

To: SACUA

From: James Gulvas, Chair, Financial Affairs Advisory Committee

Subject: Report on Activities of Financial Affairs Advisory Committee for 2023-2024

Members:

James Gulvas, University Library (Chair)

Geoffrey Chatas, Executive Vice President and Chief Financial Officer

Julie Boland, LSA - Psychology and Linguistics

Ruth Carlos, Medicine- Radiology

Francine Dolins, UM-Dearborn- Psychology

Vilma Mesa, LSA- Education and Mathematics (SACUA Liaison)

Daniel Nemser, LSA- Romance Languages and Literatures

Romesh Saigal, Engineering

Hsiao Sung, Dentistry

Ragini Vittal, Medicine- Internal

Pamela Wong, Medicine- Internal Medicine and Nanotechnology

Amir Jawed, Undergraduate Student: LSA- Economics

Samuel Konigbagbe, Undergraduate Student: Engineering- Computer Science

SACUA Liaison: Vilma Mesa

Meeting Dates: 9/20/23, 10/18/23, 11/20/23, 1/17/24, 1/24/24, 2/21/24, 4/17/24

Committee Charge

1. Discuss the Campus Plan 2050 initiative and offer feedback.
2. Survey how the construction, operation, and maintenance of the University's buildings continue to provide support to members of the U-M community who are disabled.
3. Review the services of the University's Shared Services Center, and provide feedback about how to continue easing administrative burdens on faculty.
4. Consider emergent issues or topics brought forward by FAAC committee members or the Executive Vice President Chatas for discussion over the course of the year. While coordinating with the Faculty Senate Office to help avoid duplicating work that SACUA has now referred to itself or to another committee, the committee may also continue discussing any issues or topics raised in the committee's most recent annual committee report.



Committee Actions

Reviewed the charge of the committee, the process for charges being created, embracing the University's green initiatives, pricing of EV stations, and the possibility of creating an endowment review subcommittee. Feedback on Campus Plan 2050, including discussions of funding, sustainability, housing, and mental health among other topics.

Presentation and discussion on Strategic Visioning with guests addressing the Vision 2034 process, with input requests from faculty on framework and setting goals for 2034.

Reviewed a pending resolution related to divesting from companies associated with military campaigns in Gaza, examined UM's endowment policies, and contemplated reviewing the endowment further in relation to the resolution.

Discussed the performance of the University's endowment with CIO Erik Lundberg, ethical considerations in investment strategies, and potential faculty oversight in investments.

Recommended that the Shared Services Center (SSC) improve direct communication with faculty and address concerns regarding bureaucracy and administration control. Suggestions included establishing direct faculty meetings and developing a hotline for immediate assistance.

Offered feedback on the University budget and how it is presented to the community.

Information Obtained

- **Campus Plan 2050:** Information on the progress related to Vision 2034 and Campus Plan 2050, focusing on renewal and investment in spaces, campus vibrancy, health and well-being, sustainability, and connectivity. The committee was informed about the planning process, stakeholder engagement, and specific campus development themes.
- **Strategic Visioning for Vision 2034:** The committee received an overview of the 2034 Visioning process, which involves community engagement and drafting the vision. They learned about the draft framework and the university's positioning to lead in core impact areas.
- **Pending Resolutions:** The committee was briefed on the resolution related to divestment from companies profiting from Israel's military campaign in Gaza. They learned about the University of Michigan's policies regarding endowment investment decisions and historical context on divestment decisions.
- **Endowment Performance and Investment Strategies:** The committee was educated on the endowment's recent performance, investment strategies, and ethical considerations. This included details about the different investment



- portfolios, growth rates compared to peer institutions, and the impacts of inflation on investments.
- **Shared Services Center (SSC) Operations:** The committee learned about the operations and growth of SSC, their budget efficiency, and their commitment to innovation and using technology. They found out about the range of services provided by SSC to every department on campus and their approach to staff development and retention.
 - **Faculty and Staff Sentiments:** During the discussions, committee members learned about the concerns of faculty regarding bureaucratic growth, administrative control, response times, and the process of handling requests and queries.
 - **University Investments and Policies:** There was an overview of the University's historical and current investment policies, the process for selecting and managing external fund managers, and the role of the Board of Regents in investment policy.
 - **University Divestment Policies:** Faculty members received information regarding the university's stance and historical precedents on divestment issues, leading to a broader discussion on the institution's legal and moral duties concerning endowment stewardship.
 - **Administrative Updates:** Updates were provided on administrative actions, such as property acquisitions and budget processes, and the committee learned about the potential development of a hotel and conference center on North Campus.
 - **University Budget:** Charts and figures were presented showing the revenue and expenditures from the last fiscal year. The budget model used by the University was explained. Questions were raised by committee members regarding clarification of the presentation. The committee members offered suggestions so that the information about revenues, expenses, and the flow of monies were clearer. The committee indicated their interest in all areas of the budget, not just the instructional aspects.

Recommendations

- **Endowment Review Subcommittee:** The creation of a subcommittee to review the university endowment and provide feedback to the Vice President was recommended. This would focus particularly on the investments and ensure that they align with the university's values and financial goals.
 - **Ethical Investment Oversight:** The consideration of a formal faculty oversight committee or increased transparency regarding how ethical considerations factor into investment decisions was discussed.
- **Collaboration with Other Committees:** The possibility of working alongside the Government Relations Advisory Committees (GRAC) or the Committee on Oversight of Administrative Action (COAA) was suggested, especially concerning topics like service contracts and procurement issues.



- **Considering Total Compensation:** In light of a salary survey being conducted by SACUA, there was support for looking comprehensively at total compensation packages, including who determines salaries at the university.
- **Divestment from Companies Involved in Controversies:** There was a dialogue on the potential for the university to divest from companies involved in geopolitical conflicts, referencing historical precedents for the divestment on moral or ethical grounds.
- **Improvement of Campus Facilities:** The committee expressed the need for campus facilities to support mental health, renewable energy integration, and consideration of automated transit systems for enhanced connectivity, indicating these should be focal points in campus development planning.