

# **Cover Letter**

# **Budget**



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## **I. Budget Structure**

The budget is structured into two departments called *Core operations* and *Service operations* which in turn are divided into units.

The JSU Board has made this difference as the Service Operations shall be financially independent of the rest of the organisations and its income sources. This means that income from the membership fee shall not pay for investments or pay for the daily operations of the service operations.

**Note:** The part of the membership fee which the Student Associations receives are not included here and yields a total of: 298 980: -

### **I.1 Budget sheets**

#### **I.1.1 Final result**

This is the first page you find in the budget, and it gives an overview of the final result of JSU.

The total income of the membership fees can be seen here, and it is presented on this page to show that the membership fee is supposed to cover the cost of the core operations of 3 different units.

The membership fee is not the only income the union has but every other income, except for the income from SESUS, can be tied to a specific unit and is therefore presented under that unit. It has not yet been decided if the income from SESUS shall cover any cost of a specific unit and is therefore presented together with the membership fee.

Depreciation is also shown on this page and note here that depreciation is a cost that from a liquidity standpoint has already been spent during previous years. For example, a new car was purchased during the operational year of 21/22, and we have paid the full amount of 260 000: - to the company so in terms of liquidity that money is no longer in our account and no more money will be taken from our account in the future.

Depreciations are mainly used in bookkeeping for tax reasons but as a non-profit organisation that reason is not applicable, and we use it to show that certain costs affect the organisation in the long term.

#### **I.1.2 Core Operations**

The first department is divided into 3 units and is presented on a different sheet as the budget posts in each budget vary.

##### **1. Student Influence**

This unit concerns the income and cost that are directly related to operations performed to achieve the Student Union's main purpose: an active student influence within the student questions (education, work environment, equal conditions, integration, housing). For example, income and expenses for the remunerated presidents and vice-president are included here together with various committees and the JSU Board, as all of them directly perform work within the student questions.

## 2. Support Functions

This unit concerns the income and cost which relates to the operations which are needed to support a stable student influence. For example, the Union needs to keep a bookkeeping and have a good communication with its members as well as other stakeholders. There is also a need for office facilities, computers as well as other IT support to enable the work with the student influence. To summarise, these are the incomes and costs which relate to keeping the organisation running and ensuring a stable student influence.

## 3. Study Social

This unit concerns the incomes and costs which relate to the study-social initiatives by JSU and the support from JSU to sub organisations. The Student Union arranges, or coordinates set events per year under normal circumstances, which are the two kick-offs, the kick-off festival and Valborg. The Kick-Off festival is this year budgeted as a plus-minus-zero event and therefore the number is 0 in the budget frame, under the Kick Off Festivals project budget you can see the cost and incomes in relation to this event.

### 1.1.3 Service Operations

The Service operations are divided into two units, Rio and Akademien, which are placed on the same sheets as the budgets post are very similar.

## 1.2 Project Budgets

In the proposed budget some budget items are marked light green. This means they are so-called project budgets, and it means that the budget item has an individual budget in turn. For example, the budget item of Presidium is marked green and is budgeted at – 9 580: -. This budget item has an individual budget, called project budget, where it is specified what these 9 580: - shall be spent on.

The individual budget for Presidium looks as follows:

	Presidium
Profile clothes	-1 020
Meeting Cost	-2 160
Teambuilding	
Representation	-6 400
Super teambuilding	
Travel	
Other	-500
<b>SUM</b>	<b>-9 580</b>

If an income is directly related to a specific budget item which are classified as a project budget that income is showed in the individual budget and not in the budget frame. It is only the end result of the project budget that are presented in the budget frame. In the example above there are no directly related income to the presidium so it's only a cost item that needs to be covered fully by membership fees.

The Kick Off is another example where there are direct incomes related to the budget item. JU contributes 270 000 to the kick offs each year and we have sponsors contributing as well as other smaller income sources. In this case, the incomes are budgeted to be larger than the cost and therefore is the Kick Off presented as an income of 59 800 in the budget frame. (Note: the remuneration for the Project Leader is not included in the kick off's project budget so, in the end, the Union does not make a profit from the kick-off)

The Project budgets can be found on separate sheets in the budget proposal.

