

State Budget Update

February 17, 2011

Dear colleagues,

As you may know, Governor Snyder unveiled his budget recommendations today in Lansing. The news for Michigan's 15 public universities was not good, to say the least.

The governor's budget calls for a 22.6 percent cut to Oakland University, easily the largest appropriations reduction we've seen in recent history. This presents tremendous challenges for us as we move to develop our FY 2012 operating budget.

The governor's proposed budget suggests that the cut could be limited to 15 percent for universities that hold tuition increases to 7 percent or less. Still, the reduction in appropriations proposed by the governor will cause fiscal challenges of the sort we have never faced before.

It's important to remember the governor's budget proposal has to go through the legislative process. In past years, what the governor proposed and what actually emerged as the final state budget have been quite different. Unfortunately, we can't rely on that happening again this year. Because the economic situation is so dire in Michigan, there could be broader legislative support for deep cuts to higher education. At this point, it is prudent for us to operate under the assumption that some version of the governor's proposed cuts will survive the legislative process.

This situation is serious enough to warrant concern in all areas of the university's operating budget. We will closely monitor the process in Lansing, but continue to assume that we will receive a hefty reduction in appropriations. I will be meeting frequently with my leadership team to discuss ways to weather this financial crisis as we proceed with the university's budget development process. As always, your ideas on how we streamline operations while maintaining our focus on academic program quality are welcome. I will keep you updated as budget developments occur.

As I have often said, the campus community's hard work and dedication to seeing Oakland maintain its status as an exemplary institution of higher learning has been remarkable. Needless to say, your ongoing commitment to Oakland's institutional goals will be both crucial to our success and very much appreciated.

Thank you,
Gary