

FEE REFERENDUM

PROPOSED Associated Students of UC Davis (ASUCD) BASIC NEEDS AND SERVICES UNDERGRADUATE REFERENDUM

ISSUE

Effective fall 2020, do you approve a \$26 increase (25 percent of which will be used for Return to Aid) to the quarterly ASUCD Fee, followed by an additional \$8.00 annual increase to the quarterly fee to be implemented in Academic Year (AY) 2020-21 to AY 2029-30, with automatic CPI adjustments annually thereafter?

YES

A yes vote provides funding for the following:

- Maintain current ASUCD operations, services, and events that serve UC Davis students including but not limited to:
 - The ASUCD Pantry
 - Mental Health Initiative
 - Housing Advising for Undergraduate Students (HAUS)
 - The Coffee House
 - The Bike Barn
 - Picnic Day
 - Whole Earth Festival
 - Entertainment Council
 - Free Consultations with an Attorney Based on Availability
- Expand Cultural Days funding
- Expand Finance Council funding
- Mitigate potential price increases at ASUCD's commercial units (e.g. Coffee House, Bike Barn, etc.)
- Allow ASUCD to support student employee wage increases in accordance to the State of California mandatory minimum wage increase law (Senate Bill 3; Leno, Chapter 4, Statutes of 2016) that took effect on January 1, 2017.
- Transition 20 percent of ASUCD student employees from stipend to hourly pay as required UC Davis Policy and Procedure.
- Finance The California Aggie once the Aggie Initiative expires in June 2021

NO

A no vote supports reduction in student employment and services, to balance the ASUCD budget, potentially including but not limited to: (1) Campus Center for the Environment, (2) Coffee House, (3) CoHo BioBrew, (4) CoHo South, (5) Entertainment Council, (6) ASUCD's 15 minutes of Free Legal Services/quarter for every undergrad, (7) Cultural Days, (8) KDVS Radio, (9) the Office of the External Affairs Vice President, (10) the Pantry, (11) Whole Earth Festival, (12) Student Government, (13) ASUCD's Executive Office, (14) Mental Health Initiative, (15) Dream Committee, (16) International Undergraduate Student Committee, (17) Aggie Public Arts Committee, (18) Sexual Assault Awareness Advocacy Committee, (19) Gender and Sexuality Commission, (20) Academic Affairs Commission, (21) Ethnic and Cultural Affairs Commission, (22) External Affairs Commission, (23) Environmental Policy and Planning Commission, and (24) potentially more programs, services, jobs beginning the 2020-2021 fiscal year.

OVERVIEW

The first student association at UC Davis (currently ASUCD) was formed in 1915 to enhance the quality of student life by providing student services and opportunities for socializing and entertainment events. ASUCD represents all of the approximately 30,000 undergraduate students and is organized and operated exclusively for charitable and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. ASUCD exists as an official organized unit of UC Davis under the Division of Student Affairs governed by the UC Policies Applying to Campus Activities, Organizations and Students (PACAOS). The ASUCD business objectives are primarily designed to provide needed or desirable services and goods to the students, campus and surrounding community, while at the same time providing business experience and job opportunities to more than 1200 students.

ASUCD receives funding mainly through two (2) sources: (1) income from commercial activities (e.g., Coffee House, Picnic Day, Refrigerator Services, Sunset Fest by Entertainment Council, and the Whole Earth Festival) and (2) the ASUCD Fee allocation of \$8.00 per undergraduate student per quarter. These two sources of income are collected into ASUCD's general fund, and then distributed to the units and committees during Budget Hearings each Spring Quarter. Although other portions of the ASUCD fee has increased through referendum (e.g., Unitrans in 1999), the ASUCD allocation (\$8.00/quarter) has not increased since 1979. Factors such as inflation, higher

cost of goods sold, and the mandated minimum wage requirement have significantly increased ASUCD's operational expenses resulting in a structural deficit of approximately \$500,000 in Fiscal Year 2019-2020, which is projected under a business as usual model to increase by \$400,000 in Fiscal Year 2020-2021 and \$439,000 in Fiscal Year 2021-2022. In addition, ASUCD must transition 20 percent of its 1200 student workforce from stipend to hourly pay to comply with UC Davis Policy and Procedure with an estimated annual impact of \$1.6 million. Finally, with the Aggie Initiative expiring in June 2021, ASUCD is preparing to potentially absorb operational costs of the current Aggie Initiative fee. With the undergraduate population not expected to grow significantly in the next several years and operational expenses, mainly student salaries and cost of goods sold, continuing to increase, revenue from the ASUCD Fee and self-supporting income is not adequate for ASUCD to maintain its operations.

Currently, the ASUCD Fee is \$35 per quarter and is paid by all undergraduate students. The quarterly ASUCD Fee is allocated as follows:

- Unitrans: \$24.50
- **ASUCD: \$8.00**
- Educational Opportunity Program: \$2.00
- Cal Aggie Camp: \$0.50

This fee referendum will increase the ASUCD allocation only. Twenty five percent (25%) of the fee increase will support Return to Aid (funds provided for need-based Financial Aid) as required by UC policy. The increase will help maintain and improve upon the current level of ASUCD operations, services, programs, and events that serve UC Davis students.

As indicated by Table 1 below, the initial proposed increase to the ASUCD allocation is \$26.00 per quarter resulting in an increase in revenue of \$575,211 per quarter beginning in Academic Year 2020-21. The ASUCD allocation will increase by \$8 per quarter each year thereafter through Academic Year 2029-30. Should this referendum pass, beginning Academic Year 2030-31 and beyond the ASUCD allocation will be automatically adjusted annually by the consumer price index (CPI) escalator used by the Council of Student Affairs and Fees (COSAF).

