

Executive Committee Meeting Minutes of September 11th, 2024

- I. CALL TO ORDER at **12:05 PM**
- II. [ROLL CALL](#)
Present: Erick Macias, Nolan Calara, Charan Reddy Doolam, London Deguzman, Deepthi Bhimanapati, Martin Castillo, James Carroll, Ashley Depappa
- III. ACTION ITEM - **Approval of the Agenda**
Motion to approve the agenda of September 11th, 2024, by **L. Deguzman** and seconded by **N. Calara**, motion **CARRIED**.
- IV. ACTION ITEM - **Approval of the Minutes of January 11, 2023**
Motion to approve the minutes of January 11th, 2023, by **D. Bhimanapati** and seconded by **L. Deguzman**, motion **CARRIED**.
- 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. UNFINISHED ITEMS:
No unfinished item.
- 3:20**
- VII. NEW BUSINESS ITEMS:
- A. DISCUSSION ITEM: [24-2025 ASI Budget](#)
The Executive Committee will be discussing the tentative budget for the 2024-25 year. **J. Carroll** starts by giving kudos to his co-budget partner, **Doris Lagasca**, who helps make the magic work. He acknowledges that, while enrollment decline impacts the budget, they are not in a gloom-and-doom scenario. They still need to make course corrections in the coming years, but ASI remains a solid functioning organization. He notes that, while ASI is not operating in the best scenario based on the operating budget and revenue, it is doing fine. They have continued to save, be good stewards of money, and have hefty and solid reserves that ASI has maintained over the years.
He shares a couple of points to ensure everyone is aware. All matriculated students pay \$129.00 a year, which is \$64.50 per semester. This fee has been \$129.00 for an academic



year since 2008, making it year 16 with the same fee. **J. Carroll** points out that this is not a sustainable model, so they need to consider a fee referendum in the coming years. It is not feasible to hold a fee steady for 20 years. Nonetheless, ASI is expected to continue doing well over the next few years. The budget process is based on enrollment projections. East Bay was trending up a few years before the pandemic, reaching a high of about 14,500 and moving closer to 15. However, since the pandemic, the campus has faced enrollment challenges, and they are currently at about 10,961 students.

J. Carroll explains that they are doing the budget a bit later because they had to make adjustments. Initially, they anticipated about a 5% decrease in enrollment from the previous year. A couple of weeks ago, this number was about 7%, and now, with the semester underway, the real numbers show they are about 7.5% lower than last year. He sees opportunities for ASI to discuss and gauge what this means for the university and where the 7.5% impacts most. Transfer student numbers, which have always been strong, are about 4% up from last year, indicating that the transfer student population is doing well. However, first-time freshman numbers are lower, and there has been some stopping out and attrition from seniors. He suggests having the ADP of enrollment come in to share these numbers in real time. The 7.5% figure provides a broad perspective, which does not put them in the best scenario. With fewer students paying \$129.00, there is less revenue for the operating budget.

J. Carroll notes that it indicates 11,329 for the fall and 10,261 for the spring. There is a formula that most universities use, where spring enrollment numbers are always a bit lower, despite new students coming in and some students finishing their degrees in December or transferring out. The university uses a formula to account for this. They add the fall and spring numbers together and multiply by \$64.50 to get a more accurate account of anticipated revenue.

J. Carroll points out that the issue for ASI is that revenue is lower than the needed operating budget, meaning they would be operating in the red, with expenses greater than revenue coming in. This baseline is not ideal long-term, which is why they need to think about ASI's future. He notes that projections for 2024-2025 include borrowing about \$250,000 from reserves. They have managed to avoid borrowing at this level due to salary savings, lower expenses, and a strong investment portfolio over the last couple of years. This revenue from investments cannot be counted on in the operating budget, leaving it as an uncertain variable.

J. Carroll expects that the investment portfolio will likely remain steady, barring drastic changes. Unless economists project significant drops, he anticipates it will hold steady, although it will fluctuate. They have not been borrowing at such a high level recently. The projection for the operating budget is challenging, with an anticipated borrowing of \$292,000, about \$40,000 more than in previous years. Some slides will reflect this.

