

Executive Committee Special Meeting Minutes of March 14, 2014

I. CALL TO ORDER: President **Xiong** calls meeting to order at **11:13 AM**.

II. ROLL CALL

Members Present

Michelle C. Xiong
Thamer Fahad Alhathal
Katrina-Mari Mayol
Marie Alexandra R. Ibarra
Stan Hebert

Absent Members

Guests

Randy Saffold
Chandra Kohler
Wilson Tran
Raymund Cruz
Chris Gallagher
Jordan S. Leopold
Lil-Brown Parker
Sneh Sharma
Margaret C. Daniel

III. ACTION ITEM - **Approval of the Agenda**

Motion: (Alhathal) to approve the agenda.

Motion Carries.

IV. ACTION ITEM- **Approval of the March 5, 2013 Minutes**

Motion: (Alhathal) to approve the March 5, 2013 Minutes.

Motion Carries.

V. PUBLIC COMMENT – **Public Comment is intended as a time for any member of the public to address the committee on any issues affecting ASI and/or the California State University, East Bay.**

No Public Comment.

VI. NEW BUSINESS

A. DISCUSSION ITEM –**Review of Board Advisors**

President **Xiong** addresses the following:

- Their current advisors are:
 - Kenrick Ali from Housing
 - Darrell Bailey
 - Mitch Watnik
 - Marguerite Hinrichs
 - D. McKinney
- They've decided that it's that time of year to review their advisors to see if they're there for political reasons or if they're actually there to advise the board.


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Especially with attendance since half of the time less than half of their advisors attend the meetings.

- She questions if there is someone else that they should add on to their advisors.
- ED **Saffold** suggests that they ask the question, “Do they have the right advisors?” They may have the right departments, just the wrong people because the people that they have may be too busy.
- **Lil-Parker** states that at one time there were just two advisors. She further states about a former advisor who shared lots of information with the BOD and was a great advisor. She also expresses her opinions of the current advisors based on what she has witnessed.
- ED **Saffold** suggests that they be very careful in how they list who the advisors to ASI are in the bylaws. Instead of naming the offices and the advisors, they can say “up to 5 advisors to be chosen annually by the outgoing or incoming board,” so they’re able to make changes without having to go through a referendum vote. But now, if they are trying to make any changes, they would have to go to a student vote.
- ASI Director, Legislative Affairs **Leopold** questions if there is any document in regards to accountability for the advisors.
 - The committee responds with a no.
- The committee discusses the planning to get new advisors next quarter.
- ED **Saffold** states that they can ask each of the current advisors to put a designee in their space if they aren’t able to be consistent, and to have this person be a planned person.
- President **Xiong** mentions that they possibly look into getting a new President Designee since Stan’s schedule has prevented him from attending many of the meetings.
 - ED **Saffold** states that he has approached this subject with Stan and he doesn’t know that Stan is opposed to it. The typical person that he would send would be the AVP but he is now just as busy. Many of the people that they would have come in and be the President Designee are now very busy so they should question who from that tier of administration will be able to come in and help out. He further states that he and Stan have not completed their conversation on this, but Stan is aware that the subject would be brought up today in this meeting.

14:09

B. DISCUSSION ITEM –Budgetary Shortfall

President **Xiong** yields the floor to ED **Saffold**:

- ED **Saffold** states that the staff has been preparing for the budget for the past 3 weeks and they are running about 2 weeks behind in the process. During the

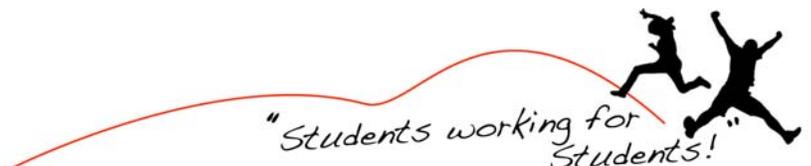


process additional information has surfaced, which is causing them to have a different conversation earlier than expected.

