

State Appropriations Update

July 21, 2003

Colleagues,

Last week, the Legislature reached an agreement with Governor Granholm and approved a FY03-04 higher education budget that provides several Michigan public universities with more state appropriation funding than originally proposed. Under the agreement, Michigan's 15 public universities will receive a total of \$16.5 million more than originally proposed, with the majority supporting the four universities with the lowest per full-time-equivalent-student state funding - Oakland University, Grand Valley State, Saginaw Valley State and Central Michigan.

The agreement cuts Oakland's appropriation 2.9 percent from last year's amount, rather than the 6.7 percent originally proposed, reducing Oakland's share of the state appropriation cuts for Fiscal Year 2004 from more than \$3.4 million to just under \$1.5 million. Looked at another way, we will have roughly \$1.9 million more than planned for in our budget approved by the Board of Trustees in June.

Floor Funding

The higher education budget agreement supports the concept of floor funding - that each state university should have a minimum appropriation per student to ensure a high level of quality in educational delivery. Oakland, Central and Saginaw Valley are now at a floor appropriation of \$3,890 per student per year. Due to budget constraints, Grand Valley's funding increase was capped at \$5 million, or \$3,521 per full-time-equivalent student. The highest per-student appropriation is \$9,610 per year.

We appreciate how diligently the legislative leadership and the Granholm Administration worked together to support the floor-funding model, and to protect as much higher education funding as possible during these challenging economic times. Their efforts will go a long way in preserving the role Michigan's outstanding public universities play in the state's economy and society.

Next Steps

Oakland's leadership team will now review the many areas where financial enhancements can make a significant impact on our educational mission, and make recommendations to the Board of Trustees for their review and approval at the August 6 meeting. Our intent will be to hold a portion of the additional funds to minimize tuition and fees increases, and to use a significant portion of the \$1.9 million to restore instruction and support funding to maintain and enhance the quality of our academic programs.

Even while doing so, we must keep in mind that the state budget throughout this fiscal year and into next will continue to be stretched - and the possibilities of further cuts are

real. We will need to reserve funding for these anticipated cuts as well as for emergencies.

Cuts vs. Quality

While the reduced cut is positive news from the State of Michigan, we must not lose sight of the fact that to balance our FY03-04 budget, we had to come up with some \$12 million through a combination of personnel and program cuts and tuition and fees increases. Our intent was to balance the budget while maintaining the educational experience and service delivery we have worked so hard to build over the years. More and more students are selecting Oakland University - in fact the official enrollment for summer 2003 is a record 5,077 students, an 11-percent increase over summer 2002.

With the creativity and dedication of our faculty and staff, Oakland University will continue on its steady path to distinction and an increasingly enhanced reputation in the region and beyond.

Gary