To accommodate these changes, **J. Carroll** outlines some reductions in the budget. They have reduced the presents budget programming by about \$62,000. The student scholarships, previously \$21,000, are reduced to \$10,000, meaning ten \$1,000 scholarships will be offered. Support for Hope Emergency Housing is reduced to \$8,500. Recognized Student Organization, club funding, seed funding, and cultural grant funding are reduced by about 5-7%. They tried to minimize these reductions but needed to reflect the decreased revenue. **J. Carroll** states that he will continue to discuss how to communicate these changes to clubs and organizations to clarify that the goal is not to take away but to adjust due to less revenue. Student travel funding, previously \$2,500, is eliminated for the coming year. Small areas of spending, such as supplies and basic expenses, are streamlined, although these adjustments do not provide significant savings. They try to consolidate where possible.

J. Carroll mentions that increases to the operating budget reflect the reality of doing business. Minimum wage for student assistants in California has been rising, and the California law now requires a \$20 minimum wage for certain food service companies. The broad minimum wage in California is \$16 and is anticipated to increase again in January. The California legislature has not yet voted, leaving some uncertainty. To remain competitive, they plan to raise student assistant wages to \$17.50 to \$19.50, depending on the role and position. Board scholarships increase from \$149,000 to \$156,000, partly due to a redesign of positions. The board had 15 positions previously; now, there are 17. This increase results in higher spending from last year to this year due to the addition of two board members. Long-term, there are savings due to collapsing the stand-alone Senate, which was struggling to fill, although this had a short-term cost impact. Travel costs have been minimized to key events, including CSSA, CSUnity, and CHESS. Efforts have been made to maintain costs, although gas and flights are increasingly expensive. Parking passes have increased to \$195 per semester, a small rise from last year. Staff will receive a 5% cost-of-living adjustment. ASI has tried to mirror the university's annual raises or negotiated increases with unions. Last year, ASI's budget was approved for a 3% increase, while the university provided 5%. ASI did not request retroactive adjustments but decided to align with the 5% increase this year, anticipating that the university staff and faculty will also receive a 5% increase. **J. Carroll** believes that maintaining this level of increase may be challenging for the 2025-2026 budget.

J. Carroll encourages the board to consider raising the student assistant pay, as the current board would need to vote on it this year. He reminds them that the incoming board cannot vote on raising their own pay, so it's essential to review this now. He suggests holding the student assistant and professional staff pay steady for another year, as the financial situation is uncertain. After that, the board can consider an increase to avoid putting too much strain on ASI's budget.

He continues by addressing retirement costs, medical costs, and benefits, which consistently increase by about 3-5% annually, depending on the type of benefit. These are non-negotiable expenses for ASI, as CalPERS retirement and Kaiser's rates are fixed, meaning the board must accept these costs.

J. Carroll then discusses cost recovery, which is the amount the university charges ASI and other campus auxiliaries for services like accounting, UPD, internet, IT, and facilities maintenance. This cost is based on a formula and is akin to paying "rent" for the square footage that ASI uses. This year, cost recovery went up by 5%, following a steady period post-pandemic and a smaller 2% increase last year.

He moves to the next slide, which provides a snapshot of the roll-up summary. This summary reflects that ASI's revenue from student fees is \$1.4 million, while operating expenses are \$1.7 million. The projected shortfall is \$292,000, which they may need to borrow from reserves. **J. Carroll** hopes that the shortfall will not be as high by the end of the year. ASI has streamlined its operations by consolidating six departments into four, aiming to simplify expenses. These departments include administration, government, presents, and communications. Administration covers administrative pro staff salaries, some student assistants, cost recovery, and operating budget expenses. Government includes programming support for clubs and organizations, scholarships for boards and students. Presents covers programming, while communications focus on student assistants, graphic designers, marketing, printing, and giveaways.

J. Carroll explains that most of the money in the administration budget doesn't directly impact students, but the money allocated to government, presents, and communications directly affects students through programming and services. He notes that, like most nonprofits, about 48% of ASI's operating budget is spent on administration, while 52%

goes toward direct student services. Although a 75-25 split in favor of student services would be ideal, achieving this is difficult. However, ASI aims to maintain or improve the current model, where more than 50% of student fees go directly back to student services.

J. Carroll begins by pausing for questions after sharing information from the previous slides. **N. Calara** raises a concern about the budget cuts, particularly highlighting his distress over reducing funds for the Hope and Emergency Housing program. He explains that the budget cut is \$16,500, approximately 66%, and emphasizes the importance of this project, as it helps current students who are unsure of their next meal or shelter. **N. Calara** hopes that, despite the financial reduction, there will be a collective ASI effort to find alternative ways to support the program through initiatives or productive conversations.

