Budget Supplement
For the fiscal year beginning May 1, 2009 and ending April 30, 2010

Prepared by:
Tom Dvorak, Vice-President Finance 2009-2010
with the generous assistance of the AMS Budget Committee & Staff
Table of Contents

Opening Remarks

Acknowledgements

Revenues

Non-Discretionary Transfers & Discretionary Income

Discretionary Transfers

Expenditures

Fund Withdrawals

The Budget Process

Recommendations
Opening Remarks
Just prior to this budget being completed, Swiss tennis player Roger Federer won his 15th Grand Slam title at the 2009 Wimbledon Championship, beating American opponent Andy Roddick in the longest match in Grand Slam history. What made this match so exciting and memorable was the notion of setting records in terms that were barely considered before.

The AMS budget is similar in that it too is setting records. This past year our business operations surpassed $1,000,000 in net contribution, and this coming year forecasts an ever-increasing trend in our revenues and expenditures. This Budget Supplement provides an overview of our society's finances, touching on key structural areas, as well as presenting financial trends and providing recommendations for the future. It is the sincere hope of Budget Committee that the financials presented are clear and easy to understand. Please do not hesitate to follow up with any questions that you may have.

-Tom Dvorak, Vice-President Finance 2009-2010

Acknowledgements
Formulating this year's budget was a lengthy, delicate process. I'd like to formally recognize the contributions of my fellow members of the AMS Budget Committee:

- Ben Cappellacci, Member at Large
- Joel Mertens, Senate Councillor
- Dia Montgomery, Law Councillor
- Johannes Rebane, Vice-President Academic (Chair)
- Klazina van den Berg, Member at Large
- Kyle Warwick, Arts Councillor

Also, our administrative support staff have been an incredible help throughout this process. I’d particularly like to thank Henry Chen, our Treasurer & Controller for his assistance. Henry has an intricate understanding of the full scope of AMS operations, and despite my best efforts, I was unable to stump him with even the most detailed and granular of questions.
Revenues

Net of business expenses, the AMS will collect close to $14 million in revenues in the 2009-2010 fiscal year. This represents a sharp increase over past years, which can be attributed to a new student fee incepted last year in order to raise money for a new Student Union Building. Despite a global economic meltdown, our Treasurer & Controller Henry Chen has forecasted only a slight drop in investment revenue for the year. This is thanks to his impeccable management of our finances, with many investments placed in long-term holdings that are still unaffected by the recent slump in the markets. All other revenues are climbing roughly in line with student enrollment at UBC.

Non-Discretionary Transfers & Discretionary Income

As you can see, there is clearly a great deal of revenue flowing into the AMS. That being said, much of it is earmarked for specific uses, meaning that non-discretionary transfers must be made. For example, Undergraduate Fees are transferred to the appropriate accounts that are hosted at the AMS, and Health & Dental Plan Fees are transferred to the Health & Dental Reserve Fund. Once all of these financial obligations are met, we are left with a discretionary income, which for the coming year is $1,990,500.
Discretionary Transfers

Outside of the operating budget, AMS holdings are stored in a number of different reserve funds. Think of the operating budget as the money you carry in your wallet on a daily basis, and the reserve funds as your bank account. At the end of each fiscal year, budget committee will decide how to allocate money to and from these reserve funds. If there is a year-end surplus, that surplus will be allocated to the funds. If there is a year-end deficit, money will be taken from these funds to cover it. This year there was a $429,000 surplus to allocate, which was distributed as seen on the right. This surplus was created through unprecedented performance from our business operations, as well as underspending in some areas of the society.

Expenditures

This coming year, the AMS plans to spend over $2.4 million on various parts of its operations. This nearly $200,000 jump from last year’s budget can be attributed to growth in programs, expansion of current positions and salaries, new hires, and the establishment of a new Human Resources Department. The breakdown shown on the left represents the 3 areas of the society that we are responsible for creating as the Student Government, as well as our portion of Administration & Information Systems. The cost of this support overhead is split evenly between this budget and the Business Operations budget, and includes most of our full-time office staff, as well as our IT Department. With comparison to last year’s budget, Student Services is seeing little to increase, with the remaining three areas being almost evenly responsible for AMS budget growth. It is budget committee’s hope that this growth will taper off in years to come.