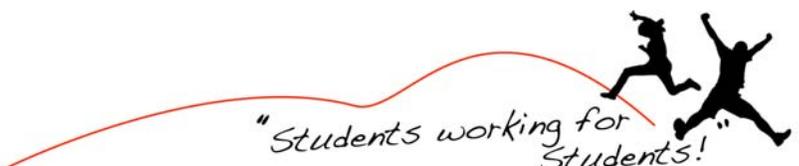
- He further states that they are going to talk about what are the components of the budget.
 - How the budget process works on the campus
 - Why cuts have happened in the past?
 - Pieces that have been removed (so the playing field is understood)
 - Subsidies received from the campus
 - Projected issues that they realized
- The fees that ASI works with are composed of:
 - \$43 student body fee
 - \$55 University Union fee
 - \$60 University Recreation fee (RAW fee, going up to \$65 in Fall 2014)
- \$43 ASI fee is controlled by ASI; they direct all of this money.
- \$55 fee for the University Union is controlled by the university, but accessed by ASI. Only ASI and the university have access to those funds.
- \$60 RAW fee is controlled by the university, but accessed by ASI.
- Both the University Union and the RAW fee are part of the same fee bucket. The original University Union is called the university extension because it was built afterwards but it is part of the same bond. The RAW is the University Union expansion; when they look at the property statements those are the formal names for those buildings.
- President **Xiong** questions what does it mean for the fees to be accessed or controlled by ASI. ED **Saffold** explains by saying accessed means they ask the university for permission to use the university fee. Every year they say yes up to the amount of money ASI is approved of in the budget.
- ED **Saffold** further states that there are only two groups on campus that can use that fee: the university in the form of facilities and operations and ASI.
- 27% of their funding comes from ASI, 35% comes from the University Union fee, and 38% comes from the RAW fee.
- The University Union fee solely exists to fund maintenance and operations of the buildings.
- ASI asks for money to program in these buildings. After they have paid all of the lights, heat, contracts, etc. for using these buildings, whatever is left over, is what ASI will receive as a fee for service.
- The budget process:
 - ASI proposes a budget to the president of the university and they say how they want to spend the ASI fees and ask to use the UU fees in a certain way.


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- After they send the proposal to the president, it is either approved or kicked back for changes the university requests.
- After the president approves the proposed budget, they go to a final budget and ASI accepts the final budget and books it into PeopleSoft.
- How it works on the university side:
 - They get an estimated student head count every year.
 - Once they get this predicted head count, they do a cost recovery calculations based on formulas (based on what could go wrong).
 - The fee for service is what the university pays ASI for running the UU's and RAW on their behalf.
 - The pro forma is how the building will perform over time. It's the expectation over a 10-15 year period; they look at revenues versus expenditures. It's how they expect the facility to perform that gives them where they think cost, income, revenues, and expenditures are going to lie. Once they get the pro forma, that pro forma goes to ASI and ASI can finish their process.
- How it works on ASI's side:
 - ASI doesn't wait for the pro forma because it usually takes a long time. So they look at the 6 month actuals to date and last year's budget to get a projection on where they think they'll end the year. This projection on what they think they'll end the year at is what they use to calculate this year's proposed budget. But they don't really know where they're going to land until they receive the pro forma from the university.
 - They review their proposed budget against the satisfaction survey.
 - Lastly, they check the budget against what they thought they were going to get on the pro forma.
- In 2011, they projected a \$500,000 deficit. This is the first time they began receiving a little support on the back end. From working diligently with staff, they cut the project deficit to about \$200,000. They saved about \$300,000 over the course of this year. But they should have been doing something that they hadn't been doing and that was paying something called other post-employment benefit.
- In 2012-13, they saw a significant drop in head count. The fee for service decreased this year which led them to realize that the RAW was costing them money.
 - They resolved this by having to cut over \$300,000 from salaries of staff.
 - They also discovered other post-employment benefits that needed to be settled.

