



Financial Affairs Advisory Committee (FAAC)

Minutes of Meeting: 4/26/23

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Approved: 10/18/23

Present: James Gulvas (Chair), Pamela Wong, Geoffrey Chatas (VP and CFO), Daniel Nemser, Francine Dolins, Romesh Saigal

Absent: Nancy Allee, Erhan Bayraktar, Ragini Vittal, Ya Sha (Alex) Yi, Riya Chakravarty,

Guests: Tom Finholt (Vice Provost for Academic and Budgetary Affairs); Karen Zaruba (Assistant Vice Provost for Academic and Budgetary Affairs), Jane Jakeway

Faculty Senate Office: Eric Vandenberghe

2:03am: Call to Order, Approval of Agenda and Minutes

The agenda was approved. The minutes for the March meeting were approved.

2:03am-2:04am: Announcements

James will meet with SACUA on 5/8 to provide an update on the company.

2:04am-2:52pm: Ann Arbor Academic budget

Summary: Tom introduced the topic and provided an overview of how the budget works with the University's mission. A breakdown of the General Fund was provided. State appropriation, tuition and fees, and Indirect Cost Recovery/other makes up the General Fund.

The General Fund is administered by the Provost's Office. There are advantages and disadvantages to the activity-based budget model. The funding model was compared to the traditional funding model. UM has gone away from the traditional model, which focused heavily on public funding. The majority of the general fund revenue comes from tuition and fees today, in the 70's and 80's the majority of the funding came from public funds.

Cost containment is something the administration is working on. There are several principles followed: leverage of size and scale, elimination of duplicate services, consideration of in-sourcing and out-sourcing, among many others. The cost savings are broken down with specific examples.

Alternate revenue examples are provided, including revenue from the Big Ten Network, vending machines, gifts, and digital learning. Gift and endowment income was discussed. The nuances of the endowment were reviewed. Examples were provided.

Budget priorities are laid out. Financial aid for students is a top priority. Tuition and room and board are also covered in certain cases. Undergraduate students in-state (70%) and



out-of-state (50%) receive aid. The average debt of students at graduation has gone down in the last 10 years.

Some areas for improvement were mentioned. Some clarifying questions regarding the general fund and endowment were answered.

Action: Presentation and discussion

2:52pm-2:58pm: Merit pay

Summary: Tom introduced the topic. There is a central idea of what the merit program should be, but the units have control of the implementation of merit pay raises. The units are charged with addressing issues of equity. The state of inflation was discussed.

2:59pm: Adjournment

Respectfully submitted,

Eric Vandenberghe
Faculty Governance Coordinator
Faculty Senate Office