Fund Withdrawals

Now for those paying close attention, you’ll notice that our expenditures of $2,400,000 exceed our discretionary income of roughly $2,000,000. This difference is made up by withdrawals from the reserve funds mentioned earlier. Some funds have money restricted to specific initiatives, while others are not as stringent in how spending is directed. Also, some of these funds are replenished on an annual basis through student fees, while others are only topped-up in years when
there is a budget surplus to allocate through budget committee. Below is a listing of how the budget has been balanced with use of AMS reserve funds for this year and over the past 2 years. Of particular note is the sharp increase in withdrawals from non-replenished funds in order to cover growing expenses. This represents a structural deficit that is unsustainable in the long term, and is of great concern to this year’s budget committee.

### The Budget Process

Budget Committee began meeting at the end of April this year and went through the following actions in order to prepare this budget.

- **Goals & Principles:** Budget Committee identified a focus of spending being “on-mission” to enhancing student life. Financially sustainable choices were given great weight with different consideration for one-time versus perpetual expenditures. Finally, there was a focus on avoiding pessimistic precedents in terms of what departments can achieve with limited resources.

- **Preliminary Budget:** A call went out to departments to submit preliminary projections for the coming year. Where there were uncertainties, inferences were made from the previous year’s actuals. Along with the kind assistance our Treasurer & Controller, these estimates were combined with student fee and business projections to form the preliminary budget.

- **Consultation:** All Student Government, Student Services, and Programs & Publications areas were sent a budget template with their previous year’s actuals, and asked to submit a “wish-list”. The Vice-President Finance met with these departments personally and brought these budget proposals to Budget Committee for consideration. These budgets were then modified and sent back to departments for optimization where required. Also, some clerical errors were found in the main budget document which were painstakingly corrected by the Vice-President Finance and the Treasurer & Controller.

- **Finalizing:** Final tweaks and cuts were made to the budget before being finalized, formatted, and submitted to Budget Committee and AMS Council.
Recommendations

Having spent the last few weeks pouring over this budget, the committee feels that there are some key areas for the AMS to focus on. These include:

I. **Structural Audit:** Budget Committee would like to engage in a society-wide audit in order to drill down into some identified areas where resources could be allocated differently. The committee would report back to council by end of November with its findings and further recommendations.

II. **Student Fee Referendum:** This recommendation is quoted directly from the budget put together by Brittany Tyson, Vice-President Finance 2007-2008. The need for this action becomes more pressing as time goes on, particularly with business operations nearing capacity. “As has been noted in the past, the cost to the AMS of operating our student government, services, and programs & publications continues to grow, while revenues from student fees begin to stagnate as FTE stabilizes. The Budget Committee therefore recommends that the AMS investigate the feasibility of initiating a referendum to index our student fees to the Consumer Price Index (CPI).”

III. **Promote Volunteerism:** Many of the increased costs this year are due to pay-scale increases and beginning to pay all student staff on salaries or wages as oppose to honoraria. With a growing involvement base, this represents a significant obligation for the AMS. Budget Committee suggests exploring ways to involve a stronger volunteer base in key AMS operations. Undergraduate societies generally operate on a purely volunteer basis, therefore strong consultation with AMS constituencies is suggested.

IV. **Seize new business opportunities:** Budget committee suggests a review of some business opportunities. While this may seem like a sensitive ways of “lets make more money”, there are some key areas that have been identified. For example, right now the some undergrad societies don’t cater their meeting using AMS outlets because they’re able to find more affordable catering elsewhere. Perhaps some special internal pricing could be arranged. This would be a project for the Business Operations Committee to undertake.