



Thursday, June 6, 2002

BOT approves fiscal year 2003 budget

By **Jeff Samoray**, OU Web Writer

Oakland University's general fund budget for fiscal year 2003 continues to place a priority on meeting the needs of a growing student population and maintaining quality academic programs and support services.

The OU **Board of Trustees** approved the general fund budget for fiscal year 2003 at its formal meeting June 5. The budget was prepared in the face of difficult economic and revenue assumptions and cost increases as the university continues to experience managed growth.

OU President Gary Russi discussed the challenges and strategic priorities used to build the budget in his **introduction to the budget preparation process**, which he presented at the BOT's May working session. In his remarks, Russi noted that the state Legislature has held higher education appropriations to fiscal year 2002 levels. This, combined with enrollment growth and an increase in fixed costs – such as contractual compensation, operating costs, utilities, health care, insurance and debt service – were difficulties that resulted in a budget that includes tuition and fee rate increases.

He also noted that strengthening the academic core of the institution, and improving the quality of programs, was the focus of strategic budget allocations.

"I am pleased to report that despite the funding challenges facing us this year, we are presenting to the board today a budget that will directly support our plans to create a visionary undergraduate experience – and directly benefit our students," Russi said in May.

"We have accomplished this by working with the campus community and leadership to set sound, shared strategic priorities, which include providing . . .

- compensation and benefits for faculty and staff;
- funds to add faculty, to selectively hire staff, to expand programs, to support the library, to address academic program operating needs, to improve the teaching and learning environment and facilities, and to provide for technological upgrades;
- funds to selectively expand staff in direct support of student activities, to expand student success support systems, and to strengthen budget-monitoring capabilities.

The 2003 budget sets the average tuition and fee cost for a full-time undergraduate Michigan resident at \$5,031, which is \$392.75 more than last year. This increase of 8.47 percent is within the guidelines the state Legislature established in its decision to hold appropriations at 2002 levels. This legislation states that the total tuition and fee increase should not exceed 8.5 percent, or \$425, whichever is higher. For OU, the \$425 maximum would have equaled a 9.2 percent increase.

Included in the 2003 budget is a \$5 increase in the General Service Fee, which will support continued expansion and improvements to campus parking, and a \$2 increase for the Recreation Center Fee, which has not increased since 1998.

"No one wanted to propose this high a level of increase, but it's important to have an understanding of why we're approving an increase," said Trustee Louis Grech-Cumbo in his presentation of the budget resolution at the June 5 meeting. "We took a look at a lot of factors when we prepared this budget. Michigan has experienced a swift economic slowdown, and slow recovery has required that the state hold higher education appropriations to 2002 levels. State appropriations are projected to be \$565,776 less than in 2001. And a growing university is going to experience a lot of pain in a flat appropriation environment. When 50 percent of your funds come from tuition and fees and 50 percent come from state funding, along with inflation running at about 4 percent for universities, it makes one understand why we're approving this increase.

"The administration has done a good job covering the increase with the 4 percent inflation rate and other cost increases we are facing. We will continue to grow the organization and provide a quality education."

Grech-Cumbo noted that, while the board is uncomfortable with the tuition and fee rate increases, the budget includes priorities that ensure the needs of the growing student population are met and quality academic and support services are maintained. He also complimented the administration for the clarity of the budget presentation and for the excellent job they did in developing a budget that moves OU forward even during difficult economic times.

The budget provides an increase of \$420,118 in financial aid programs to help students meet the higher tuition and rate fees. Among the other budget allocations are \$500,000 in new funds and the reallocation of an additional \$1.5 million for new faculty positions and replacements for some vacant faculty positions as well as an additional \$150,000 for books and serial subscriptions for Kresge Library.

The board also approved:

- A five-year contract with Chartwells food service management firm for residential and retail food services on campus. See the [campus food service/Oakland Center expansion](#) story for more information.
- The schematic design and appointment of J.M. Olson Corporation as the construction manager for the expansion of the Oakland Center. See the [campus food service/Oakland Center expansion](#) story for more information.
- The Trustee Academic Success Fund proposal for 2002-2003. This program's goal is to recruit and retain a diverse student body and expand the cultural horizons of all students to prepare them for post-graduate employment in a multicultural world. The program promotes undergraduate enrichment by providing a diverse student environment and responds directly to OU's [2010 Profile](#).
- A new Bachelor of Science in financial information systems to be offered by the [School of Business Administration](#) beginning this fall. The degree integrates information technology and financial information in the development of business information systems.
- A new Bachelor of Science in wellness, health promotion and injury prevention to be offered by the [School of Health Sciences](#) beginning this fall. The degree allows students to choose a specialization in one of six areas: general health enhancement, interventions in wellness, complementary medicine, injury prevention, exercise science and pre-professional studies.
- Honorary degrees for former Michigan Governor William G. Milliken and Chairman and Chief Executive Officer of Comerica Bank Eugene A. Miller at OU's Dec. 21, 2002 commencement ceremony.
- Proceeding with the replacement of the heating, ventilation and air conditioning system in the north section of Wilson Hall and repair of deteriorated pavement on campus, including sections of Wilson Boulevard, Oakland Center service area, Meadow Brook Drive/Sunset Lane, Sunset Terrace Drive and Mansion Drive/Sunset Lane.
- Proceeding with repairs to the pedestrian bridge over the lake, the lake's banks/shoreline, and to add landscaping.
- Revisions to the solid waste disposal contract.
- Modifying the Viron Energy Services Agreement, which allows for alternative energy service saving measures.
- Resolutions honoring Kimberly Langley and Adam Kochenderfer, 2001-2002 student liaisons to the Board of Trustees.

The full meeting agenda and most supporting materials are available online at the [Board of Trustees](#) Web site.

All board materials are available for review in the Oakland University Board Office, 203 Wilson Hall. For more information, contact Rhonda Saunders at (248) 370-3112 or saunders@oakland.edu.

SUMMARY

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Created by CareTech Administrator (webservices@caretechsolutions.com) on Thursday, June 6, 2002
Modified by CareTech Administrator (webservices@caretechsolutions.com) on Thursday, June 6, 2002
Article Start Date: Tuesday, November 4, 2003