J. Carroll acknowledges **N. Calara's** point, explaining that the drastic cut was necessary to get closer to balancing the budget. He mentions that \$62,000 has already been cut from programming, so further cuts would have involved eliminating other programs or taking larger hits in other areas. He notes that some savings will be recouped from vacant board positions, which will help the situation.

J. Carroll also mentions his conversations with **Jennifer Luna** over the past two years. He says that although the Hope program is not foolproof and will continue to evolve, it has been relatively successful in meeting the demands with the funding provided, thanks to grants, donations, and support from the Chancellor's office. While acknowledging that more ASI funds would be helpful, he believes Hope has not been as high a priority due to its ability to manage with existing resources.

J. Carroll emphasizes the need for continued difficult conversations about long-term funding strategies. He mentions that ASI will conduct a major budget review to assess potential savings and project future budgets. At that point, the board can revisit the conversation and consider increasing the funding for Hope or other areas if there are sufficient savings. He explains that they have not done much of this reassessment in recent years but agrees that bringing it back for discussion is a smart approach.

M. Castillo states that he agrees with **N. Calara** and mentions that it is difficult to see the cuts they have had to make for so long. He thinks that, at some point, they may need a longer discussion. He mentions there are issues with the university, noting that they make, on average each year, close to \$100,000 from interest and investments, but are unable to include it in the budget. He suggests that if a policy were created to look at the average over the last four quarters, they could then allocate that money into the budget. He adds that they have been trying to implement this for the last four to five years, but it has never happened. He believes that since they are addressing this early in the process, it is a good time to discuss whether they want to move forward with such a policy, which could increase their budget.

M. Castillo also mentions that there is around \$4 million in reserves and suggests creating a policy that moves a set amount from reserves into the budget each year. He explains that this could provide additional flexibility during difficult financial times, allowing them to do more things without making harsh cuts to scholarships, programming, or other areas. **M. Castillo** emphasizes that it's important for everyone to understand what they are doing and make informed decisions.

J. Carroll mentions that in terms of reserves, the amount fluctuates but currently sits between \$4.6 and \$4.8 million. He notes that last year's reserve was \$4.46 million, and with an additional \$185,000, it is now at \$4.8 million. He explains that the process of managing this money is complicated because it goes back into a larger pot to meet their operating budget. **J. Carroll** agrees with **M. Castillo**, stating that there isn't a policy in place that allows them to automatically project revenue from these reserves.

J. Carroll also mentions that about \$3.2 million of the reserves must stay untouched for potential emergencies, such as a major catastrophe or closing as a 501C3, which would require payouts for retirements and severance packages. He explains that the remaining \$1 million can be used, but warns that if they continue to dip into the reserves every year, that amount will gradually decrease. **J. Carroll** projects that they have around four years of reserves, possibly longer if they stretch it out, but emphasizes that they need to manage it carefully. He adds that while the reserves can be used for the operating budget, they can also be allocated for significant contributions, like the East Bay letters project, which was a substantial investment.

J. Carroll suggests that the Finance Committee should explore longer-term strategies for managing reserves and developing a policy that would give them more flexibility. He believes it's essential to get clarity from the university regarding what they can and cannot do with the reserves but sees this as an opportunity for the board to develop a policy they can work within.

M. Castillo mentions one last point, reminding the group that the student fee has remained at the same rate for the last 15 to 17 years. He mentions past discussions about referendums to raise the fee in order to remain sustainable as minimum wage and other costs continue to rise. **M. Castillo** notes that it will be challenging to gain support for a referendum when they have such a large surplus, which is something they need to consider in the long term. He believes that at some point, they will have to address this issue because maintaining a flat fee while expenses increase will eventually become unsustainable.

A. Depappa mentions that during summer planning, they focused on ensuring they hit key points and show students that if a fee referendum is necessary, they are first keeping their promises and utilizing their current resources effectively. She emphasizes the importance of proving to students that the organization is using its resources wisely before asking for more. **A. Depappa** notes that while students are directly affected by limited resources, such as cuts to club funding, they need to see how the organization is doing its best with what they have. She encourages the group not to view the current financial challenges as negative, but rather as motivation to work harder and prove to the students that they are using their money efficiently.

L. Deguzman mentions that they are being told to try to make a fee referendum and asks if there are any suggestions on how much they should increase or what the plan would look like moving forward. **J. Carroll** explains that this would be two-fold. He states that it would involve internal discussion within ASI to do some planning. Then, he mentions that the information would be forwarded to CFAC, the Campus Fee Advisory Committee, which consists of board members, some students, university staff, and faculty.

