

Budget Update

August 19, 2009

Dear Colleagues,

I want to bring you up to date on the university's current budget situation.

The Board of Trustees recently approved 3 percent graduate and 9 percent undergraduate tuition increases for the upcoming school year. The difficult decision to raise tuition was made with the knowledge that we are facing unprecedented budgetary challenges.

The FY2010 budget presented to the board was based on certain key assumptions: An 11 percent tuition increase, a 3 percent cut in state appropriations, a salary freeze, health care benefit savings and an increase in financial aid to maintain enrollment.

The approved 9 percent tuition increase results in \$1.8 million less than projected. As a result, we face some critical budgetary decisions.

As you know, to help manage tuition rates the last several years, we have been aggressive in our cost containment efforts. In the last six years, we made one-time and permanent cuts that eliminated more than \$31 million from our budget.

State revenue projections for the next two years continue to look grim, and the effect of any stimulus money remains unclear. The governor has proposed a \$1.5 million reduction to our FY2010 appropriation, but realistically, we could receive a cut that is much deeper, or a cut made mid-year by executive order, which has happened in the recent past.

The enrollment picture and the possibility of additional state appropriation cuts will influence the measures we take to get through these tough times. Budget balancing measures that must remain under consideration include furloughs, layoffs, and program cuts.

Even in the midst of these challenging times, our top priorities are preserving and enhancing the quality of the education we offer to our students and trying to protect jobs.

I would like to thank you for all the time, energy and commitment you devote to OU. I would also like to thank you for your continued flexibility and sacrifice as we navigate the challenges ahead. Working together, we will continue to build on Oakland University's reputation as one of the finest universities in Michigan.

Sincerely,
Gary