University Budget Advisory Council (UBAC)
Meeting Minutes

Date: September 29, 2026
Time: 11:45AM - 1:09PM
Location: Zoom

Meeting Tri-chairs: Michael Harrington, Shirley McGuire, William Vitagliano

Members Attending:
Jessica Alva, Elisabeth Merkel Baghai, Sarah Blackburn, Brandon Brown, Giselle Cartagena, Tatiana Fedyk, Nahid Gardezi, Eric Groves, Brent Gustafson, Michael Harrington, Steven Lopez, Morgan Maich, Shirley McGuire, Jeff Paris, William Vitagliano

Members Absent & Excused: Salvador Aceves, Shannon Burchard, Sonia Caamano, Eileen Fung, Bethia Hormoz

Attended: Joseph Henson

I. Opening and Administrative Updates

The September meeting of UBAC opened with roll call and reminder of the approval of the meeting minutes. New members were welcomed, including Giselle who was introduced as the new undergraduate student representative. Michael provided an update on the undergraduate tuition increase survey results, noting alignment with a 3.5% increase and confirming that comments were shared with the President, Provost, and CFO. Members commented on the importance of closing the loop on information dissemination. The tri-chairs reminded members about the process for approving meeting minutes through a poll system to enable faster posting and use by council members working with constituents.The Council then proceeded to agenda items focused on financial updates and enrollment trends at the university.

II. USF Credit Rating Update

Brent provided an update on USF's Moody's credit rating, explaining that while the university's credit rating was downgraded, the outlook changed from negative to stable. He shared insights from Echo, a financial advisory firm, which indicated that more downgrades than upgrades were occurring across the higher education sector, particularly affecting private universities. The meeting then transitioned to a discussion of the Budget Office's recent work, including updates on estimated fiscal year 27

enrollment and net tuition shares, with a focus on headcount performance and discount rates.

III. Budget and Enrollment Analysis

Michael presented a budget analysis comparing planned versus actual net tuition performance based upon fall census, noting that non-Law graduate enrollment fell 9% short of targets due to factors like changes in Grad Plus loan environment and visa challenges, while undergraduate enrollment performed slightly over budget. The university's operating deficit for the previous fiscal year was approximately $30 million, with this year's projected deficit at $34.3 million. Michael also highlighted positive variances in auxiliary revenue, including higher than expected dorm occupancy and meal plan enrollment, which will be factored into next year's budget planning.

IV. Discount Rates and Tuition Impact

Shirley initiated a discussion about discount rates and their impact on tuition revenue, expressing concerns about constituent questions regarding the current rate. Eric explained that the university optimizes pricing and volume using econometric models, but recent years of reduced marketing and recruitment have affected demand, making it difficult to increase prices without first building back student inquiries. He noted that while the university is working to meet budgeted discount rate goals, future reductions in the rate will depend on increasing demand and volume.

V. Financial Planning and Budget Variances

The group discussed financial planning and budget variances, with Eric reminding the members of the challenges of increasing discount rates while maintaining student volume. Tatiana raised concerns about the realism of projected student increases and requested to discuss budget conservative planning in follow-up discussions. Michael presented an analysis of operating expenses, noting that full-time faculty and staff were over budget in certain categories, with total expenses running 2.8% over the board budget, though this was offset by reserves and revenue variances resulting in a net difference of $149 thousand from the deficit forecast.

VI. FY27 Staff Compensation Updates

Michael acknowledged that non-represented staff will not receive compensation increases in FY27, though he noted that future compensation increase planning for FY28 is not yet determined. When asked about providing status updates on increases for different staff groups, Michael agreed to share this request with David Philpott, and that Eric would be able to share with the Cabinet. The meeting also covered financial projections for the next three years, including undergraduate enrollment data from strategic enrollment management and updated first-year retention projections from Vice Provost Rebecca Hong in Academic Affairs, which were increased from 80% to 82%.

VII. Graduate Enrollment Financial Projections

Michael presented updated financial projections showing significant changes from previous March estimates, with graduate new student enrollment declining by about 240 students across various programs and creating challenges for the three-year financial plan. The presentation revealed that net tuition budgets would be approximately $10 million less in fiscal year 2028 than previously projected, with new and continuing graduate enrollment shortfalls (due to this past fall) being the primary driver of these changes. Shirley confirmed with Michael that the presentation could be shared with communities, and Michael indicated there would be an official communication about the Board's action on tuition rates at a later date.

VIII. University Financial Performance Review

Joseph presented the contribution margin report, explaining how it calculates college contributions to university operations by measuring revenue minus expenses. He noted that financial aid expenses have increased significantly over the past decade, particularly impacting undergraduate programs and Arts and Sciences College contributions. Michael then reviewed three smaller annual reports showing the university's operating performance, highlighting that while a $36.5 million shortfall was projected for fiscal year 2026, the actual deficit was $29.9 million, with net tuition decreasing from $300 million in fiscal year 2024 to $279 million in fiscal year 2026.

IX. Budget Assist Timeline Updates

Michael reconfirmed that all reports can be shared with constituents, with specific materials including forecasts and contribution margins available on the Planning and Budget website. He announced that Budget Assist will reopen on October 1st for proposals related to existing contract increases, strategic enrollment plans, and discretionary initiatives focusing on health and safety, campus cybersecurity, enrollment, and revenue generation. Sarah identified an inconsistency in the Budget Assist timeline on the website and requested an update from October 30th to November 6th. The group discussed plans for Brent Gustafson's upcoming presentation to business managers and confirmed two invitations for future meetings: Associate Vice Provost Katherine Edwards and Professor Josh Gamson to present on summer working group results, and Vice Provost Rebecca Hong to discuss retention strategies in the spring.

X. Next steps

Michael will:

- Share the text of the Budget Assist announcement with Sarah for distribution to the business managers group.
- Update the Operating Budget Timeline website to reflect the new Budget Assist closing date of November 6th.
- Present the operating forecast and net tuition plan update at the upcoming business managers meeting.

Shirley will:

- Coordinate with AVP Catherine Edwards and Prof. Josh Gamson for their presentation on the summer working group results at the next UBAC meeting.
- Coordinate with VP Rebecca Hong for her meeting with the tri-chairs to discuss retention efforts.

Will will:

- Send out the meeting minutes and associated survey to UBAC members likely next week for approval and posting.

Meeting Adjourned: 1:09PM