

Ackerman Student Union Fee

Background

The Ackerman Student Union Fee increased from \$7.50 per year to \$51.00 per year, effective Fall 1997. The increase is effective for five years, from Fall 1997 through Spring 2002.

The financial situation of the Associated Students of UCLA (ASUCLA) became precarious in the mid-1990s. In the late 1980s, just after ASUCLA had committed to the significant financial obligation associated with expanding and upgrading Ackerman Union and Kerckhoff Hall, a number of unforeseen events resulted in a reduction in revenues for many ASUCLA operations which had been counted on to fund the new construction. Southern California entered a recession. A downturn in tourism reduced the number of customers at ASUCLA businesses. The 1994 Northridge Earthquake damaged facilities and caused business operations to relocate to temporary facilities. Finally, the ASUCLA Board of Directors replaced the Chief Executive Officer of ASUCLA and brought in a turnaround recovery consultant. Now a new Chief Executive Officer has developed a five-year recovery plan which should bring ASUCLA back to a tenable position.

During the five year recovery period, the revenues of ASUCLA businesses are insufficient to cover all financial obligations. Therefore, the student-majority Board of Directors asked Chancellor Young to endorse a limited-time fee to provide transitional help during the recovery phase. During winter 1997, the Board of Directors consulted with the Student Fee Advisory Committee, the Graduate Student Association and the Undergraduate Student Association as well as other student interest groups to explain the necessity for the fee and generate student support. Because the fee was required to allow ASUCLA to meet contractual obligations, the Regents were able to approve it without a student referendum.

Because the justification for the fee is tied so closely to ASUCLA's ability to meet debt service requirements during a specific period of time and because the fee was approved without a student referendum to express the will of the students, the Regents are sensitive to the issues surrounding keeping the fee in place any longer than necessary. Thus, they have required the ASUCLA Board of Directors to seek a review from the Student Fee Advisory Committee, graduate and undergraduate student governments, and UCLA administration each year to verify that ASUCLA remains on track on its recovery plan and that the fee revenue remains necessary to fulfill contractual obligations and provide sufficient debt service. As this is the first year of the fee, it is too early yet to determine if it will be necessary to continue the fee past Spring 2002. UCLA students must approve the proposition in a referendum if the fee is to be continued after Spring 2002 at any amount greater than \$7.50 per year.

-- Prepared February 1998