

President Russi

Budget Message at Board of Trustees Meeting

May 9, 2003

For the past several months I have been bringing to the board and to the campus community progress on the development of the university's Fiscal Year 2004 budget – more specifically our efforts to cut expenditures to balance the state's cut in appropriations.

You will hear more detail about the cuts in state funding. As you do, consider this:

Our per-student state appropriation has dropped from \$4,712 in 2001 to \$3,736 projected for 2004 – even while the costs of providing a top-quality college education have significantly increased over that period.

State funding now represents only 36 percent of our general fund budget. In 1993, it was 56 percent.

In a few moments, Vice President Lynne Schaefer and our management team will detail our proposed Fiscal Year 2004 cuts for you and invite discussion.

Before they do that, however, I would like to highlight a few points.

First and foremost, the balanced budget we are presenting is directly tied to protecting, maintaining and, where possible, enhancing the educational product that we deliver to our students.

I feel strongly that Oakland University has been on a steady path to distinction and an increasingly enhanced reputation in the region and beyond.

And, we have accomplished this with resources lower than most, if not all, our sister and peer institutions.

Over the past several years alone, we have saved some \$3.6 million through cost-containment measures. As an administration, as faculty and as staff, we are extremely proud of this record.

And, we fully intend to improve the reach and quality of an Oakland education through:

- state support, however diminished;
- an equitable share of expenses with the beneficiaries of our service – our students;
- ongoing fund-raising efforts;
- and through the continued creativity and exceedingly hard work of our employees.

And now we need your support to continue our work during these challenging times.

The budget we present today is the result of collective thinking by faculty – individually and through the University Senate – staff, department chairs, deans and vice presidents.

While covering our anticipated \$13-million budget shortfall, we made great efforts to protect our core academic mission on behalf of current and future students and to keep a tuition increase at a reasonable level so the pain of balancing the budget is not borne solely by our students and their families.

As a result:

- We have cut or reduced in hours some 60 positions, including 21 full-time faculty positions.
- This represents the equivalent of 45 full-time positions across the university.
- Remaining employees in many areas will have to take on additional workloads.
- Our hiring freeze, announced in March, remains in place.
- Executive and upper-level academic administrators' salaries have been frozen.

And, despite our best efforts, since so much of our budget resides in academic instruction and support, the proposed cuts will mean:

- an increase in the student-to-faculty ratio;
- decreases in the frequency of classes offered and in the variety of electives;
- increases in class sizes and teaching loads;
- an increased reliance on part-time faculty;
- reduced student advising and tutorial services;
- reduced staff training;
- reduced marketing and recruiting reach;
- a less-stable technology infrastructure;
- delayed equipment purchases and upgrades;
- and, fewer resources to meet facility maintenance and repair needs.

As we move ahead, and as you consider the budget presentation before you, please note that the state-funding situation is currently volatile. We still do not know exactly what our cut for Fiscal Year 04 will be.

And further, we believe that the state's budget problems will continue, and it is likely that we will be hit with another mid-year cut next year.

Mr. Chair, I now turn the presentation over to our chief financial officer, Lynne Schaefer.