time Payroll Tax	93,758	32,953	147,166	273,876	136,634	137,243	100%
Part Time/Contractor Wages	16,800	-	64,140	80,940	154,763	(73,823)	-48%
Student Wages	1,166,371	400,259	1,775,431	3,342,061	2,688,814	653,247	24%
Full-Time Tax & Benefit	1,926,456	55,899	488,053	2,470,408	1,573,958	896,450	57%
Full-Time Wages	3,761,494	111,798	1,027,347	4,900,639	3,510,816	1,389,823	40%
Total Salaries & Benefits	6,964,879	600,909	3,502,137	11,067,924	8,064,984	3,002,940	37%
Other Operating Expenses							
Supplies	279,368	70,377	219,862	569,607	414,225	155,382	38%
Communications	383,313	550	-	383,863	202,602	181,261	89%
Travel	66,884	11,303	34,993	113,180	17,881	95,299	533%
Insurance (NOTE 1)	82,140	36,000	74,520	192,660	283,451	(90,791)	-32%
Repairs & Maintenance	230,300	20,193	12,400	262,893	82,883	180,011	217%
Event Reimbursed Cost	-	-	-	-	916,987	(916,987)	-100%
Event/Program Costs	552,130	9,940	22,910	584,980	217,793	367,187	169%
Utilities	12,000	12,000	(0)	24,000	1,700,230	(1,676,230)	-99%
Small Equipment	50,274	-	21,000	71,274	35,631	35,643	100%
Outside Agency Service (NOTE 2)	950,006	142,943	786,530	1,879,479	1,894,906	(15,427)	-1%
NOTE 3> FD&O Maintenance Service Contract Placeholder of \$2,000,000				-			
NOTE 3> FD&O Custodial Service Contract Placeholder of \$1,000,000				-			
Staff Development	116,670	-	50,751	167,421	33,659	133,762	397%
Total Payroll and Operating Expenses	9,687,963	904,216	4,725,102	15,317,281	13,865,232	1,452,049	10%
Depreciation	700,000			700,000	699,124	876	0%
Total Expenses	10,387,963	904,216	4,725,102	16,017,281	14,564,356	1,452,925	10%
Operating Income/(Loss)	4,309,964	(664,596)	(4,345,368)	(700,000)	2,558,808	(3,258,808)	-127%

NOTE 1> Real Property Insurance premiums charged through the campus cost allocation have been removed from this operating budget.

Insurance expense included in this budget represents premiums charged by CSURMA/AORMA for SUI liability, personal property coverage, and programs (summer camps, intramural, and outdoor adventures).

NOTE 2> Facility Use Fees charged through the campus cost allocation have been removed from this operating budget.

NOTE 3> Pursuant to the Operating Agreement signed on 9/8/22, the FD&O repair, maintenance, and custodial service agreement is to be executed within 6 months. This operating budget includes \$2 million in repair and maintenance and \$1 million in custodial expenses. It is anticipated that upon completion of the FD&O service agreement, remaining budget and related costs will be removed from the SUI operating budget.

OR

Include FD&O cost in the annual Cost Allocation to Non-CSU Operating Fund Entities, under Service and Use of Facilities Costs, FD&O Maintenance Services in alignment with Housing, Parking, and Student Health (See "Summary of Cost Allocations" page in accordance with ICSUAM policy 3552.01)

Summary

The Board of Directors have approved this budget on May 21, 2022 and subsequently September 16, 2022 due to changes in the Operating Agreement. This budget establishes the direction for the Student Union's programs and services for the coming fiscal year. It represents the synthesis of the Board of Directors' direction on how best to accomplish the Student Union's strategic priorities through available resources, policies, and sound financial and business practices.

We look forward to your review and approval of the operating budget for an exciting year ahead!

DocuSigned by:
Respectfully Submitted,
Tamsen Burke

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Tamsen K. Burke, Executive Director