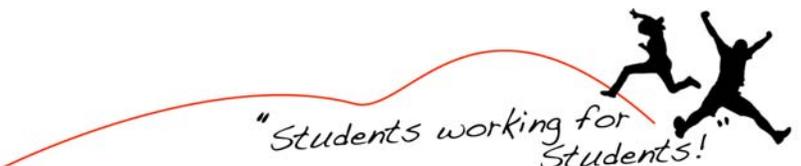


- They had planned to go \$62,000 in the hole but someone on the backend of the university did some work with the books to adjust their cost recovery so they could get something back and they were able to receive a subsidy, and instead of going in the negative they went in the positive.
- Over a two year period they have cut 1.27 out of the ASI budget.
- Pieces removed and departments:
 - Early Childhood Education Center (ECEC)
 - They were losing money and of the 75 kids in the program, only 25 had connection to East Bay. ASI was only getting credit for 12 of these because the others were Head Start students.
 - ASI Concord Professional Staff
 - Had to lose Maintenance Coordinator, ECEC Coordinator, Concord Campus Program Coordinator, Lead Account position, RAW Director – this position isn't cut but they do not have the funding at this time to replace it but if student involvement increases to a point where they need the position then they will fill it, and Director of Public Relations.
 - They cut the number of graduate student employees.
 - Cut money in fitness equipment and outdoor equipment.
 - Got rid of some ideas in the 2012-13 academic year. IT – smart devices, printing services in UU and in marketing
 - Have cut programming costs.
 - They are going to lose 1/3 to half of the Build America Bonds because they are no longer funded.
- From his understanding, the university is no longer in a position to give the subsidies that they have been giving ASI which means that they could be looking at a minimum of about a \$300,000 short fall. This may be more like \$400,000.
- By 2018-19, they will be negative in their ability to contribute to their reserve and run their operation. This is a problem, because this negative is actually in their net operating income so they will begin dipping into their reserve over and over again.
- For perspective, he has heard that ASI needs to look at where can they have cost savings. The only cost savings that have been identified by finance are: they're paying about \$29,000 for HR fees for the UU – a fee they pay to a third party outside of ADP, they're paying about \$42,000 in related fees both HR, ADP, and other fees for admin, and for the RAW operations about \$53,000. The total fees that ASI pays to either the state or a third party or the


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foundation, and contractual fees are about \$214,000. This number is significant because they've already cut \$206,000 from program cuts and this \$214,000 could be a potential savings that could bring some of those pieces back.

- The question he wants to ask the board is that knowing the financial position that they're in, how do they get out of it?
- When they turn in the budget this year they're going to have to face these issues.
- One option the university has given them to look at is does ASI have to run all of these buildings. Two years ago the university posed the question of whether or not ASI should be running its own custodial services.
- ED **Saffold** further states that their primary focus is the students. He also states that they can look at giving the operations of the buildings back to the university, if they choose not to do this; they will absorb about \$300,000 in subsidies.
- The committee discusses which bucket the RAW and operations team is coming from. The committee further discusses ways of dealing with the expected deficit.
- **Hebert** states that if all of the people that are currently on payroll for the operations in the Union and RAW became stateside employees, there would be no difference to ASI; the corporation remains the corporation.
- **Lil-Brown Parker** questions how ASI's years of service would be moved over/changed?
- **Hebert** states that they had asked this question a few years ago and the answers that they got back were good, all of the service credit years and accrued sick leave would move directly over with no changes and any current auxiliary employee that becomes a stateside employee would then receive the benefits that stateside employees receive. There may be some reduction in the cost of health benefits.
- The committee discusses the loyalty of the staff after the proposed change and the hiring and firing process after the change.
- The committee discusses the student voice on ASI being heard regarding issues with employees if the employees no longer work for ASI but for the state. **Hebert** reassures that the student voice has a great deal of impact and will be heard, and that the students will still be able to evaluate staff members.
- EVP **Mayol** questions what the function of ASI would be after this change because, as she sees it, a lot of what they do deals with the University Unions.
 - ED **Saffold** mentions that this ASI is unusual because most ASI's don't run Rec Centers and University Unions, they may have


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programming in them but they don't run them. The Board isn't in charge of operations, most of their time should be spent on advocacy and programming. They can however give visions on what they would like to see in those buildings.

- **Hebert** mentions that the decision to dissolve the University Union Board of Director's was because ASI and the UU Board of Director's weren't getting along so they combined the two. When they focus on operations, they are unable to focus more on advocacy and programming.
- President **Xiong** questions why there isn't a University Union advisory board with students on it.
- **Hebert** mentions that originally they had planned on having a University Union advisory board but as this was developing they found that the focus was on the building as opposed to programming. They also decided against it once they concluded that programming shouldn't be building specific. The purpose of ASI never changed even when it became incorporated.
- ED **Saffold** questions whether ASI will still be charged with running programs with state employees.

1:30:06

VII. ROUND TABLE REMARKS

Saffold: This is something that's real, it's something that ASI is going to face and it has been brewing for the last two years. The staff has been working very hard to come up with mitigating ways to get around it. This may not be their fault but it is their problem, and he will gather information to get real numbers of potential savings.

Hebert: He is curious of this board's concerns on the quarter to semester system and the provost would be happy to come by for more detailed information.

VIII. ADJOURNMENT

Meeting adjourned at **12:50 PM.**

Minutes Reviewed by:

Executive Committee Chair

Name: Thamer Alhathal

Minutes Approved on:

7/29/2014

Date:

