1. Call to Order: 6:33pm
   a. Attendance: Representatives Chris Tom, Eli Benchell Eisman, Marisol Ramos, Haven Allen, Pete McGrath, Laruen Knapp, Ben Curtiss-Lusher, Anna Wagner, Dan Truman, Andrew Crawford, Heidi Alvey, Pat Rooney, Alex Emly President Michael Benson, Vice President Kaitlin Flynn, and Treasurer Alex Toulouse
   b. Absent: Representatives Tien-Huei Hsu (excused), Nina White (excused)
2. Approval of Agenda: Motion to approve by Alex and seconded by Haven. It’s approved unanimously.
3. Approval of Previous Minutes: February 2, 2012. Motion to approve by Alex and seconded by Haven. Minutes are approved unanimously.
4. Officer Reports
   a. Graduate Student Body President Michael Benson. Michael has met with the Ann Arbor City Council to discuss extending the lease requirements for landlords. As it stands, landlords can ask residents if they want to renew their lease up to 6 months before their lease is up. Michael also notes that this policy has increased property related crimes.
   b. Graduate Student Body Vice President Kaitlin Flynn. The bylaw review committee is meeting tonight after the board meeting. Additionally the first newsletter went out this week and we will have another next week, please submit your blurbs.
   c. Graduate Student Body Treasurer Alex Toulouse: $25,300 in the account. Need volunteers for ice-skating event, at least 6 board members as 500 people are registered.
5. Discussion with Phil Hanlon, Provost and Executive Vice President for Academic Affairs, Martha Pollack, Vice Provost for Academic and Budgetary Affairs
   a. Phil opens by mentioning that the concern about college affordability is a huge issue in our country right now. He says that as with any complex issue he hopes to explain some of the budget to us and allow students to make their own decisions. Martha will start by giving a presentation and then questions on the budget will be taken.
b. Martha begins her **presentation on the budget**. The goals of the presentation are to understand the priorities, components, budget decisions and insight into cost containment and tuition at the University. Budget priorities include ensuring student access as a public university, maintaining excellence and fostering innovation in research and scholarship, responsible stewardship. This includes providing for Michigan students financial aid and comprehensive packages to allow students to attend as undergraduates, recruitment of outstanding faculty, and having continued focus on increased efficiencies.

c. **The General Fund** at the university—$1.6 billion dollars. Money comes from tuition and fees, state appropriation, indirect cost recovery on sponsored research activity, interest on general fund account balances. This fund is used for the operations of the university’s academic enterprise. Other funds include the expendable restricted fund, designated fund, and auxiliary fund. Restricted funds are from alumni, gifts, grants and sponsored programs—these funds are restricted to the purpose they were donated for. Designated fund is for certain types of departmental activities. Auxiliary fund is largely self-funding, like the hospital and patient care, intercollegiate athletics, student housing, parking, etc. The auxiliary fund is the largest (about ½) and the general and designated funds cover about 25% each. About 2/3 of the budget goes to academic programs, with about 8.5% going to financial aid. About $1.6 billion dollars are spent each fiscal year.

d. **The process**: the board of Regents approves the budget, including tuition rates, at the ultimate level. But executive vice presidents, officers and deans jointly recommend the budgets to the board. The provost administers the general funds budget, and then allocates general funds, resources and money to academic units, research units, common goods, and administrative units. This money does not get allocated to Dearborn or Flint campuses. Schools and colleges are budgeted using an activity-based budget models, which aligns resources with cost and level of activity—ie: tuition will go to where the students are enrolled. Administrative units have an incremental budget model that provides annual inflationary increases.

