

**GENERAL FUND BUDGET AND TUITION RATES  
FOR FY2018**

**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 FY2018 General Fund Budget and Tuition Rates. Highlights and assumptions for this proposal are described below.

Attachment A is a FY2018 General Fund Budget Briefing.

Attachment B is the Oakland University (University) FY2018 Proposed General Fund Budget which provides summarized budget information for each major academic and operating unit and a comparison to the FY2017 General Fund Budget.

Attachment C is the proposed Schedule of Tuition Rates Effective Fall Semester 2017.

**State Appropriations:**

The State of Michigan FY2018 budget has not yet been finalized. The University's proposed FY2018 budget is based upon the most conservative approach, using the House proposal (HB 4313) with a state appropriation of \$51,170,100, including \$1,249,400 in performance funding, a 2.5% increase over FY2017.

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 3.8% tuition restraint.

The House's proposed FY2018 appropriation is \$1.3 million less than the University's FY2009 state funding level. During this ten-year period, Oakland's enrollment has increased by 2,800 students, while state funding has declined.

Historically, the University has been underfunded by the state on a per Fiscal Year Equated Student (FYES) basis when compared to other public universities in Michigan. The University's FY2017 base appropriation per FYES was the lowest in the state at \$2,868, as compared to the average of \$5,039. State funding as a percentage of the University's FY2017 General Fund revenue is 17%.

If Oakland were to be funded at the state average, its appropriation would be \$37.8 million higher, which would provide tremendous support for academic needs and student support services.

**General Fund Budget and Tuition Rates for FY2017**  
**Oakland University**  
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Cost Containment:

The University has accumulated data on cost containment initiatives totaling over \$50 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 University's General Fund expenditures per FYES in FY2016 were third lowest in the state (per the State's Higher Education Institution Data Inventory (HEIDI) database), confirming the University is an efficient and lean organization.

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, \$2,171 below the average;
- Fourth lowest total revenue per undergraduate student (tuition plus state appropriation).
- Third lowest general fund expenditures per student, \$4,189 below the average;
- Highest number of students per faculty;
- Seventh lowest staff per 1,000 students;
- 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.*

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 82% of the budget. The proposed FY2018 average tuition rate for a full-time resident freshman is \$12,420, an increase of \$15.00 per credit hour. The proposed resident undergraduate

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tuition rate increase is 3.74%. The proposed FY2018 full-time resident graduate tuition rate is \$16,950, a 3.75% 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 not been increased.

The University's commitment to controlling the net cost of attendance continues. The University's institutional financial aid budget, \$45.4 million, is approaching equality with the state appropriation. In essence, the University is returning nearly all of its state funding directly to students by reducing their net cost of attendance through scholarships.

In FY2016, on average, a full-time resident undergraduate student received non-debt financial aid (scholarships, grants, and other awards, excluding loans) of \$4,077, reducing the overall net average cost by nearly one third, to \$8,354.

Highlights of the Proposed FY2018 General Fund Budget:

Revenue:

1. State appropriation performance funding increase of \$1,249,400.
2. FYES enrollment of 17,222 (excluding the School of Medicine), a 1.22% decrease over the prior year.
3. Average tuition of \$12,420 for a full-time resident freshman, an increase of \$15.00 per credit hour, 3.74%.
4. Average graduate in-state tuition of \$16,950 for full-time resident students, an increase of 3.75%.
5. Continuation of the University's no fee pricing strategy.

Expenditures:

1. Expense budget increases primarily include:
  - a. Program improvements: additional academic advisors and advisor support staff, as well as program coordinators for Tutoring, CORE, Veterans Affairs, Community Service, and Retention, all of which will improve retention and graduation rates.
  - b. Operating funds required for Board approved course offerings, debt service, utilities, and other contractual obligations.
2. Establishment of an overhead charge to the School of Medicine 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 6, 2016 the Board approved the FY2017 General Fund budget and tuition rates.

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4. **Budget Implications:** Approval of the FY2018 Proposed General Fund Budget and the Schedule of Tuition Rates Effective Fall Semester 2017 provides the needed authorization for assessing students and expending University resources for instructional, programmatic and operating needs, all in support of the Strategic Plan.

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 FY2018 Proposed General Fund Budget and the Schedule of Tuition Rates Effective Fall Semester 2017 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 FY2018 Proposed General Fund Budget and Schedule of Tuition Rates Effective Fall Semester 2017 require Board of Trustees approval; now, therefore, be it

RESOLVED, that the Board of Trustees approves the FY2018 General Fund Budget at an expenditure level of \$271,532,892 (see Attachment B for detail) and approved encumbrances and carry-forwards from the June 30, 2017 fund balance; and, be it further

RESOLVED, that the Board of Trustees approves the Schedule of Tuition Rates Effective Fall Semester 2017 (see Attachment C for detail); and, be it further

RESOLVED, that the Board of Trustees approves the spending of General Fund revenues generated from enrollment in excess of that budgeted to adequately cover the instructional, programmatic, and operating expenditures necessary to support higher than budgeted enrollment levels.

9. **Attachments:**

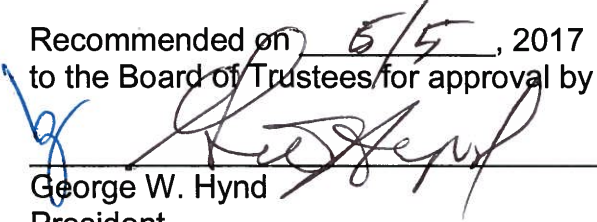
- A. FY2018 General Fund Budget Briefing
- B. FY2018 Proposed General Fund Budget
- C. Schedule of Tuition Rates Effective Fall Semester 2017

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Submitted to the President  
on 6/2, 2017 by

