

**Agendum  
Oakland University  
Board of Trustees Formal Session  
June 10, 2019**

**GENERAL FUND BUDGET AND TUITION RATES  
FOR FY2020**

**A Recommendation**

- 1. Division and Department:** Finance and Administration, Budget and Financial Planning Office
- 2. Introduction:** Board of Trustees (Board) approval is requested for the FY2020 General Fund Budget and Tuition Rates. Highlights and assumptions for this proposal are described below.

Attachment A is a FY2020 General Fund Budget Briefing.

Attachment B is the Oakland University (University) FY2020 Proposed General Fund Budget which provides summarized budget information for each major academic and operating unit and a comparison to the FY2019 General Fund Budget.

Attachment C is the proposed Schedule of Tuition Rates Effective Fall Semester 2019.

**State Appropriations:**

The State of Michigan FY2020 budget has not yet been finalized. The University's proposed FY2020 budget is based upon the Senate budget proposal, with a state appropriation of \$53,824,900, including \$1,008,800 in performance funding, a 1.9% increase over FY2019.

Performance funding is based on metrics that measure critical skills degree completions, research expenditures, six-year graduation rates, total degree completions, institutional support as a percent of core expenditures, and percentage of students receiving Pell Grants. Receipt of the performance funding is contingent on complying with a 4.4% tuition restraint.

The Senate's proposed FY2020 appropriation is \$1,372,700 higher than the University's FY2009 state funding level. During this eleven-year period, Oakland's enrollment has increased by 2,339 students, while state funding per Fiscal Year Equated Student (FYES) has declined by \$628 per student.

Historically, the University has been underfunded by the state on a per FYES basis when compared to other public universities in Michigan. The University's FY2019 base appropriation per FYES was the lowest in the state at \$2,957, as compared to the average of \$5,381. State funding as a percentage of the University's FY2019 General Fund

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revenue is 18%. If Oakland were to be funded at the state average, its appropriation would be \$43.3 million higher, which would provide tremendous support for academic needs and student support services and lessen the budget burden on tuition.

Cost Containment:

The University has accumulated data on cost containment initiatives totaling over \$59 million of permanent and one-time savings since FY2003. Cost saving initiatives include energy savings projects, reducing the cost of employee healthcare benefits, refinancing debt, renegotiating vendor contracts, outsourcing credit card processing, lean academic and administrative practice redesign, an early retirement plan, and eliminating positions.

The following is a summary of Oakland University's rankings and key metrics compared to other Michigan public universities:

- Lowest State appropriation funding per student, \$2,424 below the average
- Fourth lowest total revenue per undergraduate student (tuition plus state appropriation)
- Fifth lowest general fund expenditures per student, \$4,320 below the average
- Highest number of students per faculty
- Seventh lowest staff per 1,000 students
- Second lowest utility rate per square foot
- Lowest general fund building square footage per student

Strategic Plan:

The University's economic and societal impact on the state and region have been steadily increasing over the past decade as a result of strategic planning, outstanding faculty and staff, aggressive fiscal management, and creative partnerships with business, industry and the community.

The University continues to implement and invest in its new Strategic Plan which includes the following goals:

1. *Foster student success through a robust teaching and learning environment and comprehensive student services.*
2. *Be recognized as a strong research and scholarly environment focused on creative endeavors and on the discovery, dissemination and utilization of knowledge.*
3. *Become a leader in serving the needs and aspirations of our communities and region through expanded community relationships, institutional reputation and visibility, and engagement.*
4. *Advance diversity, equity, and inclusion in an environment of mutual trust and respect at all levels of the institution and facilitate opportunities and success for all community members.*

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Tuition:

In order to carry out its Strategic Plan and make improvements in areas that have been identified as critical measures of success, the University needs additional resources. Tuition is the primary source of General Fund revenues, accounting for 81% of the budget. The proposed FY2020 resident undergraduate tuition rate increase is 4.4%. The proposed FY2020 average tuition rate for a full-time resident freshman is \$13,462.50, an increase of \$19.00 per credit hour. The proposed FY2020 full-time resident graduate tuition rate is \$18,492, a 4.4% increase. The proposed FY2020 full-time resident doctoral tuition rate is \$12,400, a 5.0% increase. (See Attachment C)

The differential tuition rates for four of Oakland's Professional Schools (School of Business Administration, School of Engineering and Computer Science, School of Health Sciences, and School of Nursing) have been increased an average of 3.2%.

The University's commitment to controlling the net cost of attendance continues. The institutional financial aid budget, \$57.4 million (excluding the School of Medicine), exceeds the anticipated state appropriation by \$3.6 million. In essence, the University is awarding 106% of its State funding directly to students in an effort to reduce their net cost of attendance.

In FY2018, on average, a full-time resident undergraduate student received non-debt financial aid (scholarships, grants, and other awards, excluding loans) of \$4,079, reducing the overall net average cost by nearly one third, to \$9,327.

