



ASSEMBLY RESOLUTION 7-045

**A RESOLUTION TO SUPPORT AN INVESTIGATION OF POTENTIAL CONFLICTS OF INTEREST IN THE UNIVERSITY ENDOWMENT**

- WHEREAS,** The University endowment is a collection of donated funds which is invested on behalf of the University in perpetuity to serve the operational and long term goals of the University; **AND**
- WHEREAS,** The University of Michigan endowment was valued at \$10.9 billion in 2017; **AND**
- WHEREAS,** The ultimate purpose<sup>1</sup> of the endowment is the furtherance of the educational excellence of the University, meaning that students, and by extension Central Student Government, have a vested interest in how it is managed and spent; **AND**
- WHEREAS,** Less of the endowment goes toward University operations and financial aid<sup>2</sup> than the University allocates toward the expansion of its investments in multi-billion dollar hedge funds; **AND**
- WHEREAS,** The Detroit Free Press<sup>3</sup> has uncovered direct and potential conflicts of interest with investments of the endowment in hedge funds managed by, or affiliated with, major donors and alumni; **AND**
- WHEREAS,** According to the report, conflicts of interest may be present in endowment practices due to the fact that 2% of the entire endowment is invested in funds directly managed by members of the University's Investment Advisory Committee, and further that various donors to the University are 25% more likely to receive a second investment than non-donors; **AND**

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<sup>1</sup> <http://publicaffairs.vpcomm.umich.edu/key-issues/university-of-michigan-endowment/>

<sup>2</sup> <http://www.regents.umich.edu/meetings/07-10/2010-07-IX-3.pdf>

<sup>3</sup>

<https://www.freep.com/story/news/local/michigan/2018/02/01/university-michigan-endowment-donor-funds/1066143001/>

**WHEREAS,** Among the findings of the Detroit Free Press report was that the Board of Regents “never voted against an investment recommended by staff” in a review spanning the last two decades, in addition to making most investment decisions without public debate, which indicates increasingly limited public oversight and a negligence in publicly disclosing endowment practices; **AND**

**WHEREAS,** The University released a statement in response to the Detroit Free Press story, in which it does not directly deny conflicts of interest, and further fails to confirm that investment practices do not have any adverse effects on the cost of tuition for students<sup>4</sup>; **AND**

**WHEREAS,** Previous recommendations for the structure of an investigation of the endowment have consisted of “two members of the University Senate appointed by the Senate Advisory Committee on University Affairs, two students appointed by the current official student government organization, and two administrators appointed by the President.”<sup>5</sup> **AND**

**WHEREAS,** Student organizations representing the interests of various groups on campus have called for an investigation and increased oversight of the endowment, including The Roosevelt Institute at the University of Michigan, College Democrats at the University of Michigan, and College Republicans at the University of Michigan; and read their statement to the Board of Regents in their February meeting;<sup>6,7</sup> **AND**

**WHEREAS,** On Wednesday, February 14th the College of Literature, Science, and the Arts (LSA) Student Government passed a similar resolution, R W2018.06, “A Resolution Supporting an Investigation of the University Endowment and Potential Conflicts of Interest” calling on the Board of Regents and University administration to conduct an investigation of potential conflicts of interest;<sup>8</sup> **THEREFORE BE IT**

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<sup>4</sup> <http://publicaffairs.vpcomm.umich.edu/responses-to-stories-on-u-m-endowment/>

<sup>5</sup>

[https://publicaffairs.vpcomm.umich.edu/wp-content/uploads/sites/19/2015/01/Report\\_on\\_Investment\\_Policies\\_and\\_Social\\_Responsibility\\_1978.pdf](https://publicaffairs.vpcomm.umich.edu/wp-content/uploads/sites/19/2015/01/Report_on_Investment_Policies_and_Social_Responsibility_1978.pdf)

<sup>6</sup> [https://twitter.com/Roosevelt\\_UM/status/963179531342315521](https://twitter.com/Roosevelt_UM/status/963179531342315521)

<sup>7</sup>

<https://www.freep.com/story/news/local/michigan/2018/02/15/university-michigan-student-groups-endowment-investments-increase-spending/342951002/>

<sup>8</sup> LSA SG R W2018.06, “A Resolution Supporting an Investigation of the University Endowment and Potential Conflicts of Interest.”

**RESOLVED,** CSG calls on the Board of Regents and U of M Administration to conduct an investigation into the University Endowment related to conflicts of interest and the best practices of investing the endowment;  
**AND BE IT FURTHER**

**RESOLVED,** Upon the results of the investigation, the Regents should increase oversight of the investment of the endowment to prevent conflicts of interest and invest the endowment in accordance with best practices;  
**AND BE IT FURTHER**

**RESOLVED,** Investments of the endowment and the results of any internal investigation should be made transparent and open to public scrutiny. **AND BE IT FINALLY**

**RESOLVED,** A copy of this resolution shall be sent to the members of the Board of Regents and President Schlissel.

Authors

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Hafsa Tout, LS&A

Attest

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Alexandra Contis, LS&A  
Speaker of the Assembly

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Isabel Baer, LS&A  
Vice Speaker of the Assembly

President's Approval

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Anushka Sarkar

Presented to the Assembly for *First Reads* on \_\_\_\_\_

Presented to the Assembly for *Second Reads* on \_\_\_\_\_

Yes: \_\_\_\_\_ No: \_\_\_\_\_ Abs: \_\_\_\_\_ Date: \_\_\_\_\_

Signature Necessary: \_\_\_\_\_ Signature Received By \_\_\_\_\_: \_\_\_\_\_