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

Recommended on 5/5, 2017  
to the Board of Trustees for approval by

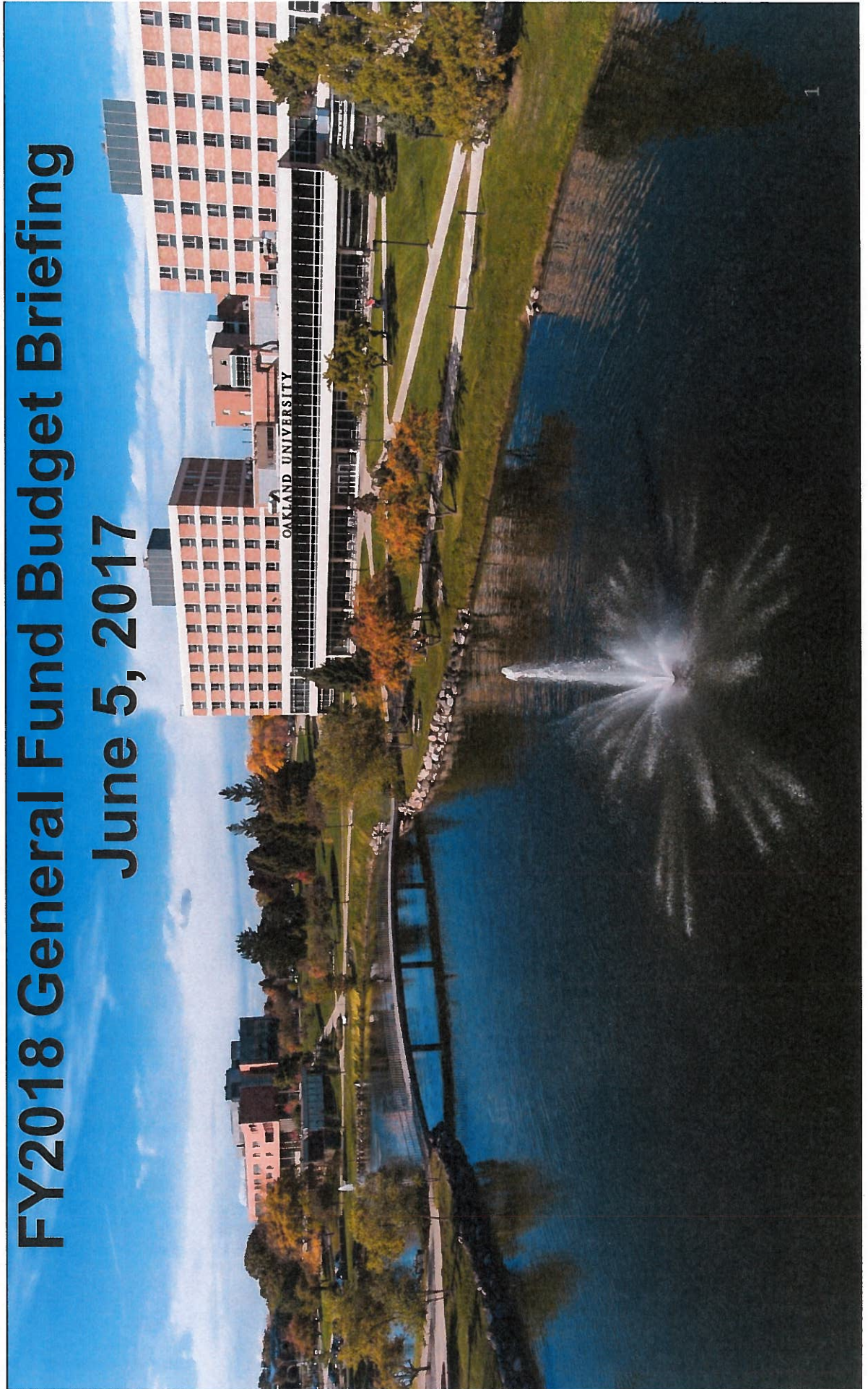
  
\_\_\_\_\_  
George W. Hynd  
President





# FY2018 General Fund Budget Briefing

## June 5, 2017





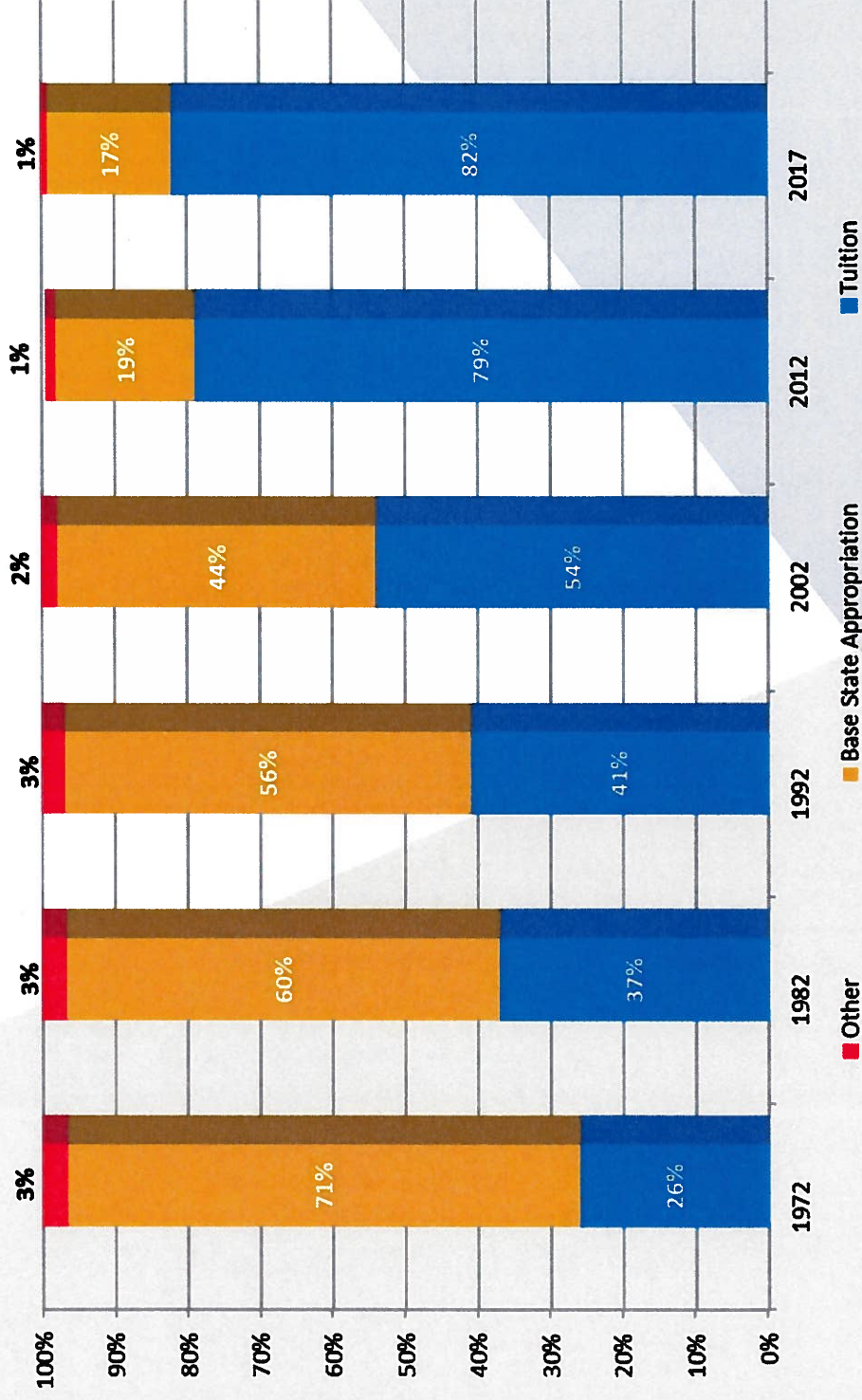
# General Fund Budget Development



## Guiding Principles:

- Commitment to mission
- Protect/strengthen academics
- Provide excellent student services
- Minimize net student cost (tuition less financial aid)