### **I.3 Salaries**

The salaries and remunerations and other costs related to the salaries of the employees and the remunerations are presented under the budget items *salaries*, *pension E* and *social fees E*. These are structured so no individual employees' salary is visible. This is as the individual salaries can be sensitive personal information. In addition to this, some employee costs are distributed between the different departments and units according to what they spend their time on.

**Note:** There are some budget items that show a positive or neutral result but it is important to remember that these activities result in salary or remuneration costs.

This applies to the following budget items:

- Profile clothing
- Student service
- Kick off
- Kick off Festival
- Trips IAC

## 2. Comments

### 2.1 Result Core Operations

The proposed budget's result for the *Core operations* in 22/23 is -175 997, where -73 931 are depreciations and -102 046 is the amount that we, in terms of liquidity would have to cover at the end of the year with savings from our bank account.

For comparison: This operational year's budget (21/22) result was calculated to be 33 995 and before depreciations of -44 556, it was 70 551.

The Board would like the members to note here that in our proposal we could have adjusted certain budget items so the budgeted result could have looked like a "0-budget".

However, we chose not to as there are several alternatives to solve the issue of a minus budget and even if the board has its recommendation, we wanted to be transparent with what the alternatives are and believe it is up to the Annual meeting to decide upon those alternatives.

The board has presented different alternatives and has explained some important factors affecting this year's results.

#### **Why is the budgeted result negative?**

The major factors affecting this year's result negatively (these are budget items that has increased the cost or decreased the income compared to this year's operational budget):

<b>Factor</b>	<b>Result</b>
We are expecting fewer students* which leads to a decrease in membership fees.  *(there have been extra students admitted during the pandemic as the number of spots was temporarily increased)	Income decreased by: 86 910
Excepting a lower positive result in student service this year  Note: salary cost has increased	Income decreased by: 20 500
Expected a lower income from trips  Note: salary cost has increased	Income decreased by: 7 000
Fixed cost, such as bank transactions and rent has increased.	Costs increased by: 25 000
Physical culture days are back.	Costs increased by: 20 000

Salaries have increased by a total of 1,8% within the core.	Costs increased by: 75 000
Salaries has increased as staff who previously was on parental leave are back, and a higher distribution of their time are spent on study social activities	Cost increased by: 150 484
Fuel is more expensive	Costs increased by: 10 000

The major factors that have a positive effect on the result (these are budget items that has increased the income or decreased the cost compared to this year's operational budget):

<b>Factor</b>	<b>Result</b>
Some grants from JU have been increased (yearly of 2% )	Increased income of: 32 000
Expected to sell more profile clothes Note: salary cost has increased	Increased income of: 3 500
Remunerations are less this year due to that 6 out of 7 remunerated positions are first years and the remuneration for the first year are less (this is still including the yearly increase)	Decreased cost of : 7 000
Spending less on equipment in PR this year	Decreased cost of : 28 500

Factors that could affect the result negatively throughout the year:

<b>Factor</b>	<b>Result</b>
The income from profile clothes (under the support function) are based on how many profile clothes are sold. If we sell less the income will be less and could increase the negative result.	Not possible to estimate
The Board believes we should look over the amount JUSA has to pay to the union as this is based on an outdated contract.	Estimation: decreased income of 50 000

The income from trips could also vary as it depends on how many trips there are and the amount of tickets sold.	Not possible to estimate
The result from Service Operations have been unpredictable the past years (regardless of covid-19). Read more under 2.2 Result Service Operations.	Not possible to estimate

**Important to keep in mind:**

1. This budget **does not** include any major investments. The budget describes the cost to uphold the current structure and operations.
2. Teambuilding and meeting costs might be overbudgeted, however as this is a relatively new budget structure, it is challenging to compare the current budget to historical ones. The board believes this does not have a major impact on the results unless it is completely removed.
3. The Union’s liquidity is good right now, which means we essentially have approx. 4.5 million in our account right now that can be viewed as savings or a buffer.

