

THE UNIVERSITY OF MICHIGAN
SENATE ASSEMBLY
FINANCIAL AFFAIRS ADVISORY COMMITTEE (FAAC)
Advisory to Geoff Chatas, Executive Vice President and Chief Financial Officer

Minutes

Committee Members:

- James Gulvus (Chair), Senior Associate Librarian, Library Collections, University Library*
- Geoff Chatas, Executive Vice President and Chief Financial Officer*
- Nancy Allee, University Library – Taubman
- Erhan Bayraktar, College of Literature, Science, and the Arts
- Francine Dolins, UM-Dearborn, CAS, Psychology
- Allen Liu, SACUA Liaison*
- Daniel Nemser, LSA Romance Languages and Literatures*
- Romesh Saigal, Engineering*
- Ragini Vittal, Medical School
- Pamela Wong, Medicine/Internal medicine and nanotechnology*
- Ya Sha Yi, Engineering, UM Dearborn*
- Riya Chakravarty, Undergraduate Student, Computer Science

Guests:

- Brian Smith, Associate Vice President for Finance*

 - Silvia Pedraza, Chair, SACUA*
- *- members present

James Gulvas, chair of the financial affairs advisory committee, welcomed committee members and introductions of committee members present were made. Chair Gulvas reviewed the committee norms and committee ground rules (see attachment 1). All committee members present agreed to the stated expectations.

EVP Chatas stated today's topic of "what is the budget" and introduced Brian Smith, associate vp for finance. EVP Chatas noted that the academic budget is approximately 23% of the total budget and what he has asked AVP Smith to share with the committee today is the audited financial results –a holistic look at the University finances. AVP Smith shared the attached handout (attachment 2) with the committee members that provides the following: an overview of the university's balance sheet; summary of operations; operating revenues and educational appropriations; and, expenses. Some of the highlights noted by AVP Smith: the University is fortunate to be in a solid and stable position, the university has the highest bond rating given by Moody's and S&P Bond ratings of Aaa and AAA (triple A) and the University of Michigan is

one of seven public research universities to have this highest rating. The endowment - \$17.5B at FYE 2022 (much of which is restricted in use) had among the highest returns in the country this fiscal year (+2%). Our endowment per student ranks 86th in the country. The University's spending rule for the endowment payout helps level out volatility in investment returns, and the current level of the endowment payout exceeds the amount received from the State of Michigan in operating appropriations. It was noted that approximately \$500M per year, historically, has been invested in construction and renovation projects across the institution. The committee thanked AVP Smith for the discussion.

The committee suggested a future meeting with the provost to discuss how the provost budget model works. They also would like to discuss sustainability, campus carbon neutrality commitment, and campus connectivity.