# Historical Funding Model



Comparison of General und revenue sources FY1972 to FY2017  
Sources: HEIDI and general fund budgets



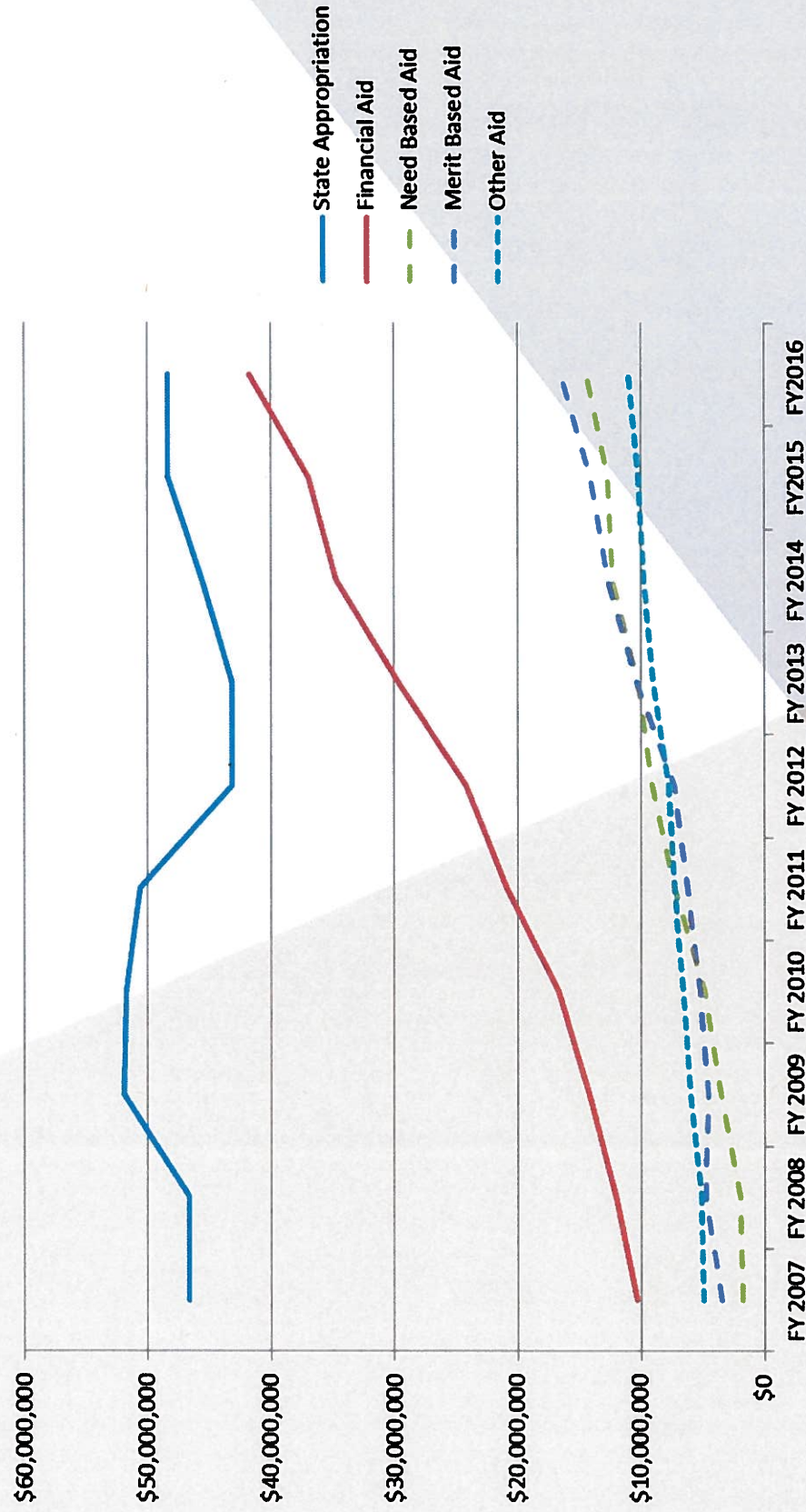
# Oakland Appropriation History



<u>Fiscal Year</u>	<u>Base Appropriation</u>	<u>FYES</u>
2009	\$ 52,452,200	15,073
2010	50,690,700	15,867
2011	50,761,300	16,217
2012	43,145,000	16,319
2013	44,964,100	16,699
2014	45,651,600	17,088
2015	48,383,800	17,409
2016	48,371,900	17,840
2017	49,920,700	
2018 *	51,170,100	