e. **Tuition, financial aid and cost containment.** Over the past decade, tuition at UM-AA has grown at an annual rate of 5.56% per year. The entire increase is accounted for by 3 factors: cost increases due to inflation (2.35%), reductions in state appropriation, and investments in financial aid. Impact of reduction in state appropriation has been huge. If you inflate what our state appropriation was in 2002 and inflated it, we would have lost $166 million dollars this year if you compare what we would have had to what we are currently receiving. We are now receiving $269 million dollars of state appropriation instead of $435 million dollars—a loss of about 10% of our general fund budget. Now, tuition and fees comprise 69% of our budget whereas 17% of the budget comes from state appropriations. This is
completely flipped compared to how it was in 1980 (about 20% tuition vs 80% appropriations). Andrew asks about specifics on the graph. Pete asks if the University's policy for acquiring more out of state students to cover the tuition gap is rising given the current pinch. Phil answers that as far back as the 1980’s we’ve had about 35% out of state students. Chris asks if there is a financial advantage to having in state students for the University. Martha answers that while there might not be a strong financial advantage, there is a higher moral and ethical standard because of state appropriations and being a public university for the state of Michigan. Martha also mentions that growth of undergraduate applications is primarily out of state students, and the population of the state of Michigan is graduating less high school students.

f. **Financial aid.** Student access remains a very high priority. Nearly $310 million dollars was paid to undergrad financial aid (including all types). UM provides $138M, about 8% of total budget. Over $500M aid went to graduate student aid, including GSI and GSRA. Alex asks what the sources are for financial aid, and Martha responds that tuition increases are the source. Kaitlin asks if admissions are need-blind and Martha says yes.

g. **Cost containment.** UM has been pursuing aggressive cost containment initiatives for nearly a decade. Instead of pursuing mass layoffs, the University has made a number of changes to shift costs, leverage size and scale to get better contracts from vendors, look at outsourcing and insourcing, making use of donors, etc. The University has spent far less than they used to, to the tune of $135M less PER YEAR each year from 2003-2009 by making these changes and other efficiency upgrades. Reallocations will continue over the next five years as well. This was done with minimal impact to the academic enterprise. For example, one way they have shifted costs is from switching from Blue Cross to self-insured. Also have reduced our building of new facilities and using space more efficiently. Martha brings up using our space efficiently by using classrooms more and scheduling more classes in the mornings and on Fridays. Heidi asks how this will affect the research community. Martha isn't concerned about this and says that if there is an issue, they would be more than willing to create more space for the programs. Alex T asks how this would translate into more savings and Martha answers that it would be primarily in cost avoidance. Andrew asks how the NCRC would factor into this and Phil answers that because that is going to be a primarily hospital and medical space so there wouldn’t be as much direct benefit to this issue. Many activities also have generated money for the auxiliary fund but we won’t see it directly.

h. **Shared responsibility.** College affordability is a huge issue and we need to slow the growth of tuition in this country. As Obama spoke, there are three partners to this shared responsibility. The federal government needs to increase financial aid, the State government needs to reinvest in higher
education and the Universities need to focus on cost containment and efficient operation. All of these players will help the growth come in line with inflation. But we need all three to play their part.

i. **Questions from the board.** Ben: can you tell us how much the university’s endowment is? Phil: 7-8 billion dollars. The interest is spent by paying out to wherever the gift is designated. 4.5% of the endowment is paid out per year to the departments that hold the gift. Chris: is it part of the goal of financial growth to look at small businesses within Michigan and Ann Arbor and invest in those in a way to get return on the investment and spur economic growth within the state? Phil agrees ‘definitely with the latter reason’ and mentions that a fraction of the endowment will be invested in Michigan startups.

