Date: May 26, 2005

To: Vice Presidents for Administration/Business Affairs
   Business Managers

From: Colleen Nickles, Senior Director
      Financing and Treasury
      Business and Finance

Subject: 2005/06 Student Union Operating Budget – for Unions with Senior Debt Obligations

We apologize for the delay in transmitting the Student Union Operating Budget (for unions with senior debt) for fiscal year 2005/06. We waited to finalize this memo so that we could incorporate the debt service payments for campuses affected by the recent issuance of the Systemwide Revenue Bonds, Series 2005A and 2005B. Attached are the 2005/06 student union operating budget notes, instructions, and data summary schedules. The requirements of this budget package are designed to assure compliance with covenants made by the Trustees for bonds issued to construct student union facilities on your campus. We ask your assistance in the preparation of the budget and obtaining approval of the proposed budget by the student union governing board and campus president prior to its transmittal to this office. Please submit the completed budget package to Financing and Treasury by July 5, 2005.

Student union lease operators may continue to maintain local funds for a working capital and contingency reserve. The campus may maintain a maximum reserve of 35 percent of current year (2004/05) expenditures in addition to one-half of any proposed 2005/06 capital expenditure level. Schedule 2 provides a worksheet to assist in the preparation of these computations.

In an effort to expedite the return of operating funds to the campus auxiliary, requests for the full return of surplus revenue funds must be submitted with the budget package using Attachment B format. Upon review and approval of the operating budgets and the receipt of the State Controller’s July tab run, the auxiliary organization will be sent up to 75 percent of the cash balance in the Revenue Fund for operations pursuant to budget requirements. It is anticipated that these monies will be received by the auxiliary around the third week in August, if our office receives a complete budget package by the July 5th deadline. If the initial return does not fully provide the campus’s approved level of funding, Financing and Treasury will release the balance of the approved return of surplus upon receipt of the bond audited financial statements which are expected in October 2005.

The attached union budget instructions have not changed nor been affected by the decentralization of certain other unions that have solely Systemwide Revenue Bonds (SRB) outstanding. Because your campus union has senior bonds outstanding, the budget process continues under the traditional budget review process.
A hardcopy of this memo with the attachments will be sent to the directors of the student union programs with outstanding student union senior debt. Questions regarding this budget process may be directed to Ms. Rosa H. Renaud, (562) 951-4570, in the Office of Financing and Treasury.

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Attachments