\* FY2018 House Funding Proposal  
FYES – Fiscal Year Equated Students

# State Appropriation Funds vs Institutional Financial Aid



Source: Oakland actual expenditures



# Lowest State Funding Per Student

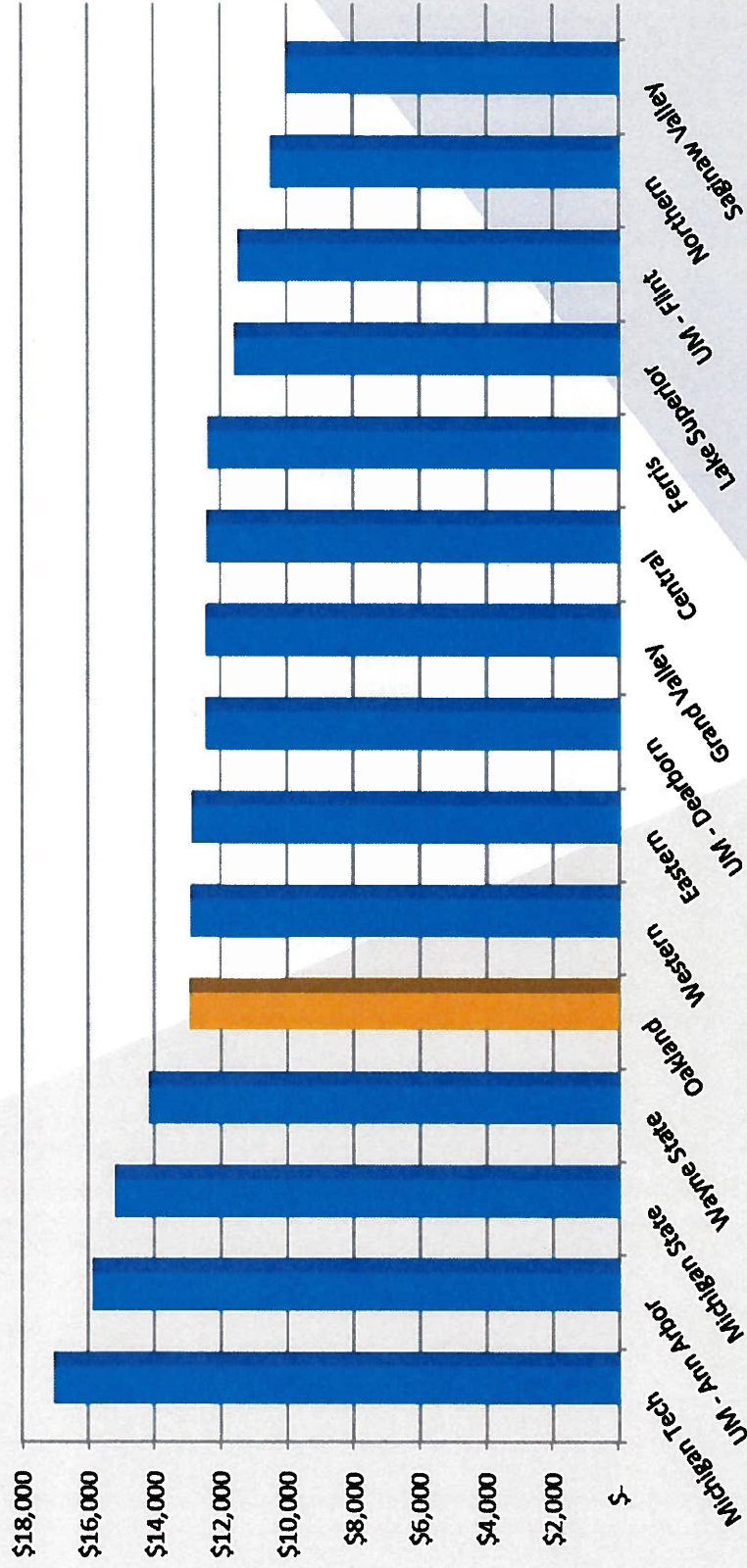


	Appropriation per FYES	FYES	Year Founded
Wayne State University	\$ 8,736	22,444	1868
Michigan Technical University	7,398	6,501	1885
University of Michigan Ann Arbor	7,044	43,817	1817
Lake Superior State University	6,421	2,113	1946
Northern Michigan University	5,998	7,716	1899
Michigan State University	5,979	46,138	1855
Western Michigan University	5,288	20,318	1903
Ferris State University	4,307	12,134	1884
Eastern Michigan University	4,207	17,493	1849
Central Michigan University	3,944	21,278	1892
University of Michigan Dearborn	3,681	6,738	1959
Saginaw Valley State University	3,409	8,540	1963
University of Michigan Flint	3,266	6,904	1956
Grand Valley State University	3,040	22,446	1960
<b>Oakland University</b>	<b>2,868</b>	<b>17,409</b>	<b>1957</b>
15 School Average	\$ 5,039		

Funding Oakland at the average would provide \$37.8 million incremental appropriation.  
Source: HEIDI



# FY2017 All-In Undergraduate Tuition Costs



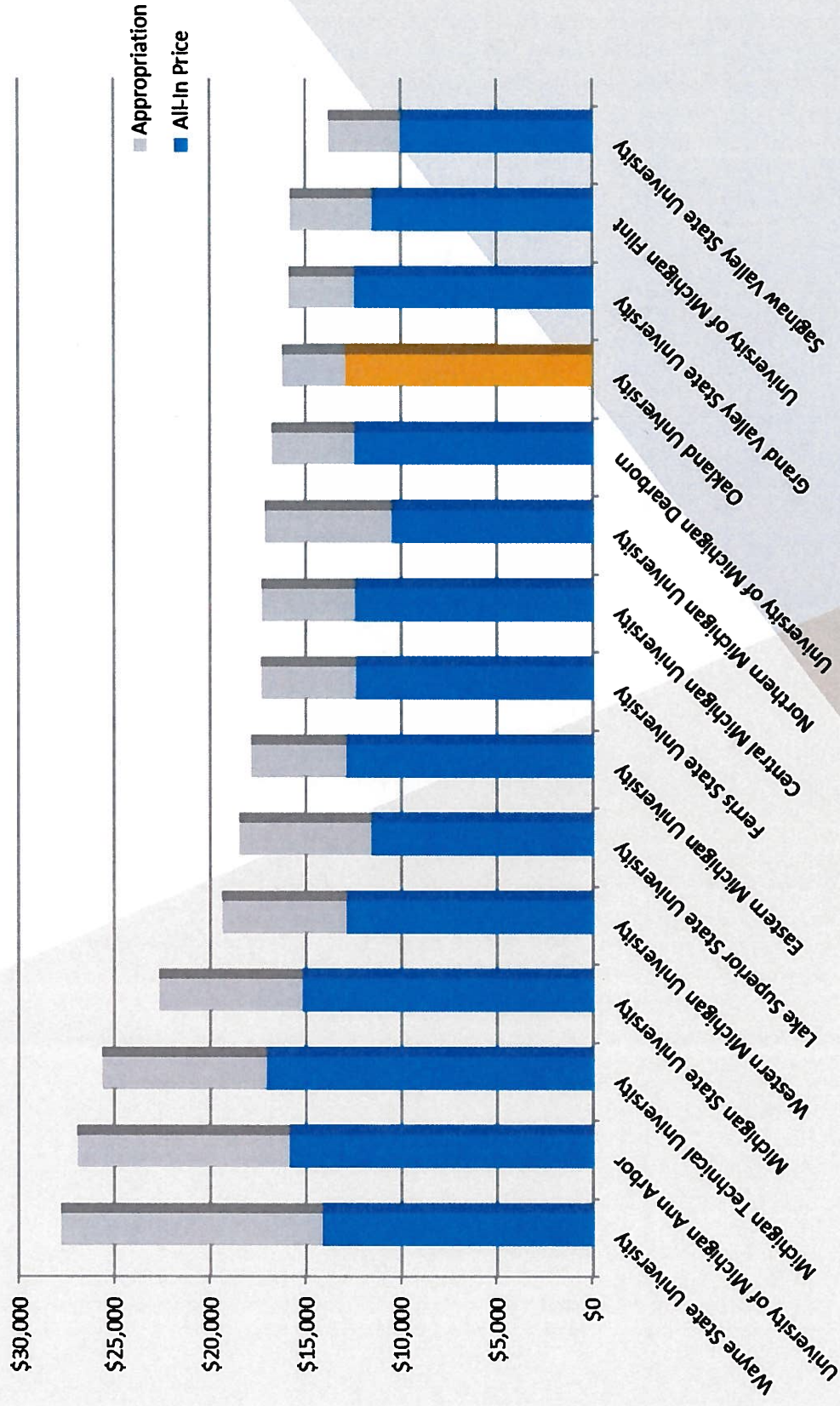
\* Actual costs incurred may vary based on individual student choices