**Conclusions from the board:**

There is no single reason as to why the union produced a negative result on the budget this year, as compared to the previous operational year’s budget, which produced a positive result. This strongly concerns the board as it indicates our “usual” operations are yielding a negative result.

The board believes we can expect the same result and most likely worse in the coming years as prices and salaries will naturally continue to increase. We do not believe that the number of students at JU and thereby the number of membership fees will increase enough to cover future increased costs. The annual increase of JU’s grants will not be enough either.

We are also concerned that we do not have the flexibility to cover a potential decrease in income for profile clothes, student service and trips. Naturally, these numbers may vary but the budget shows we can’t afford that.

This year we also have more first-year remunerated. While generally, it is positive for the organisation if a remunerated chooses to stay another year, this budget indicates we won’t be able to afford that if the newly elected for the operational year 23/24 are re-elected.

**Possible solutions:**

We will leave possible solutions for the annual meeting to decide upon, but we have written the board’s thoughts on each of the options below. There also might be options that the board has not thought of.



### **1. Increase the membership fee.**

The membership fee was increased in 2019 from 310 to 330 for one single category while the other categories remained the same. Even if CSN has been increased slightly since 2019 the board does not believe this as a viable first option. CSN, even with the increase, is still a limited income. Increasing the costs to students every time the Union's costs increased would be unrealistic as their incomes do not follow the same development. There is still of course a limit to this where the union would have to remove some or large parts of the organisation if the fee is not increased but we think it realistic if we look over the organisation first and in the end, it is up to the students what operations the union should do and how much students are willing to pay for it.

### **2. Permanently decrease some of the budget items that are easily adjusted.**

What the board classified as easily adjusted, are the costs the union has complete control over and has no drastic impact on the organisation from a short time perspective. For example how much money we spend on teambuilding, office material, emergency reserves, kick-off and remunerations. The examples mentioned are budget items the board believes should be adjusted last, potentially even after increasing the membership fee.

The union is built on the principle that its students work for students and reward volunteers. Avoiding a decrease in the kick-off budget or removing any of the remunerated positions are things we think should be highly prioritized.

Some examples of items we believe are more difficult to adjust are rents, bank transactions, computer costs and salaries.

### **3. Permanently decrease some of the budget items that are more difficult to adjust.**

Examples of items we believe are more difficult to adjust are rents, bank transactions, computer costs and salaries as they have an immediately major impact on the organisation. For example, if we decided to lower the cost of rent, we have no office which will have a great impact on how and if we can conduct our operations.

The board believes this should be the first option to investigate, however, these budget items are closely interlinked with the core operations operated by students and in order for volunteers and remunerated to do their job and for the union to function, most of these costs are necessary. We believe a more thorough investigation is needed to see where we can be more effective with our money. The board cannot make any recommendations as of today on which budget items could be decreased or removed.

### **4. Adjust some budget items for this year and investigate the situation closer to try and find ways of increasing the income or decreasing the costs.**

We believe that this would only be a quick fix and won't solve the actual issue. It is also a good reminder visually to have a minus result when the board is working with the budget throughout the year.

We strongly believe we should work with trying to decrease the costs throughout the year, but we would still prioritize the long-term perspective. This means that we think that a negative result from the next operational year is something that the union could manage fine with. For the next operational year, money will only be taken from savings under the conditions that the financial situation is solved to the next proposed budget.

**5. Leave the budget as it is and use savings to cover the negative result.**

The board believes this issue does not address the underlying issue. If we were to rely on this alternative there is the chance that this negative result can increase each year. This can happen to the point where the union may result in taking drastic measures, which in turn poses a higher risk of negatively impacting the union's operations and therefore the students.

