



Wednesday, August 1, 2001

## Russi addresses OU Board of Trustees on budget

Gary Russi, president of Oakland University, made the following remarks to the Board of Trustees at its August 1 meeting during discussions on the university's 2001-02 budget.

"As we prepared the budget for this year, the university was faced with significant increases in the cost of energy, health care, technology and contractual compensation costs. We also had to build in additional funds for more faculty to meet the needs of our growing student body. At the same time, higher education, as well as other areas dependent on state revenues, was faced with a decline in appropriations, as the legislature and governor struggled with allocating less-than-projected revenues due to a sluggish economy.

"Throughout our budgeting process, the university's administration has made great efforts to hold down the tuition and fee increase as low as possible while still maintaining our fiscal commitment to the integrity of the core educational experience – specifically instruction and student services.

"I think we are in agreement that we cannot compromise on the value of an Oakland education, the safety and security of our students, or our ability to raise private dollars to support academic and student services units. Every dollar we raise externally is one less we need from either the state or our students.

"Comparative operating indicators show that OU is operating efficiently, and that the general fund budgets supporting operations throughout the university are less than those of its peers. Thus, while we have worked hard to restrain direct tuition and fees cost increases to OU's students, we knew that further proposed budget reductions would be extremely difficult.

"However, with our students' best interests in mind, we tried to isolate areas that could be reduced without dramatically compromising the university's core business:

- We reduced the university's contingency by \$200,00 to \$800,000.
- We reduced the general fund strategic fund by \$100,000 to \$500,00.
- We are eliminating a proposed system analyst in the Finance and Administration division.
- We are eliminating a proposed division technologist in the Student Affairs division.
- We are reducing non-academic unit operating support by 1 percent.
- We are shifting 50 percent of the athletic department development officer's salary to one-time money derived from gifts or other budget efficiencies.
- We will fund the increase in the cost of commencement through one-time money.
- We will reduce energy consumption by \$25,000.
- And, we will reduce base salary commitments throughout the year by \$91,000.

"The base budget reduction required to reduce the proposed tuition and fee increase from 9.95 percent to 8.4 percent is \$691,867. Should the legislature come up with additional appropriations when they reconvene this fall, we would of course recommend that the board consider further reductions in the tuition increase."

### SUMMARY

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