\*\* The following universities charge differential tuition rates for certain programs. Depending upon the program, the all-in cost may vary: EMU, GVSU, MSU, MTU, NMU, OU, SVSU, UMAA, UMD, WMU, WSU.

Produced by the Oakland University Office of Budget and Financial Planning based on data published by HEIDI, The Michigan Association of State Universities, and university websites.



# FY2017 Total Revenue Per Undergraduate FYES



Source: HEIDI: FY2017 Appropriations/FY16 UG FYES and FY2017 UG All-in tuition calculation

# Discounted Sticker Price



## Average Undergraduate Net Cost For Full-Time Resident Undergraduate Students

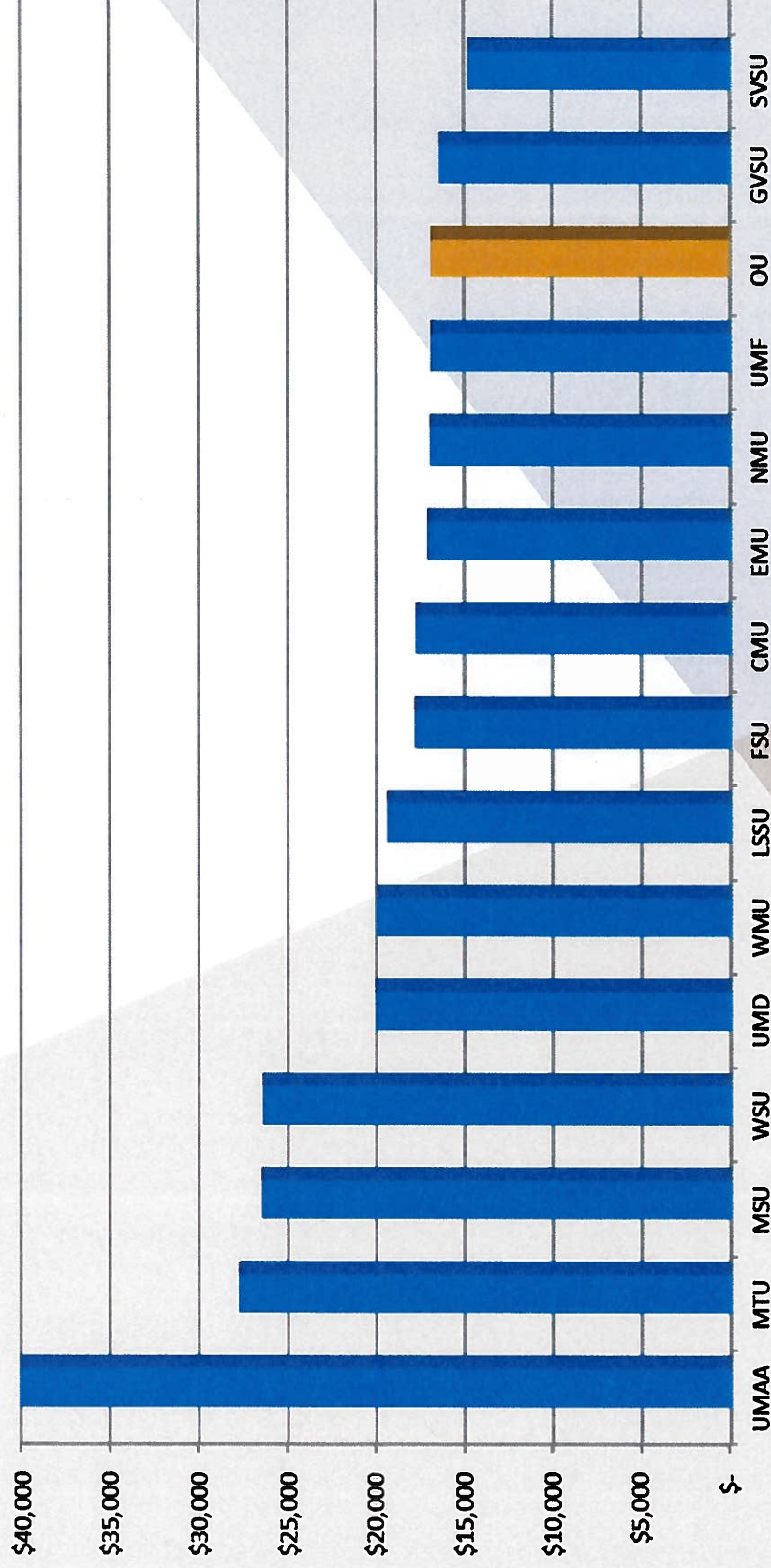
	<u>FY2016</u>
Tuition	\$ 12,431
Average Aid per Student *	<u>(4,077)</u>
Average Net Cost	\$ 8,354
Average Net Cost %	67.2%

\* Financial Aid can vary greatly from student to student, however, the average net tuition cost for a full-time resident undergraduate student was \$8,354 in FY 2016, a 32.8% discount off the "sticker price", due to Financial Aid awards.