The proposed ASUCD allocation increases will allow ASUCD to support student employee wage increases in accordance to the State of California mandatory minimum wage increase law. Moreover, this fee would allow ASUCD to maintain an appropriate operating reserve to permit ASUCD the ability to buffer future years from unexpected costs without impacting student employment and services. Lastly, the fee increase includes a 25% Return to Aid that will provide financial aid for those undergraduate students with the

greatest financial need. If the proposed ASUCD allocation increases are not approved, ASUCD will not be able to fund its projected structural deficit in Fiscal Year 2020 - 2021, to transition 20 percent of its workforce from stipend to hourly pay as required by UC Davis policy (approximately \$1.6 million per year), and to provide The California Aggie in paper print for the campus after June 2021 (approximately \$250,000 per year). As a result, ASUCD may have to significantly increase its prices of services and products provided at its commercial units (e.g. Coffee House, Bike Barn, etc.) and reduce or eliminate a substantial number of its approximately 1200 student workforce to balance its budget.

The passage of this referendum will require voter turnout equal to at least twenty percent (20%) of the undergraduate student population and at least a sixty percent (60%) affirmative vote for approval.

If approved, the fee increases outlined in this referendum will be effective Fall Quarter, 2020.

Fiscal Year	ASUCD Fee Increase	Return to Aid (25% of Total Increase)	Total Fee Increase (accumulated)	Projected Quarterly ASUCD Revenue Increase (ASUCD Fee only)*
Current Allocation	\$0.00	\$0.00	\$8.00	\$0.00
2020-2021	\$19.50	\$6.50	\$34.00	\$575,211
2021-2022	\$6.00	\$2.00	\$42.00	\$176,988
2022-2023	\$6.00	\$2.00	\$50.00	\$176,988
2023-2024	\$6.00	\$2.00	\$58.00	\$176,988
2024-2025	\$6.00	\$2.00	\$66.00	\$176,988
2025-2026	\$6.00	\$2.00	\$74.00	\$176,988
2026-2027	\$6.00	\$2.00	\$82.00	\$176,988
2027-2028	\$6.00	\$2.00	\$90.00	\$176,988
2028-2029	\$6.00	\$2.00	\$98.00	\$176,988
2029-2030	\$6.00	\$2.00	\$106.00	\$176,988
2030-2031	+CPI*	\$TBD	\$TBD	\$TBD
2031-2032	+CPI*	\$TBD	\$TBD	\$TBD
2032-2033	+CPI*	\$TBD	\$TBD	\$TBD

* Projected increase amounts are based on undergraduate enrollment of 29,498 from FY 2019-2020 with no increases for future years.

Advisory Vote – The outcome of the vote shall be advisory to the Vice Chancellor for Student Affairs, the Chancellor, and the President of the University of California.

Voting – “Minimum voting pools” have been determined in accordance with University regulations. A minimum voter turnout of twenty percent (20%) of the undergraduate student population is required for a valid vote. The exact number of undergraduate students required will be provided by the University Registrar in advance of the election, and will be based on the Winter Quarter 2019 census data. In addition, this referendum requires ratification by at least sixty percent (60%) affirmative vote for approval.

Oversight – Oversight of the fee is provided by the COSAF. In addition, ASUCD’s annual budget process involve active participation and review from: (1) the ASUCD Management Team (consisting of the President, the Internal Vice President, the Controller, the Vice Controller, and the ASUCD Business Manager), (2) the unit and committee directors, who, along with their adopted ASUCD Senators, determine estimates of income and expense each year and prepare budgets for their units or committees respectively with the ASUCD Management Team, (3) the Media Board which derives its authority from the Vice Chancellor of Student Affairs, (4) the ASUCD Senate, which approves the budget with a two-thirds vote in addition to approval by the ASUCD President, and (5) the ASUCD Executive Advisory Council which serves in an advisory role for multiple facets of ASUCD.

Life of Fee – This fee does not have an “expiration” date and will continue to be assessed unless altered through referendum or other permissible action.

Adjustment of Fee – Subsequent to the annual increases beginning in AY 2020-21 to AY 2029-30 listed above in Table 1, the ASUCD allocation will be automatically adjusted annually by the CPI escalator used by COSAF beginning AY 2030-31. Other than the CPI adjustment, any additional increases not previously stated in this referendum would require a future referendum or other permissible action as specified by University of California and UC Davis policies and procedures.

Use of Funds Derived from the Fee – This fee will support student employee wage increases necessary to maintain compliance with California minimum wage laws while maintaining current ASUCD services that are essential to student life on the UC Davis campus. In addition, the fee increase will also allow ASUCD to gradually transition 20 percent of its 1200 student employee workforce from stipend to hourly pay to comply with labor laws and UC policy, an estimated increase in ASUCD’s operational expenses by

approximately \$1.6 million per year. Furthermore, the referendum will allow ASUCD to continue to provide The California Aggie (approximately \$250,000 per year) in print form for the UC Davis campus without pursuing another referendum after the Aggie Initiative expires in 2021. Moreover, this fee would allow ASUCD to maintain an appropriate operating reserve to permit ASUCD the ability to buffer future years from unexpected costs without impacting student employment and services. Lastly, the fee increase includes a 25% Return to Aid that will provide financial aid for those undergraduate students with the greatest financial need.

Return to Aid Funds – Twenty five percent (25%) of the total proposed fee increase will support financial aid for those undergraduate students with the greatest financial need.