

University Budget Advisory Council (UBAC)

Meeting Minutes

Date: November 20, 2025

Time: 11:45-1:15 PM

Location: Zoom Meeting

Co-chairs: Elisabeth Merkel Baghai, Michael Harrington, Kurt Keilhacker

Absent & Excused: David Ferguson, Jenny Lee, Morgan Maich, Noemi Swerski, Julian Williams-Goldberg

I. Opening and Administrative Updates

Michael opened the meeting with administrative updates, including a reorganization of the UBAC Google Shared Drive and the introduction of a new process for submitting follow-up questions. Council members were asked to submit any post-meeting questions by the following Tuesday using the new shared document.

II. University Financial Statement Overview

Desmond Dair, Associate Vice President for Accounting and Business Services, provided a detailed overview of the university's financial statements. He explained their role in informing key stakeholders such as accrediting bodies, government agencies, donors, and creditors. He noted delays in the issuance of financial statements due to the need to resolve the university's noncompliance with a debt covenant held by JPMorgan Chase.

Desmond shared that the university had received waivers for the past two fiscal years and is pursuing a multi-year plan to demonstrate future compliance. He added that until the creditor confirms its position on the latest covenant issue, the external audit firm is withholding formal issuance of the financial statements.

A committee member asked how long such waivers typically last; Desmond responded that they are typically granted on a one-year basis, dependent on the creditor's ongoing assessment of the university's mitigation plan. Another committee member inquired about the impact of waivers on university rankings or accreditors. Desmond acknowledged that while the university has been transparent, repeated covenant issues could affect perceptions among donors and credit agencies. A committee member noted the importance of the upcoming WSCUC review in 2028 and the visibility of the university's long-term financial plan.

III. Debt Covenant Challenges and Credit Relationship

Desmond explained the specific nature of the university's debt covenant requirements with JPMorgan Chase and described challenges stemming from declining net income. He reviewed

historical adjustments to the debt agreements, such as increased liquidity ratio requirements, following past covenant failures.

A committee member asked whether the university is able to renegotiate terms or interest rates during these discussions. Desmond responded that while renegotiation is possible, it typically begins in earnest once final financial statements are complete, usually in September.

In response to another question, Desmond noted that the university's peer benchmarking network provides general financial guidance but seldom shares specifics regarding waivers or credit negotiations. He also confirmed that similar financial pressures are expected in the next fiscal year.

IV. Capital Spending and Reconciliation with Operating Budget

Desmond presented a reconciliation of the operating budget to the financial statements, highlighting key differences in revenue and expense classification. He clarified that scholarships and grants, while visible in the financial statements, are treated differently in the operating budget. He also discussed the decrease in capital spending in recent years, noting that although depreciation totaled \$28 million, actual capital expenditures have significantly declined.

A committee member asked about the relationship between depreciation and capital investment strategy. Desmond explained that depreciation reflects historical investment and does not automatically translate to new spending capacity, particularly in the context of fiscal constraints.

V. Cost Reduction Survey and Results Handling

Michael presented the current status of the university-wide cost reduction survey, noting that responses have been consolidated into 35 representative ideas for council prioritization. Members were asked to complete the survey by Tuesday, using a 1–5 rating scale and optional comments.

Anneliese reported that over 280 responses had been received so far, with more expected after the next round of listening sessions. A committee member asked whether the raw survey data would be shared. Michael explained that some entries contained personally identifying information, and thus the full dataset would not be distributed, though synthesized results would be shared with the council and the president.

Elisabeth agreed to post a PDF version of the final survey for review. Michael also noted that future submissions received after November 10 would be collected and analyzed separately.

A committee member suggested creating a financial modeling spreadsheet to simulate the impact of various budget decisions. Michael and Elisabeth agreed to explore the feasibility of sharing such a tool with the council before the December meeting.

VI. Enrollment and Tuition Revenue Forecast

Joseph provided a projection of undergraduate and graduate enrollment trends over the next three years, with particular focus on the implications of 4+1 programs. He discussed adjustments in tuition discount rates and associated revenue implications.

The group discussed how these projections align with Finance Committee planning and the need for forecast updates to inform decision-making.

A committee member emphasized the importance of marking which materials are suitable for public sharing. Another recommended a simple visual system to distinguish sensitive from shareable content.

VII. Assignments and Next Steps

- **Elisabeth** will upload a PDF version of the Qualtrics cost reduction survey to the shared drive.
- **All Council Members** should complete the cost prioritization survey by close of business Tuesday.
- **All Council Members** should submit any follow-up questions via the shared document by Tuesday.
- **Sarah** will coordinate with Desmond to present the financial statement overview to the Budget and Administrative Operations Committee.
- **Shannon** will send the Tableau discount report link to Joseph or Nathan Caine for investigation.
- **Michael and Elisabeth** will consider sharing a financial modeling tool to support budget request evaluation.
- **Tri-Chairs or Designees** will develop a method to distinguish shareable vs. sensitive content in council materials.
- **Anneliese and Michael** will repeat the cost-reduction synthesis process for new submissions post-November 10.
- **Sarah** will use the follow-up document to inquire about the status of the annual large gift allocation.

Meeting adjourned at 1:15 PM.