**6. Leave the budget as it is and if needed by the end of the year use savings to cover the negative result but work through the year to decrease costs and work towards presenting a 0-budget or positive budget next year with a long-term perspective on it.**

We refer here to the second paragraph of our answer under point 4.

## **2.2 Result Service Operations**

The proposed budget's result for the *Service operations* in 22/23 is 284 482, where – 281 320 are depreciations and 565 802 is the amount that we, in terms of liquidity would add to our account.

For comparison: This operational year's budget (21/22) result was calculated to be – 16 630 and before depreciations of -346 565, it is 329 935.

The budget proposal has been based off results from the operational year of 18/19 as it has been recorded before the pandemic, making it the most comparable. This was done as the board expects essentially normal operations in the service operations sector in the coming year.

However, the board would like to note that there might be changes if the government decides to impose restrictions again during the next operational year. During spring, we noticed a negative effect on Rio and a positive effect on Akademien. Fewer students on campus have resulted in fewer sales in Rio. However, students seem to show an increased need for partying, resulting in a positive effect on Akademien. The board is unsure if this is a permanent effect of the pandemic or if it will change back to how things were before covid-19.

During the pandemic, the service operations sector suffered large losses which were covered by governmental support and by membership fees. The money from the membership fees could be viewed as a loan to the service operations, in which case the profits from service operations this year could be reallocated back into the core operations. However, the board does not recommend doing this as we believe service

operations should retain these profits for future investments that may be needed in Rio or Akademien.

### **3. Investment Strategy**

The new budget structure has only been in use for one operational year and the organisation is still affected by the two years of covid-19 thereby it is hard to get a historical perspective and the focus needs to be on getting back to the usual operations. Following all this, the JSU Board has decided to not put forward any strategy for investment this year.

## **4. Budget items**

Below are certain budget items described in terms of content or the name is explained if the JSU Board believes it could be unclear to the reader what the items covers.

Some budget items appear more than once, and it is only explained under the department it appears first in. For example, contributions from JU are in both Core and Study Social but explained under Core as this departments comes first in the presentation.

### **4.1 Student Influence**

#### **Grant JU**

The Student Union has a contract with JU regulating parts of the relationship between the union and the university. In this contract, JU is contributing with grants for certain operations of the union. Such as the remuneration for 5 of the remunerated, study social activities and general operations for the union.

#### **Membership fee SFS**

The Union is members of the organisation called SFS – Sveriges Förenade Studentkårer (Sweden's united student unions). SFS is the organisation that advocacy for students right on the national level and has a direct connection to the Swedish government and has the right to appoint student representatives in other national collaborations where the student's voice needs to be heard. It is vital that the students of JU are heard on a national level and the far easiest way to do so is via SFS. We pay a membership fee every year based on the number of members the Union have. Through SFS, the representatives of JSU also meet other unions which have their own benefits in the inspiration that can be brought home and applied on our campus.

#### **Bank transactions (membership fee)**

Bank transaction can be found as an item at more than one place in the budget and it is the fee the Union must pay to the bank for every purchase that is made. This budget item relates to the transactions fee the Union pays when students pay their membership fee.

#### **Presidium and Board disposals**

These budget items are reserves and have the purpose to be used if there are any unexpected costs throughout the year if there is a need for investment or if another budget item is depleted and needs more resources. It can be viewed as emergency reserves and there is one budget item that the presidium has the right to distribute and one budget item the Board has the right to distribute.

#### **Project Budget: Presidium - JSU Rep (11 budget items)**

These 11 budget items include expenses such as meeting costs, team building and profile clothes. All budget items, with an exception for the budget item of the Annual Meeting, relate to a team or committee under the union.

