

Budget Update

March 4, 2010

Dear colleagues,

I'd like to take a few moments to bring you up to date on the state budget situation, especially as it relates to Oakland University.

Fiscal year 2011 is expected to be another tough budget year for Michigan. State revenues continue to decline, and the state will have to make up a significant budget shortfall that was filled last year by one-time federal stimulus funds. On the bright side, it looks increasingly unlikely that the governor will issue an executive order to cut FY2010 appropriations.

Two pieces of legislation – Senate Bills 1046 and 1047 – currently being debated in Lansing would drastically alter health care benefits for public employees, including university employees. You can read a synopsis of both bills at <http://legislature.mi.gov/doc.aspx?2009-SB-1046> and <http://legislature.mi.gov/doc.aspx?2009-SB-1047>.

There has also been discussion in Lansing about scaling back salaries and retirement contributions of certain public employees. We'll have to wait to see if anything comes of these discussions, but you can see what's happening: The governor and the legislature are exploring every avenue to see where further cuts can be made, and that may leave higher education vulnerable.

On February 19, I traveled to Saginaw Valley State University to speak on a number of budget-related issues before the Senate Appropriations Subcommittee on Higher Education. You can view my remarks by visiting [The POINT](#).

Our commitment to protecting the academic core of this university continues. So many of you have worked tirelessly to make certain that the high-quality education we provide our students remains both relevant and immensely valuable. I thank you all for your commitment to this mission and seek your continued consultation and collaboration as we navigate the looming challenges.

I plan to update you soon on our budget development process as we maintain our focus on excellence.

Gary