Lauren: how much did the acquisition of the Pfizer campus cost? Phil: the cost was $108M for the facility and the land the building was on. UM had previously sold Pfizer the land for $36M. The estimates for constructing it new would be $900M, so it was a benefit to the university. Marisol asks Phil what his reaction was to Obama’s speech and the ‘race to the top’ for higher education for $1B. Phil responds by saying that the $1B wasn’t the point, but Obama was proposing to create a competition between states to increase their investment in higher education. Phil mentions that that was probably trying to enforce state investment in higher education. Chris asks if he means specifically undergraduate or graduate education. Phil answers that Obama proposed the expansion of the Perkin’s loan program and to challenge universities to limit costs and increase value and investment in financial aid. Alex T brings up the sharing of resources and that the older buildings have serious maintenance issues, especially in the Physics building. Alex T is asking if there are continuing changes in building and maintenance services. Phil mentions that he has passed along this comment in the past but unfortunately the operations have been cut in the $235M that has been cut from the budget. Martha mentions that there are new facility service initiatives, including one called OS-1. The goal is to have a high quality of service without sacrificing money. If things aren’t getting satisfied, they need to know and encourage the department chair. Michael asks what we as RSG can do to help them out and Martha answers that we can educate ourselves on how the budget works and engage in thoughtful dialogue and educate our peers. Lauren asks how they expect the upcoming joint venture with DTE to create a solar farm will impact the funds. Phil answers that he hasn’t seen the numbers on it but the driver is to have our faculty and students be able to do research on it, and it might not be driven primarily by economics. Lauren asks specifically about renewable energy credits and how that could contribute but Martha and Phil are unaware. Pete asks if there are projections for what tuition increases will be in the coming years, particularly for Master’s students and recruiting new students. Phil answers that they are always hesitant to project tuition but we have to look at financial aid and state cuts. If the state continues to do it’s part, the tuition will rise at about 3-3.5%, only slightly above inflation rates.
6. **Funding Request: International Policy Students Association’s International Economic Development Program (IEDP)**

   a. Funding request overview given by Alex T. The budgetary committee recommends not funding this proposal on the basis of not funding class projects based on our bylaws. IEDP students would be receiving credit and per the bylaws we don’t fund such requests. Ben brings up that in the bylaws we do not define class project in the bylaws. Kaitlin mentions that while that is true that the definition is not there, we directly asked the group if they considered it a class project and they indicated yes. Michael also mentions that this is a recommendation to the board and that there was an issue of sufficient advertising. Haven asks what constitutes appropriate advertising. Michael mentions that for instance not all graduate students were aware of being able to apply to this class. Ben mentions that after reading the minutes he feels that after the point was brought up of it being a class project the request was not considered in it’s entirety. Alex E brings up that for her, funding $1000 for a proposal for 25 students does not make sense considering our funding line. Kaitlin clarifies that there was significant discussion about the proposal but ultimately it comes down to a vote. Lauren mentions that we could look to an equation format to take into account the number of graduate students and the request. Michael mentions that due to a supreme court decision in 2005, we are not allowed to look at the budget and make decisions for student groups based on that, but should address each request ‘blind’—not looking at what remains in the budget beforehand. Ben brings up that he finds it frustrating that by labeling the recommendation as being due to funding as part of a class project the board can vote on it. The group however hasn’t contacted to board to come and petition. Alex has contacted the group but they haven’t responded to come. Michael suggests a motion to postpone to next week and direct Alex to contact the group. Moved by Ben and seconded by Haven. Moved 9-1-5.

7. **RSG Committee Updates and Meeting Schedule:** Motion to approve all minutes included in the packet moved by Kaitlin. Seconded by Alex E and approved unanimously.

   a. Academic Affairs

   b. Budgetary

   c. Communications

   d. Elections

   e. Legislative Affairs: Michael moves to accept Christine Andres as a vice-chair and Chris Tom and Alex T as advisors to Michael for Federal affairs. Moved by Alex E and seconded by Ben. Approved with two abstentions.
f. Student Life: Ice-skating 6-9pm on Saturday, Valentine’s day event on Monday from 8-11pm. Need volunteers for ice-skating.

g. Bylaw Review: meeting right now!

h. COSAC

8. Open Discussion: Eli asks if Michael could decrease the watermark in the online version.

9. Adjournment: 8:06pm, moved by Pete and seconded by Chris.