AMS LONG TERM FINANCIAL PLAN
PREPARED BY VP FINANCE, MATEUSZ MIADLIKOWSKI
CONTENT

• Current Situation
• Financial Structure
• Fees and Funds
• Businesses and Investments
• Operating Budget
• Solutions
• Health and Dental
• Moving Forward
CURRENT SITUATION

• Projected budget deficit of FY15/16: $100,000

• Projected budget deficit of FY16/17: $450,000
  • Ceteris paribus

• Initial budget surplus of FY15/16: $230,000
  Reasons:
  • Businesses’ Net Contribution projected decrease of $332,600
  • Increased Expenditures
  • No more Transfers to the Budget from Funds (FY15/16 $342,000)
  • Lack of financial flexibility
AMS FINANCIAL STRUCTURE OPERATING BUDGET

- **Revenues**
  - Student Fees
  - Businesses
  - Investments

- **Expenditures**
  - Programs and Publications
  - Student Government
  - Services
  - Businesses Overhead: Direct and Indirect
  - Funds Allocations

Operating Budget = Revenues - Expenditures + Transfers from Funds
FEES AND FUNDS
STUDENT FEES

All fees have a restricted purpose and cannot be spent accordingly to needs.

General Membership Fee:
$38.44 per Member (48,000)
9% of All Fees
Funds

- Total accumulation of non-discretionary funding in funds: $11,716,874.06

Including large funds:

- CPAC
- SUB Repairs
- AMS Endowment
- Health and Dental
- Etc.

All funds are restricted due to past referenda, bylaws and code.
### SOURCE OF MONEY IN THE FUNDS

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<thead>
<tr>
<th>FY2014/15</th>
<th>A.M.S.</th>
<th>PER STUDENT ALLOCATIONS</th>
<th>EVENTS</th>
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<td>$167,696.25</td>
<td><strong>SUB MGMT RESERVE</strong></td>
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<td>15% OF ASSETS</td>
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**TOTAL**: $1,970,390.08

**DONATIONS**: $500,000.00

**INTERNAL**: $1,000,000.00

**EXTERNAL**: $2,000,000.00

**SUPERFUND FROM SASC**: $500,000.00
GENERAL MEMBERSHIP FEE

Discretionary income

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<th>Year</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
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<th>FY09</th>
<th>FY10</th>
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<th>FY13</th>
<th>FY14</th>
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FY16
BUSINESSES AND INVESTMENTS
Budgeted Businesses’ Net Contribution FY16:
- $350,000
- 15% of total operating budget

Reforecast Businesses’ Net Contribution FY16:
- $17,500
- 1%

Net Business Contribution = Revenue - Overhead
OPERATING BUDGET
INVESTMENTS

- Restricted to safe and low return investments
  - Bylaws and code

- Stable source of income
  - FY15/16: $350,000
  - Always on budget
SOLUTIONS
DECREASE OF FUNDS FEES AND REALLOCATION

Examples of changes to funds:
- Accumulated funds e.g. Bursary Fund
- High fees e.g. Resource Groups, CPAC
- Move the $ per student to Membership Fee

Note: No dedicated fee does not mean no funding for projects and operations.
  • Needs based funding

Problems:
• Real fix?
• Publicity and reasoning
• Honouring commitments
• Added flexibility but still restrictive
SEXUAL ASSAULT SUPPORT CENTRE

- E.g. of a problem with restricted fees
  - What happens if more need than fee?
  - What happens if less need than fee?
RESOURCE GROUPS

FY15 FY14 FY13 FY12 FY11 FY10 FY09 FY08 FY07

$50,000.00 $100,000.00 $150,000.00 $200,000.00 $250,000.00

*** RESOURCE GROUP RESERVE ***

ALLOCATION
EXPENDITURES
SPECIAL BURSARY

<table>
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<tr>
<th>FY01</th>
<th>FY02</th>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
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***AMS SPECIAL BURSARY/EMERGENCY AI
COMPLETE OVERHAUL OF FEES