Exhibit 1: Operating Budget Allocation Proposal

Item Description	Student Union	Event Center	SRAC	Budget Request FY22-23
Revenue				
Budget Request	14,378,587	-	-	14,378,587
E. C. Arena	-	170,500	-	170,500
SU Rentals	-	-	-	-
SRAC Rentals/Fitness	-	-	-	-
Aquatic Pool Rentals	-	-	12,000	12,000
S.U. Event Services Rentals	22,465	-	-	22,465
Audio/Visual-All Areas	-	-	-	-
Programs				
Bowling Center	187,875	-	-	187,875
Campus Rec Programs	-	-	127,949	127,949
SRAC Memberships	-	-	232,185	232,185
SRAC Aquatic Instruction	-	-	7,600	7,600
SUI Reimbursed Expenses	-	69,120	-	69,120
Box Office	-	-	-	-
S.U. Event Services Rentals	-	-	-	-
Other				
PPP Loan Forgiveness	-	-	-	-
Misc Income	9,000	-	-	9,000
Interest Income	100,000	-	-	100,000
Total Operating Revenues	14,697,927	239,620	379,734	15,317,281
Total Revenue from Trust Account	-	-	-	-
Total Revenue	14,697,927	239,620	379,734	15,317,281
Student Union Trust Account Detail (Excluded from Operating Revenue - for disclosure purposes only)				
A.S. Lease	113,724	-	-	113,724
Student Affairs Leases	340,080	-	-	340,080
CPGE Lease	487,484	-	-	487,484
Spartan Shops Lease	489,466	-	-	489,466
IDEA Lease	16,512	-	-	16,512
EC Wireless Leases	309,962	-	-	309,962
EC Wireless Leases Removal per 5/3/22 Finance Committee	(309,962)	-	-	(309,962)
ATM Leases	52,422	-	-	52,422
Total	1,499,688	-	-	1,499,688
HEADCOUNT				
FULL-TIME	51	3	15	69
PART TIME (STUDENT ASSISTANTS 20 HRS/WK)	84	37	215	336
Expenses				
Payroll				
Student/Part Time Payroll Tax	93,758	32,953	147,166	273,876
Part Time/Contractor Wages	16,800	-	64,140	80,940
Student Wages	1,166,371	400,259	1,775,431	3,342,061
Full-Time Tax & Benefit	1,926,456	55,899	488,053	2,470,408
Full-Time Wages	3,761,494	111,798	1,027,347	4,900,639
Total Salaries & Benefits	6,964,879	600,909	3,502,137	11,067,924
Other Operating Expenses				
Supplies	279,368	70,377	219,862	569,607
Communications	383,313	550	-	383,863
Travel	66,884	11,303	34,993	113,180
Insurance (NOTE 1)	82,140	36,000	74,520	192,660
Repairs & Maintenance	230,300	20,193	12,400	262,893
Event Reimbursed Cost	-	-	-	-
Event/Program Costs	552,130	9,940	22,910	584,980
Utilities	12,000	12,000	(0)	24,000
Small Equipment	50,274	-	21,000	71,274
Outside Agency Service (NOTE 2)	950,006	142,943	786,530	1,879,479
NOTE 3> FD&O Maintenance Service Contract Placeholder of \$2,000,000	-	-	-	-
NOTE 3> FD&O Custodial Service Contract Placeholder of \$1,000,000	-	-	-	-
Staff Development	116,670	-	50,751	167,421
Total Payroll and Operating Expenses	9,687,963	904,216	4,725,102	15,317,281
Depreciation	700,000	-	-	700,000
Total Expenses	10,387,963	904,216	4,725,102	16,017,281
Operating Income/(Loss)	4,309,964	(664,596)	(4,345,368)	(700,000)

Summary of FY22-23 Budget Request

Summary of FY22-23 Budget	
Budget Request	14,378,587
Program and Other Revenue	938,694
Rents from Trust Account	-
Total Revenue	15,317,281
Total Operating Expenses	16,017,281
Operating Income/(Loss)	(700,000)

Exhibit 2: Capital Outlay Allocation Proposal Non-Operating Expenses

Local Reserve Projects	
ICE MACHINE	8,000
SCOREBOARD	20,000
BLEACHERS	25,000
PLATE LOADED GLUTE DRIVE	5,000
MIRRORS FOR FITNESS #5	9,000
ADDITIONAL RADIOS AND BATTERIES FOR SRAC	9,000
DRI-DECK FOR SRAC FLOORS	6,000
KEYWATCHERS (SRAC)	12,500
KEYWATCHERS (SU)	12,500
SICO TRI-HEIGHT STAGE PIECES	16,000
LED WALL	115,000
CSU Recruiting Software	32,000
SU UPGRADES - BALLROOMS, OFFICES, MEETING ROOMS, THEATER	165,000
REPLACE SU REPEATERS	15,000
EVENT CENTER FURNITURE & FIXTURES	200,000
	650,000

Student Success Excellence and Technology Fee (SSETF) Funds - Club Sports

				Budget Request FY22-23
CLUB SPORT & INTRAMURAL PROGRAM FEES				
<u>Revenue</u>				
IRA Fees	-	-	500,000	500,000
Club Sport Student Dues	-	-	150,000	150,000
Club Sport Contingency Fund	-	-	-	-
Total Revenue	-	-	650,000	650,000
<u>Expenses</u>				
Program Expenses	-	-	(500,000)	(500,000)
Club Sport Student Dues Expenses	-	-	(150,000)	(150,000)
Club Sport Contingency Fund (FY20/21)	-	-	-	-
Total Expenses	-	-	(650,000)	(650,000)
Net Activity	-	-	-	-