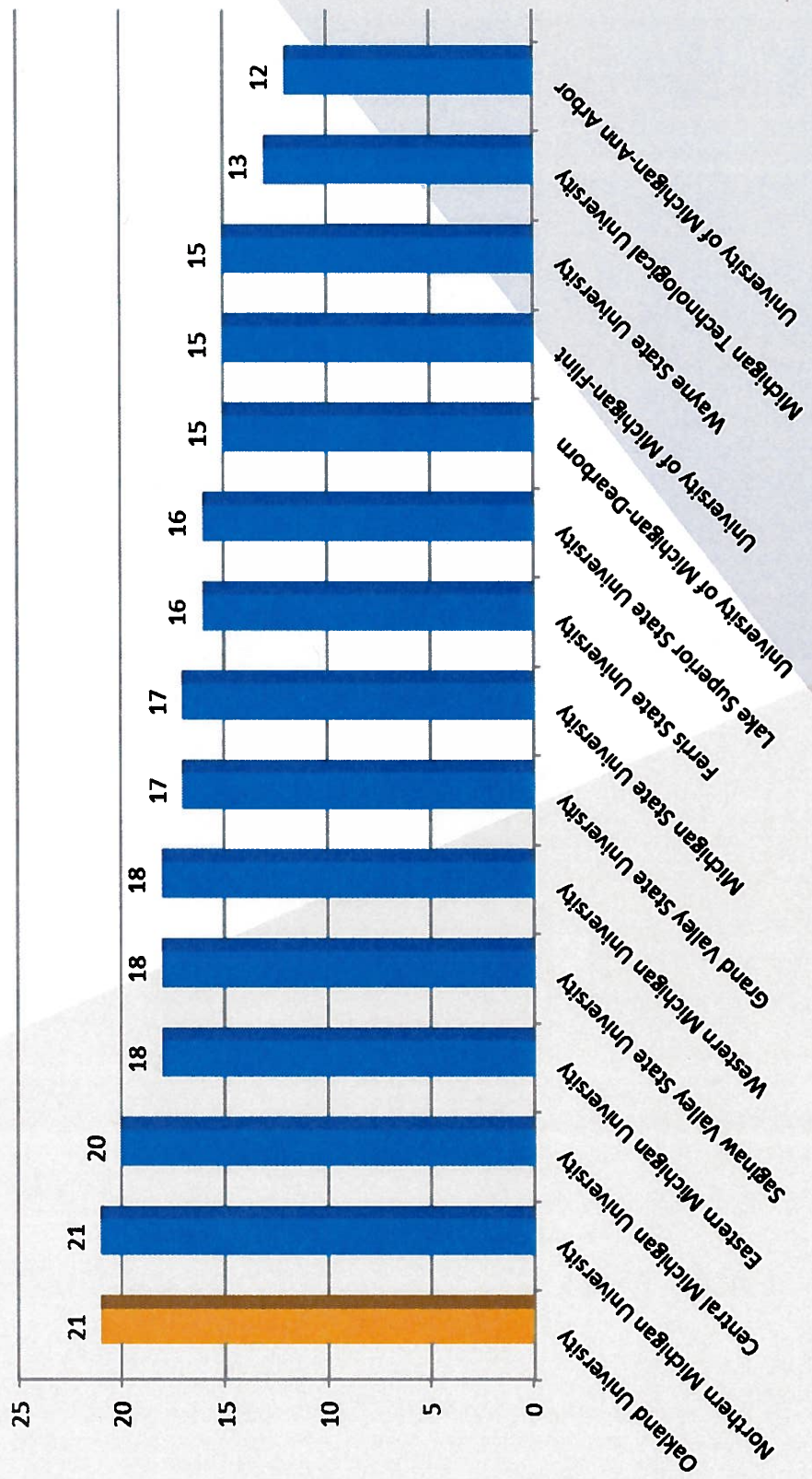
# Third Lowest Expenditures per Student

## FY2016 General Fund Expenditures per FYES



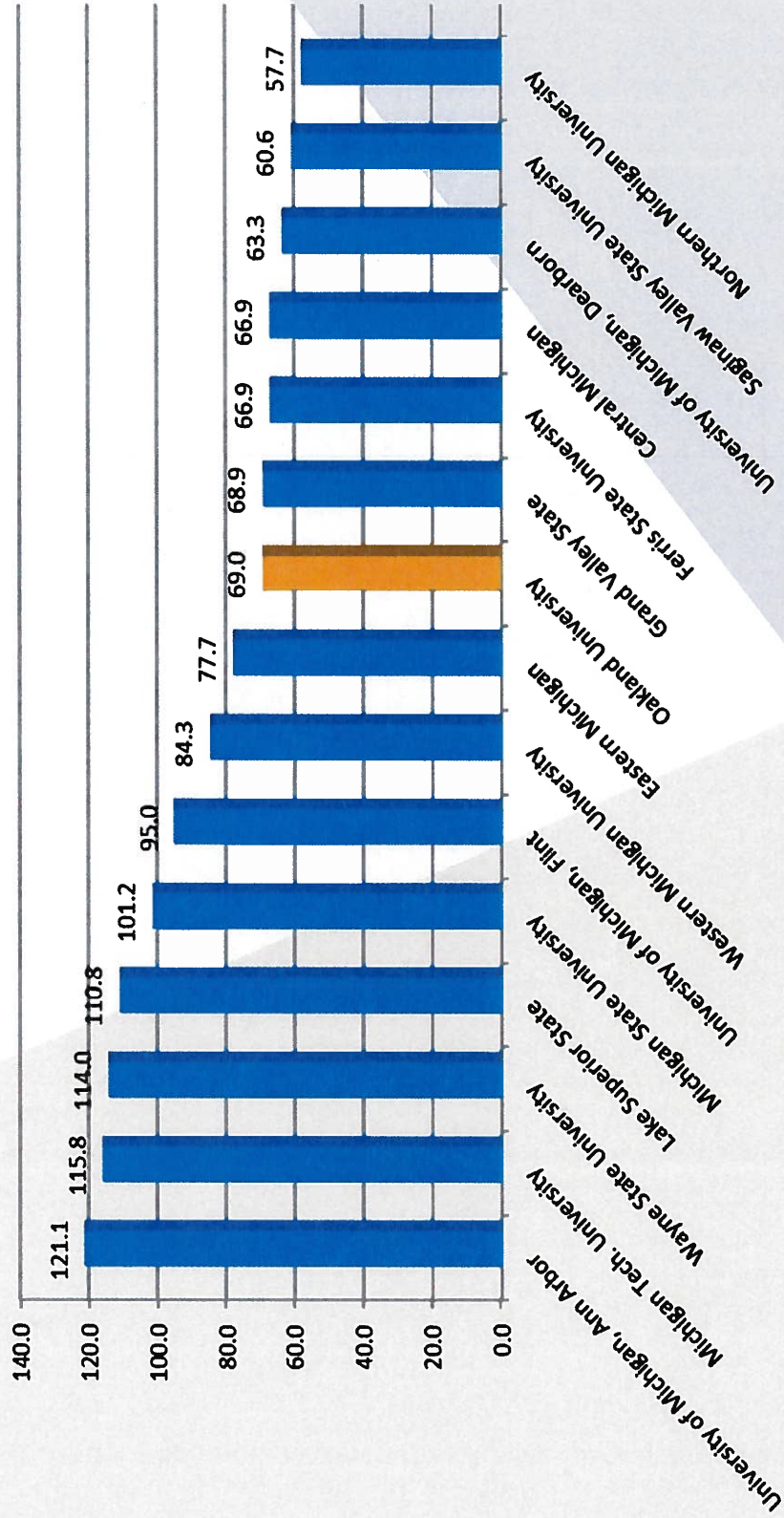
Source: HEIDI

# Highest Students to Faculty Ratio





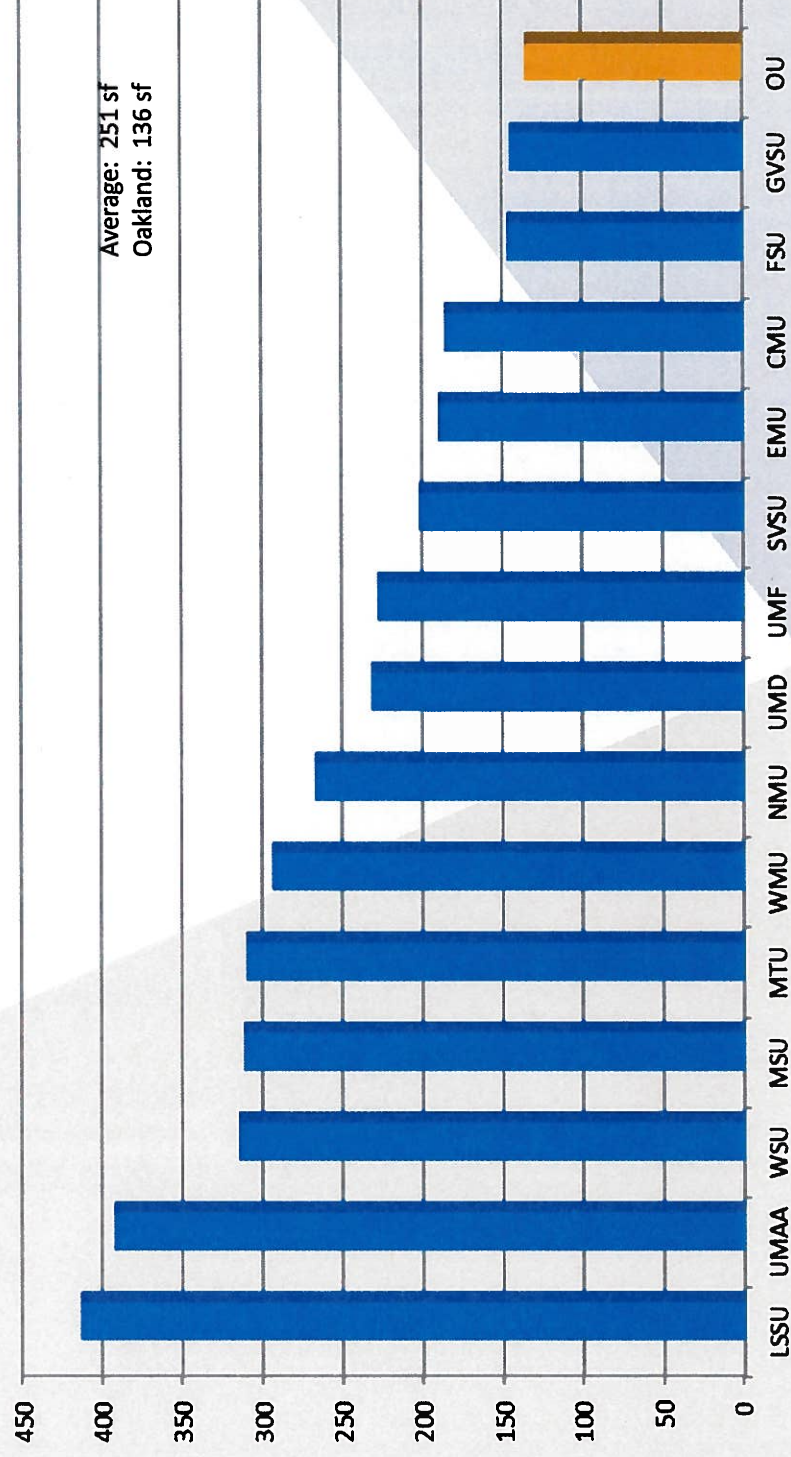
# Staff per 1000 FYES





# Lowest Building Square Footage per Student

## FY2016 General Fund Building Sq. Ft. per FYES



Source: HEIDI

## Cost Containment



### FY2003 - FY2017

#### Cost Containment, Budget and State Appropriation Reductions

	<u>Permanent</u>	<u>One Time</u>	<u>Total</u>
<b>Cost Containment</b>	\$ 22,308,582	\$ 8,977,862	\$ 31,286,444
<b>Budget Reductions</b>	<u>\$ 13,313,460</u>	<u>\$ 5,626,000</u>	<u>\$ 18,939,460</u>
<b>Total</b>	<u>\$ 35,622,042</u>	<u>\$ 14,603,862</u>	<u>\$ 50,225,904</u>



## Tuition Restraint

<b>Fiscal Year</b>	<b><u>Restraint</u></b>	<b><u>OU</u></b>
2013	4.00%	2.96%
2014	3.75%	3.75%
2015	3.20%	3.17%
2016	3.20%	8.48%
2017	4.20%	3.95%
2018	3.80%	3.74%



## FY2018 Planning Assumptions

- Enrollment -1.22%
- Tuition Increase 3.74%
- Appropriations Increase 2.50%
- Operating and Contractual Commitments Funded

# Incremental FY2018 Revenue and Net Financial Aid



Tuition	\$	4,591,369
State Appropriation		1,249,400
Other		<u>846,834</u>
<b>Net Incremental Revenue</b>	<b>\$</b>	<b><u>6,687,603</u></b>

\* Excludes School of Medicine



## Incremental FY2018 Operating Expenditures



Wage & Benefits	\$4,425,763
Software Licenses	483,861
Facilities Contracts	115,000
Utilities	509,689
Other	<u>(155,677)</u>
Incremental Operating Expenditures Total	<u><b>\$5,378,636</b></u>

