



## **Financial Affairs Advisory Committee (FAAC) Minutes for 04/09/26 Meeting**

### **Meeting information:**

Circulated: 5/29/26

Approved: 6/3/26

Members present: Julie Boland, Bobby Hewlett (EVP and CFO), Emily Luxon, Silvia Pedraza, Becky Peterson (Chair), Hsiao Sung, Dale Thomson, Kentaro Toyama (SACUA)

Members absent: Stefanie Russman Block Vance Jackson, Sara Soderstrom, Jefferson Williams

Guests present: Eric Strucko, Chief Financial Officer of Michigan Medicine; Andra Krievs, Chief Financial Officer for Athletics

Faculty Senate Office staff present: Meaghan Blanchard

### **Minutes:**

#### **12:50: Call to Order, Approval of Agenda and Minutes, Announcements**

The agenda was approved. The minutes for the 03/18/26 meeting are approved.

#### **12:53: Updates from Bobby Hewlett**

##### Summary:

- EVP Hewlett's team is currently preparing for the oncoming arrival of President Kent Syverud, who will start his tenure on May 11<sup>th</sup>, 2026.
- EVP Hewlett's team is currently working on the fiscal budgets of the 27 units of the University. His team will finish these in time for Regental review in May and approval in June.
- Work regarding pouring rights is in the final negotiation phase. The two current vendors in negotiations are Coke and Pepsi.
- EVP Hewlett's team is currently working on financial planning regarding debt and is looking at various plans for future debt issuance. Any recommendations will need Regent approval. These plans are still in early stages. EVP Hewlett notes that changes in market conditions may affect this process.
- EVP Hewlett's team is in early planning stages of changing/replacing Enterprise Resource Planning (MPathways) with a new cloud-based software.
- A mandatory audit partner rotation will soon occur. EVP Hewlett's team is currently



working with their audit team to find a new partner. It is projected that the new partner will come in the late spring/early summer to ensure a smooth transition.

- Blue Cross Blue Shield negotiations with Michigan Medicine continue. Negotiations will most likely conclude on June 30<sup>th</sup>.

Action: Discussion

### **1:18: Eric Strucko Presentation- Discussion of Blue Cross Blue Shield Negotiations**

CFO Strucko gives an update on the U-M's current negotiations with Blue Cross Blue Shield. His team is currently exploring various avenues to ensure continued patient access to Michigan Medicine. CFO Strucko emphasizes that these negotiations have zero impact on U-M faculty and staff health plans.

A committee member asks if employee health/benefits plans will stay the same after December 31<sup>st</sup> of this year. EVP Hewlett notes that U-M's contract with Blue Care Network goes beyond calendar year 2027, and therefore they will stay the same after December 31<sup>st</sup>. CFO Strucko emphasizes that his team will work hard to ensure that patients have access to Michigan Medicine care, through negotiations with this Blue Cross Blue Shield, supporting alternative insurance company presences in Michigan, and additional avenues.

### **1:20: Eric Strucko Presentation- Financial Overview of Michigan Medicine**

CFO Strucko gives a presentation on the financial status of Michigan Medicine this year.

Michigan Medicine follows the "Flexner" model, which functions under the idea that medical schools and hospitals need (1) medical education, (2) biomedical and health science research, and (3) patient care. Revenue from the hospital is invested in research and education, which increases the U-M's reputation, stature, and functionality. In turn, this attracts more patients, which begins the cycle anew.

CFO Strucko gives an overview of the 2025 fiscal year's operating revenue, and he gives an overview of how these funds are transferred between the Health System and U-M Medical School.

A committee member expresses concern about the potential loss of NIH funding and its impact on the educational mission. CFO Strucko notes that a percentage of Michigan Medicine's revenue will continue to be transferred to the medical school to support research and innovation.

CFO Strucko notes that Michigan Medicine wishes to see the U-M's clinical enterprise grow through a variety of projects including new clinics, partnerships with other schools, and investing in growth.

### **1:40: Andra Krievs Presentation- Financial Overview of Athletics**

CFO Struck gives a presentation summarizing the financial status of the Athletics department for the fiscal year 2025. She details the sources of operating revenues and categories of operating expenses.



A committee member asks why the university does not support more 3<sup>rd</sup> party events at Michigan Stadium or other Michigan facilities to generate more revenue. CFO Krievs notes that these large events take a lot of resources and planning, and athletes cannot access these facilities during the time leading up to these events.

A committee member asks CFO Krievs to elaborate on Student-Athlete revenue sharing, which allows NCAA Division 1 schools to directly pay athletes a portion of athletic department revenue. CFO Krievs gives a basic overview of the revenue sharing structure, noting that it is capped at \$20.5 million per year. U-M can decide how it is allocated. This year, it was split between athletes in men's football, men's basketball, women's basketball, men's ice hockey and women's volleyball.

Action: Discussion

**2:00: Adjournment**

Respectfully submitted,

Meaghan Blanchard  
Operations Lead  
Faculty Senate Office