University Budget Advisory Council (UBAC)
Date: September 25, 2025

Members Present: Michael Harrington, Elisabeth Merkel, Shannon Burchard, Shirley McGuire, Sarah Blackburn, David Ferguson, Will Vitagliano, Brian Young, Jeff Paris, Sonia Caamano, Morgan Maich, Bethia Hormoz, Tim Redmond

Members Absent & Excused: Kurt Keilhacker, Morgan Maich, Jenny Lee, Noemi Swierski

Opening and Introductions:

The University Budget Advisory Council (UBAC) convened for its regular meeting to discuss ongoing financial, enrollment, and operational matters. The meeting began with introductions of new members and a review of the upcoming agenda. It was noted that President Salvador Aceves is expected to attend the October meeting. Council members were reminded to review and vote on the minutes from the September 4th meeting by Friday, September 26th.

Financial Update and Budget Outlook

A detailed financial update was presented by the VP of Treasury, highlighting several key challenges facing the university. The institution's cash position has declined significantly over the past five years, from approximately $200 million to $36 million. A $25 million line of credit was accessed in June and has since been repaid, though future draws may be needed in early spring. The university is currently projecting an operating budget deficit exceeding $30 million for the fiscal year. Additionally, the institution is not meeting its required debt service coverage ratio, and efforts are underway to secure a waiver from the lender to avoid breaching debt covenants. The finance team is also exploring an increase to the current credit line from $25 million to $35 million. Preparations are in progress to finalize the annual audit once waivers are received, and a multi-year budget strategy is being developed.

Credit Rating and Institutional Health

An overview of the university's recent credit rating downgrade was shared. The rating was lowered from A3 to BAA2 due to ongoing and projected operating deficits, enrollment declines, and limited liquidity. Despite these concerns, strengths such as a growing endowment and consistent philanthropic support were noted. The discussion emphasized that rebuilding student demand, improving operational efficiency, and bolstering cash reserves will be critical to restoring a stronger credit profile.

Enrollment and Tuition Performance

The council also reviewed fall enrollment results and tuition performance. A shortfall of $5.1 million in net tuition revenue was reported, largely driven by lower-than-expected transfer and international student enrollment and higher tuition discounting. However, it was noted that the overall operating deficit may come in slightly below the previously forecasted $36.5 million. While no immediate reallocations are planned, the council acknowledged that long-term solutions will require continued focus on enrollment growth and retention strategies. A threeyear enrollment plan is currently under development and will be shared with the council once complete.

Strategic Enrollment and Academic Planning

The meeting included a broader discussion on enrollment trends and academic planning. Council members noted a significant decline in total enrollment, from a peak of 11,000 students in 2017 to approximately 8,800 students today, along with increasing financial aid demands. Concerns were raised about declining fall-to-fall retention and transfer student yield. The group discussed the need for new academic offerings, revised curricular pathways, and stronger international recruitment. Marketing strategies are being adjusted to reach students earlier in their academic journey, with increased focus on high school sophomores and juniors.

Engagement and Governance Coordination

To strengthen community engagement, UBAC is planning to revive non-administrative meetings and introduce open office hours to facilitate conversation among faculty and staff. An agenda and relevant resources will be distributed in advance of the October meeting. Coordination with related governance groups, including the Budget and Administrative Operations Committee, will continue, with updates expected by early October.

Next Steps and Ongoing Priorities

Next steps include continued monitoring of the university's cash position, preparation for potential borrowing, finalization of the audit process, and the development of both a multi-year budget and enrollment strategy. The council remains committed to providing input on the university's financial planning and to fostering transparency and collaboration in institutional decision-making.