\* Excludes School of Medicine

# Incremental FY2018 Strategic Initiatives



Academic Advisors (7)	\$ 478,074
Advisor Support Staff	68,296
Program Coordinators - Tutoring (2)	133,912
Program Coordinator - CORE	66,956
Community Service Coordinator	81,070
Coordinator - Veterans Affairs	51,959
Retention Coordinator	66,956
Emergency Management Coordinator	94,849
Library Collections	88,005
New Program Costs	178,890
<b>Strategic Initiatives Total</b>	<b><u>\$ 1,308,967</u></b>

\* Excludes School of Medicine



# School of Medicine Budget



Enrollment

FY2012  
50

FY2018  
478

Budget

\$ 15,716,835

\$ 34,175,651

Tuition Rate

\$ 42,760

\$ 53,327

# Annual Budget Comparison



	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
Prior Year Revenue Budget	\$ 222,000,586	\$ 238,587,890	\$ 245,348,686
Incremental:			
State Appropriations	-	1,556,600	1,249,400
Tuition	21,362,584	10,436,189	4,591,369
Financial Aid	(4,160,237)	(5,219,639)	(383,261)
Miscellaneous	(615,043)	(12,354)	1,230,095
Total Budgeted Revenues	<u>\$ 238,587,890</u>	<u>\$ 245,348,686</u>	<u>\$ 252,036,289</u>
Prior Year Expenditure Budget	\$ 222,000,586	\$ 238,587,890	\$ 245,348,686
Incremental:			
Operating Expenses	7,782,105	4,691,247	5,378,636
Strategic/Other Initiatives	8,805,199	2,069,549	1,308,967
Total Budgeted Expenditures	<u>\$ 238,587,890</u>	<u>\$ 245,348,686</u>	<u>\$ 252,036,289</u>



Questions?



**Oakland University**  
**Fiscal Year 2018**  
**Proposed General Fund Budget**

Category	FY 2017 Budget	FY 2018 Projected Budget	Amount Change	% Change
State Appropriation - Base	\$ 49,920,700	\$ 51,170,100	\$ 1,249,400	2.50%
Student Tuition	261,430,025	268,872,123	7,442,098	2.85%
Financial Aid Offset	(50,353,468)	(51,199,049)	(845,581)	1.68% (1)
Net Tuition & Fees Revenue	\$ 211,076,557	\$ 217,673,074	\$ 6,596,517	3.13%
Indirect Cost Recovery	1,800,000	2,200,000	400,000	22.22%
Miscellaneous Income	775,213	489,718	(285,495)	-36.83%
Encumbrances	13,932,838	0	(13,932,838)	-100.00% (2)
Total Funding Sources	\$ 277,505,308	\$ 271,532,892	(\$ 5,972,416)	-2.15%
Less: Budgeted Expenditures	\$ 277,505,308	\$ 271,532,892	(\$ 5,972,416)	-2.15%
Revenues Over (Under) Expenditures	\$ 0	\$ 0	\$ 0	
FYES Enrollment	17,851	17,662	(189)	-1.06%

## 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.

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**Oakland University**  
**General Fund Budgeted Expenditures**  
**Fiscal Year 2017 vs. 2018**

	<b>FY2017 Adjusted Total Budget</b>	<b>FY2017 Enc. / Carryforward</b>	<b>FY2017 Adjusted Base Budget</b>	<b>FY2018 Budget Changes</b>	<b>FY2018 Budget</b>
School of Medicine	\$ 18,495,662	\$ (271,877)	\$ 18,223,785	\$ 1,272,819	\$ 19,496,604
College of Arts & Sciences	52,029,061	(1,244,794)	50,784,267	1,290,573	52,074,840
School of Business Administration	17,479,028	(751,852)	16,727,176	402,359	17,129,535
School of Education and Human Services	14,766,235	(602,756)	14,163,479	334,773	14,498,252
School of Engineering and Computer Science	13,690,114	(297,607)	13,392,507	351,612	13,744,119
School of Health Sciences	6,687,579	(181,789)	6,505,790	223,830	6,729,620
School of Nursing	10,747,722	(633,270)	10,114,452	267,000	10,381,452
Kresge Library	6,806,284	(102,134)	6,704,150	180,920	6,885,070
Instructional and Information Technology	2,982,409	(2,982,409)	0	0	0
Academic Affairs - Other	38,629,239	(3,509,541)	35,119,698	1,474,323	36,594,021
Operations & Finance	34,440,114	(408,167)	34,031,947	517,620	34,549,567
Student Affairs	12,348,496	(189,700)	12,158,796	620,957	12,779,753
Development, Alumni and Comm. Engagement	6,185,961	(620,981)	5,564,980	103,137	5,668,117
President	19,260,408	(2,135,961)	17,124,447	321,896	17,446,343
General	22,956,996	0	22,956,996	598,603	23,555,599
<b>Total</b>	<b>\$ 277,505,308</b>	<b>(\$ 13,932,838)</b>	<b>\$ 263,572,470</b>	<b>\$ 7,960,422</b>	<b>\$ 271,532,892</b>

**Oakland University**  
**Schedule of Tuition Rates**  
**Effective Fall Semester 2017**

<b>Tuition Rate Per Credit Hour</b>	<b>Effective Fall 2016</b>	<b>Proposed Effective Fall 2017</b>
Resident UG Lower Student	\$ 399.00	\$ 414.00
Resident UG Upper Student	462.50	479.75
SBA 001-299 courses	434.75	434.75
SBA 300+ courses	510.75	510.75
SECS 001-299 courses	445.00	445.00
SECS 300+ courses	521.25	521.25
SHS 001-299 courses	424.25	424.25
SHS 300+ courses	500.50	500.50
SON 001-299 courses	439.75	439.75
SON 300+ courses	516.00	516.00
Resident Grad	680.75	706.25
Resident Doctoral	680.75	706.25
Non Resident UG Lower Student	795.75	795.75
Non Resident UG Upper Student	853.25	853.25
Non Resident Grad	1,027.00	1,027.00
Non Resident Doctoral	1,027.00	1,027.00
Competency Exam	55.00	55.00
SOM	51,774.00	53,327.00
Graduate Application Processing Charge	-	45.00

**Summary Comparison of tuition rates:**

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

Resident UG Lower Student	\$ 11,970.00	\$ 12,420.00	
Resident UG Upper Student	\$ 13,875.00	\$ 14,392.50	
<b>Residential Undergraduate Average</b>	<b>\$ 12,922.50</b>	<b>\$ 13,406.25</b>	3.74%

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

Resident Grad	\$ 16,338.00	\$ 16,950.00	3.75%
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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.

Tuition rates reflect those paid by the majority of undergraduate students

The School of Medicine tuition rate is annual.