Highlights of the Proposed FY2020 General Fund Budget:

Revenue:

1. State appropriation performance funding increase of \$1,008,800.
2. FYES enrollment of 16,590 (excluding the School of Medicine), flat as compared to the prior year budget.
3. Average tuition of \$13,462.50 for a full-time resident freshman, an increase of \$19.00 per credit hour, 4.4%.
4. Average graduate in-state tuition of \$18,492 for full-time resident students, an increase of 4.4%
5. Average Doctoral in-state tuition of \$12,400 for full-time resident students, an increase of 5.0%

Expenditures:

1. Expense budget changes primarily include:
  - a. Operational expense reductions and avoidance for part-time faculty, licensing item management, deferred maintenance, and library subscriptions.
  - b. Operating funds required for Board approved course offerings, utilities, insurance, and other contractual obligations.

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2. Increased overhead charge to the Auxiliary units to fund indirect University support (a reduction of general fund expenditures).
3. Continued focus on student financial aid funding including the student full aid guarantee, economic hardship fund, and need-based and competitive merit-based scholarship awards.

3. **Previous Board Action:** On June 4, 2018 the Board approved the FY2019 General Fund Budget and Tuition Rates.

4. **Budget Implications:** Approval of the FY2020 Proposed General Fund Budget and the Schedule of Tuition Rates Effective Fall Semester 2019 provides the needed authorization for assessing students and expending University resources for instructional, programmatic and operating needs.

5. **Educational Implications:** The proposed General Fund budget provides for academic programming.

6. **Personnel Implications:** The proposed General Fund budget provides for personnel.

7. **University Reviews/Approvals:** The FY2020 Proposed General Fund Budget and the Schedule of Tuition Rates Effective Fall Semester 2019 were developed by the Budget and Financial Planning Office, with input from the President's Cabinet, and was reviewed by the Vice President for Finance and Administration, and President. In addition, budget development strategies and assumptions were discussed with the Senate Budget Review Committee, Senate Planning Committee, and Student Leadership.

8. **Recommendation:**

WHEREAS, the FY2020 Proposed General Fund Budget and Schedule of Tuition Rates Effective Fall Semester 2019 require Board of Trustees approval; now, therefore, be it

RESOLVED, that the Board of Trustees approves the FY2020 General Fund Budget at an expenditure level of \$342,734,379 and approved encumbrances and carry-forwards from the June 30, 2019 fund balance; and, be it further

RESOLVED, that the Board of Trustees approves the Schedule of Tuition Rates Effective Fall Semester 2019 (see Attachment C for detail); and, be it further

RESOLVED, that if the final State of Michigan undergraduate resident tuition restraint is lower than proposed herein, the FY2020 Proposed General Fund Budget will

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be reduced and balanced at the direction of the President, and the Schedule of Tuition Rates Effective Fall Semester 2019 will be modified accordingly; and, be it further

RESOLVED, that the Board of Trustees approves the spending of revenues generated in excess of budget to adequately cover the instructional, programmatic, and operating expenditures necessary to support the strategic plan.

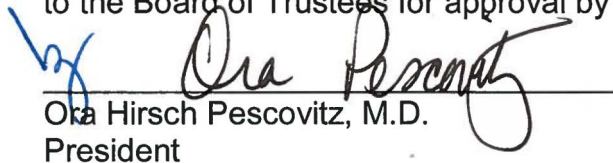
**9. Attachments:**

- A. FY2020 General Fund Budget Briefing
- B. FY2020 Proposed General Fund Budget
- C. Schedule of Tuition Rates Effective Fall Semester 2019

Submitted to the President  
on 6/4, 2019 by

  
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**John W. Beaghan**  
Vice President for Finance and Administration  
and Treasurer to the Board of Trustees

Recommended on 6/4, 2019  
to the Board of Trustees for approval by

  
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Ora Hirsch Pescovitz, M.D.  
President

**Oakland University  
Fiscal Year 2020  
Proposed General Fund Budget**

Category	FY 2019 Budget	FY 2020 Projected Budget	Amount Change	% Change
State Appropriation - Base	\$ 52,816,100	\$ 53,824,900	\$ 1,008,800	1.91%
Student Tuition	271,849,380	283,569,231	11,719,851	4.31%
Financial Aid Offset	(55,156,402)	(63,794,052)	(8,637,650)	15.66% (1)
<b>Net Tuition &amp; Fees Revenue</b>	<b>\$ 216,692,978</b>	<b>\$ 219,775,179</b>	<b>\$ 3,082,201</b>	<b>1.42%</b>
Indirect Cost Recovery	2,200,000	2,200,000	0	0.00%
Miscellaneous Income	3,208,190	3,140,248	(67,942)	-2.12%
Encumbrances	12,552,189	0	(12,552,189)	-100.00% (2)
<b>Total Funding Sources</b>	<b>\$ 287,469,457</b>	<b>\$ 278,940,327</b>	<b>(\$ 8,529,130)</b>	<b>-2.97%</b>
Less: Budgeted Expenditures	\$ 287,469,458	\$ 278,940,327	(\$ 8,529,131)	-2.97%
Revenues Over (Under) Expenditures	(\$ 1)	\$ 0	\$ 1	
<b>FYES Enrollment</b>	<b>17,084</b>	<b>17,077</b>	<b>(7)</b>	<b>-0.04%</b>

## Notes:

1) The university has adopted financial statement presentation changes as recommended by GASB 34 and 35 and NACUBO principles for financial statement presentation. As a result, institutional financial aid is shown as an offset to revenues.