<b>Name</b>	<b>Explanation</b>
Presidium	The Presidium leads JSU. The President and Vice President has individual responsibility as well. See their role description for more information.
Board	The JSU Board steers JSU from a strategic perspective and is responsible for preparing matters for the Annual meeting.
Management Team	This team consist of all remunerated, which is seven in total and the team acts as a support function for the individual team members in all their tasks.
JSU Team	Is the Presidium, the JSU Board, JSU Nomination Committee and Operations Controllers.
Studentpoolen	This group consists of remunerated students who participate in the cyclic quality assessment of the programs at JU (their remuneration is paid by the university).
JED – Jönköping Student Unions Educational Committee	This committee handles student cases within education and acts as a support function for the head of education on each faculty.
EQO – Jönköping Student Unions Equal Opportunity Committee	This committee handles student cases within equal opportunities and works with developing the reporting system in relation do discrimination at JU.
WORC- Jönköping Student Unions Work Environment Committee	This committee handles student cases within work environment and works with improving the work environment in general for students at JU.
IAC – Integration Activity Committee	This committee works with integration questions and the main purpose is to create activities and events to integrate international and national students.
JSU REP	This committee works with bringing up JSU opinions and perspective on students right on the national level and works with collaborating with other student unions.

## 4.2 Support functions

### Profile clothes

There are two budget items with this name and they both relate to the same project budget, namely profile clothes. These are profile clothes that the union sells to the student associations and other students. It does not include the cost of profile clothes for the unions own suborganisations or committees.

**Kick-back** (seen in the individual project budgets)

In certain agreements JSU receives a so-called kick-back (one could say that it is a sort of commission or a discount that one receives from buying in bulk) and it is calculated in percentage of the amount that has been purchased from a supplier. The union buys large amounts of clothes, supplies to the service operations, beverages, and food.

**Membership Arbetsgivaralliansen:**

As the union have full-time employees, the union is a member of an employer organisation and this is the membership fee for the organisation "Arbetsgivaralliansen".

**PR General**

This budget item contains smaller investments that the union believes are needed in terms of equipment which are related to communication and marketing of JSU, such as microphones, photo-gadgets and cameras. It also includes another post of – 20 000 SEK which shall cover the cost for printing posters, other marketing material and to pay for advertisement of the unions content throughout the year.

**Applications and licences** (seen in project budget of PR General)

These refers to costs that the union has yearly such as Epidemic, Wufoo, Google and Scrive.

**JSU Studio**

This budget item relates to the group which produces marketing material in different formats as well as assists the communication in other communication efforts from the Union to the members. This item contains meeting costs, profile clothes and team building costs. There are approximately 25 members of JSU Studio which are divided into three teams.

**4.3 Study Social****Events**

Kick-Off, Kick-Off Festival, Valborg are all project budgets and contain individual budget items such as sound, light, scene, tickets, consumables and other materials need to bring an event to life.

**Other Events**

The board has left a certain room for the Project Leader to arrange new smaller events or create one large event at their own initiative and creativity.

**Licences event app**

The Union has during the spring of 2021 developed an app which has the purpose of serving as a kick-off app as well as an event app for all events that happen on campus and there is a yearly fee for the service the Union has decided to use.

**JSU Project Team**

The budget items contain costs related the JSU Project teams which includes teambuilding, meeting costs and profile clothes.

### **Grants disposition**

Individual students or student groups, foremost associations under the union, can apply for a grant (äskning) to realise a project or event. An active student-life is of importance to ensure not only that students have a good time but also the possibility for personal development and ensure students health. The student-life is built on the engagement of students and there should be a possibility to access the resource need to continue developing it.

### **Trips**

The union arranges different trips both on our own and in collaboration with a company called Time Travels. This project budget contains the income from ticket sale and commission from Time Travels as well as the cost for transport and accommodation in relation to the trips.

## **4.4 Service Operations**

### **Volunteer Social**

This refers to the trip which all volunteers at Akademien goes on at the end of the operational year as well as the team buildings given to the different groups working at Rio and Akademien.

### **Free drinks**

At Akademien water and soda is free and this budget items shows the annual cost of this permanent project.

### **STIM**

When music is played commercially there is a fee that is paid to the writers and artists via a company named STIM.

### **Permissions (alcohol, kitchen o. a.)**

In order to serve alcohol, one must have a permission from the municipality and there is an annual fee in relation to this.