J. Carroll further explains that CFAC is the next step in the review and potential approval process, where they would decide whether to support the fee increase. He mentions that ASI could present their plan and ideas, but CFAC might come back with suggested changes. Once that happens, he states that CFAC would work with the university president, President **Cathy Sandeen**, to determine whether they could send it up for a referendum.

J. Carroll outlines a few steps in response to **L. Deguzman**'s question about planning and projections. He explains that the first step would be cutting down and mapping out options. He emphasizes the importance of knowing what is needed to operate in the black. The second step, he mentions, is putting together different options to achieve that, such as staggering an increase over multiple semesters or years, or having a one-time increase. He explains that there are pros and cons to each option. For example, increasing the fee all at once or staggering it out over time has its benefits, but staggering could leave them operating in the red for a few years, though it might be an easier path for some.

J. Carroll mentions that another argument would be a deep dive into their services. He suggests looking at what they are currently providing, what they want to stabilize, and what they could do differently or more of. He emphasizes the need to get input from students on what they are willing to pay for. He continues by breaking down the three main components of the plan: the fee increase itself, how they would implement it, and the conversation about student input. He mentions that auxiliaries that have received referendums in the past five years have built in a cost that allows for nominal fee increases based on cost of living and consumer price indexes. He explains that if a 2% increase is needed, they could implement that as long as they are transparent about what it is for, noting that they cannot raise fees without justification.

J. Carroll expresses that if they have a one-time fee increase, it would likely prevent the need for another referendum, barring any major circumstances. He believes that in most cases, after such an increase, they may never need to hold another referendum. He goes on to explain that the current challenge is the double burden of declining enrollment and rising operating costs. If they were only facing one of these factors, it would be more manageable. However, he anticipates that things will eventually level off, and they will find a new stable amount for their budget, which is something the university is currently working on. He concludes by emphasizing the importance of either delivering those services or building that information into the longer-term conversation.

M. Castillo addresses **L. Deguzman's** question by stating that it will take a lot of discussion, but provides a quick answer. He explains that they are short by about \$292,000, and if that amount is divided by the calculated number of enrolled students, it comes out to approximately \$14 more per student to make up the difference. **M. Castillo** notes that once they determine how much money is needed to run the program and what has been cut that they want to add back in, they can divide that by the number of enrolled students to figure out how much to charge each year. The difference between the amount they need to charge and what they are currently charging will give them the amount to request for the referendum.

M. Castillo asks if there are any other questions and then provides a roll-up summary, explaining that it takes every category where money is earmarked and lists the four departments. He notes that the totals can be seen in the spreadsheet and encourages everyone to review it more closely if they want to understand how those numbers are figured out or what is included in those costs. He is open to having further conversations to clarify as needed.

He moves on to future budget conversations, mentioning discussions about the fee increase and reserves. **M. Castillo** highlights the importance of continuously evaluating their programs and services, asking what they are doing, what they should be doing, and what students want. He emphasizes that even outside of a referendum, this evaluation should be ongoing. He suggests that the board should always be thinking about what students want from their services, citing examples like whether students care about free scantrons or if there are programming preferences that need to be adjusted.

M. Castillo acknowledges that it can be difficult to gauge student preferences because sometimes people express interest in something but don't show that in real time. However, he insists that these are essential conversations to continue. He also mentions that while it may not provide significant financial relief, they are working with University Advancement to establish donation accounts where alumni or others can donate money to ASI for specific purposes, similar to an investment portfolio. Though it won't bring in millions, **M. Castillo** believes that a couple of thousand dollars here or there could help smaller initiatives, such as funding leadership opportunities or sending more students to conferences. He concludes



by stating that these donation accounts will be launched sometime in the fall, and they are just waiting to finalize the account numbers.

45:02

VIII. SPECIAL REPORTS
No special report.

45:09

IX. ROUND TABLE REMARKS
No round table remarks.

45:21

X. ADJOURNMENT at **12:50 PM**

Minutes reviewed by:

President/Chair of the Board

Erick Loreda

Minutes approved on

10/23/2024

Date:

510.885.4843



associated.students@csueastbay.edu
www.csueastbay.edu/asi



25800 Carlos Bee Boulevard
Old Union #314, Hayward, CA 94542