2) The projected budget does not include any encumbrances and carryforwards. Encumbrances and carryforwards as of June 30 will be added to the budgeted expenditure base for the following fiscal year as a one time allocation.

**Oakland University**  
**General Fund Budgeted Expenditures**  
**Fiscal Year 2019 vs. 2020**

	<b>FY2019 Adjusted Total Budget</b>	<b>FY2019 Enc. / Carryforward</b>	<b>FY2019 Adjusted Base Budget</b>	<b>FY2020 Budget Changes</b>	<b>FY2020 Budget</b>
School of Medicine	\$ 22,300,147	\$ (278,973)	\$ 22,021,174	\$ (97,434)	\$ 21,923,740
College of Arts & Sciences	54,808,470	(1,763,979)	53,044,491	885,321	53,929,812
School of Business Administration	18,399,947	(720,463)	17,679,484	608,657	18,288,141
School of Education and Human Services	13,846,573	(559,886)	13,286,687	204,998	13,491,685
School of Engineering and Computer Science	14,676,039	(313,267)	14,362,772	222,614	14,585,386
School of Health Sciences	7,408,798	(164,812)	7,243,986	159,621	7,403,607
School of Nursing	11,196,984	(662,634)	10,534,350	153,867	10,688,217
Kresge Library	7,274,531	(159,590)	7,114,941	54,364	7,169,305
Instructional and Information Technology	0	0	0	0	0
Academic Affairs - Other	41,265,899	(3,828,228)	37,437,671	898,800	38,336,471
Operations & Finance	34,880,431	(796,431)	34,084,000	687,611	34,771,611
Student Affairs	13,289,464	(623,161)	12,666,303	141,471	12,807,774
Development, Alumni and Comm. Engagement	5,474,926	0	5,474,926	82,190	5,557,116
President	19,533,279	(2,150,671)	17,382,608	679,940	18,062,548
General	22,583,876	0	22,583,876	(658,962)	21,924,914
<b>Total</b>	<b>\$ 286,939,364</b>	<b>(\$ 12,022,095)</b>	<b>\$ 274,917,269</b>	<b>\$ 4,023,058</b>	<b>\$ 278,940,327</b>

**Oakland University  
Schedule of Tuition Rates  
Effective Fall Semester 2019**

Tuition Rate Per Credit Hour	Current Rate 2019	Proposed Rate 2020
Resident UG Lower	429.75	448.75
Resident UG Upper	498.00	519.75
SBA 001-299 courses	453.50	462.75
SBA 300+ courses	529.50	551.50
SECS 001-299 courses	464.75	474.25
SECS 300+ courses	541.50	563.75
SHS 001-299 courses	440.50	449.25
SHS 300+ courses	518.75	540.25
SON 001-299 courses	456.50	465.75
SON 300+ courses	534.25	556.25
Resident Grad	738.00	770.50
Resident Doctoral	738.00	775.00
Non Resident UG Lower	795.75	795.75
Non Resident UG Upper	853.25	853.25
Non Resident Grad	1,027.00	1,027.00
Non Resident Doctoral	1,027.00	1,027.00
Competency	55.00	55.00
School of Medicine	54,928.00	56,522.00

**Summary comparison of tuition rates:**

A) Undergraduate Michigan resident student taking a full 15 credit hour load for two semesters (30 total credit hours):

1) Lower Division Tuition	12,892.50	13,462.50	
2) Upper Division Tuition	14,940.00	15,592.50	
<b>CAS Residential Undergraduate Average</b>	<b>13,916.25</b>	<b>14,527.50</b>	<b>4.39%</b>

B) Graduate Michigan resident student taking a full 12 credit hour load for two semesters (24 total credit hours):

Graduate Tuition	17,712.00	18,492.00	4.40%
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C) Doctoral Michigan resident student taking a full 8 credit hour load for two semesters (16 total credit hours):

Doctoral Tuition	11,808.00	12,400.00	5.01%
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**Lower / Upper division undergraduate students defined:**

Lower Division - All non-matriculating (non-degree seeking) students, all O.U. freshman and sophomores with less than 56 credits.

Upper Division - Guest students from other colleges, all O.U. undergraduate students who have earned undergraduate degrees and who have been admitted to a second O.U. undergraduate degree program, all O.U. undergraduates with 56 or more undergraduate credits, and all students with post bachelor admission status

The School of Medicine tuition rate is annual.