

President Russi
Fiscal Year 2004 Higher Education Budget Hearing

March 19, 2003

Statement of:

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Before the:

House Subcommittee on Higher Education Appropriations
Michigan House of Representatives
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Good morning Madam Chair and members of the subcommittee. Thank you for inviting me to address you today.

Oakland University is honored to be one of the 15 public universities in Michigan. All of us should be proud that each of our institutions ranks at or near the top when compared to their national peers. Our collective goal and challenge should be to preserve this legacy even during difficult economic times.

In the decades since its founding in 1957, OU has grown from a university with fewer than 1,000 students to one with more than 16,000.

Prior to the mid-1990's, growing universities like Oakland were clearly disadvantaged by the tendency to appropriate state funding across-the-board at a level that was often below the rate of enrollment growth. The end result was a dramatic decline in state support per full-time student at some universities and a significant increase in the funding disparities among like universities.

Starting in 1996, the Governor and Legislature took pro-active measures such as the creation of funding floors, and tiers, to address these and related concerns -- we applaud their efforts. Unfortunately, the economic downturn in recent years has already eroded the progress that was made between 1996 and the year 2000.

Oakland University is hopeful that the tide will turn sooner rather than later. In the meantime, we urge this subcommittee to do whatever it can to preserve the policy decisions that were recently enacted by elected and appointed officials and their staff who spent many years studying this issue. One way is to include the boilerplate language in Sec. 409 of Public Act 144 of 2002.

It is my understanding that Governor Granholm included this language in her budget recommendation -- we thank her very much!

However, I would be remiss if I did not point out that the proposed 6.5% reduction in state appropriations added to the 3.5% executive order cuts in December and February will decrease Oakland University's state funding per full-time student to \$3,736, which is comparable to the funding level we received in FY 1989-90 (\$3,712).

Any additional relief this subcommittee can provide to reduce the significant erosion of per student funding would be greatly appreciated.

Although Oakland University has the capacity to accept more students, our ability to do so and maintain academic quality and adequate student support services is greatly limited by the amount of resources available. This is why unrealistic tuition restraint language and penalties, coupled with severe budget cuts could prove detrimental to our mission.

I am also very much aware of the public perception that higher education in Michigan is expensive, and that our universities are "inefficient." Clearly those of us in higher education must do a better job communicating just how cost-effective our institutions are.

Inside each of your packets is a laundry list of ongoing, long-term, cost-saving measures at Oakland University. Becoming more efficient is not something that universities do only when times are tough. Continually finding ways to cut costs allows us to minimize tuition increases and redirect limited resources to the areas of greatest need.

Oakland University's Trustees are excellent stewards of the public's trust who are very sensitive to rising tuition costs. On several occasions, our Board reduced already approved tuition and fee increases based on better than projected state appropriations.

Early last year, Trustee Dennis Pawley donated funds to the university to create the Pawley Institute for education and research on lean principles and practices.

You've already heard how much our graduates and institutions contribute to the state's economic development and future. What you may not know is how cost-effective that return-on-investment is.

As an example, the annual cost of tuition and fees for a full-time undergraduate student at Oakland University is slightly more than \$5,000. State support per F-Y-E-S is currently at \$4,200, for a combined yearly cost of slightly more than \$9,000.

By comparison, the average cost of pre-school for a 3-year-old in the communities surrounding Oakland University is \$150.00 per week or more than \$7,000 per year.

The minimum statewide K-12 foundation allowance is \$6,700. And, the annual cost of education at the most prestigious and high-achieving public K-12 and private high schools in Oakland County is at or above \$8,000.

Students who graduate from high school in Michigan have high expectations from the universities they attend, and rightfully so.

Despite all of the challenges facing our nation and state, we should never lose sight of what higher education is all about. It's about creating the future by exposing eager minds to a wide-range of knowledge, experiences, people, and skills.

Student support services beyond intellectual pursuits in the classroom include:

- Opportunities to engage in research
- Tutoring, counseling and health-care services
- Experiential learning experiences through internships, community service, guest lectures, etc.
- The opportunity to be exposed to and learn from people from diverse backgrounds and experiences
- Career placement
- Financial aid and scholarship support
- Arts and athletics, and the list goes on.

At the end of the day, it matters less what each student brings to the university community. What should matter most to all of us is what they take from it. Hopefully, it's a degree that has prepared them for the real world by creating better people and contributors to the state and national economies and the communities in which they ultimately decide to live, work and raise a family. The entire state is better off because of the role and contributions of higher education.

Thank you.