• Abolish current structure
• Larger Fees with broader restrictions
• Grouping categories together
• E.g.
  • General
  • Student Life
  • Student Aid
  • Capital
  • Etc.
• Possibilities of no change in fees, increase, decrease
• Accountability and Flexibility
• Ability to honor financial commitments
INCREASE GENERAL MEMBERSHIP FEE

AMS Fee
$38.44

Successful
Referendum

AMS fee $38.44 + x
HISTORY OF FEE CHANGES

• History of Student Fee referenda
  
  • 2011- initial budget cuts, fee referendum- complete overhaul
  • 2014 –initial budget cuts- fee referendum- decrease of CPAC, Services and External
    • Prior to the change Services and External fee was included in Operating Budget thus the decrease from CPAC had any effect on the Operating Budget
  • 2014- Brewery fee
  • Ongoing changes to allocations through Code of Procedures
REVIEW OF BUSINESS MODEL

- Complete review of business model
- Costs and revenues associated with running businesses
- Profitability
- Purpose
- Possibility of revenue increasing in the future (FY16/17)
  - Net Contribution increase
  - No more initial costs associated with opening new businesses
OVERFLOW OF FUNDS TRANSFERRED TO OPERATING BUDGET

• Set up limitations on each fund (max and min)
  • Remaining Funding transferred to Operating

• Problems:
  • Logistics
  • Limitations
  • Quick fix
  • Possibility of transferring funds to funds
    • Creation of larger deficit
RUN A DEFICIT AND HOPE FOR THE BEST

• ...

• ...
• Fee Restructure (no change or increase)
  • Complete overhaul
  • Decrease of particular Fund Fees and increase of Membership fees
  • Increase of General Membership Fee
• Overflow of funds transferred to Operating Budget
• Review of business model and overhead
• Run deficit and hope for the best

Possible negative consequences of all possible solutions
Possible opportunities for long term stability
HEALTH AND DENTAL
PROPOSED REFERENDUM QUESTION

- Do you support the following modification to the fee structure of the AMS/GSS Health & Dental extended health plan?

- At minimum, the AMS/GSS Extended Health & Dental Plan fee will increase by 0% or by a percentage equal to the increase the Health portion of the Consumer Price Index of the previous year, whichever is higher.

- An increase in excess of this minimum percentage and up to 5% annually may be made if approved by a 2/3 resolutions of both AMS Council and the GSS Council, provided that a recommendation for such an increase is made by the AMS/GSS Health & Dental Plan Committee.

- If in any given year, the Consumer Price Index increases by more than 5%, that Consumer Price Index shall be the rate at which the AMS/GSS Extended Health & Dental Plan fee will increase.

- The recommendation made by the AMS/GSS Health & Dental Plan Committee regarding fee increases will reflect the financial status of the plan as well as any coverage changes in the plan.
• 38,000 members of the AMS are covered under the Health and Dental Plan

• Current Situation:
  • Tied to Personal Component of BCCPI
    • Does not reflect changes of students’ patterns
    • No credible metric available
  • Gap between premium and cost: $1.74 (0.7%)
    • No possible positive changes to the plan
  • Claims per capita increase 11.9% compared to cost increase 0.79% and BCCPI rate 0.7%
    • If trends continues the current plan will be unsustainable
SUMMARY

• Any fee restructure requires an approval from membership through a referendum
• Current situation of the Society is unsustainable in the long run
  • Fluctuating Business Contribution- possibility of FY16/17 being a good year
  • Restricted Funds
  • Increased activity and membership numbers created need for more funding
• Many solutions available each brings challenges and opportunities
MOVING FORWARD

Consultation Period:
28th - 9th of February, 2016
Nest 3526 M-F 1pm-2pm + office hours
vpfinance@ams.ubc.ca

Final Report sent by February 3rd, 2016

Final Decision Council meeting February 10th, 2016
Board of Directors (Council) shall make a decision moving forward.