

Budget Update and Significant Donations

September 30, 2004

Colleagues:

I'd like to take a moment to briefly bring you up-to-date on the state appropriations picture and share news of two recent significant grant donations.

Higher education appropriations

As you may recall, the governor cut OU's appropriations by 5 percent in December 2003. As part of the tuition restraint agreement that the governor offered state universities, three percent of that cut would be restored to those universities that did not increase 2003-2004 tuition and fees mid-year, and those that kept 2004-2005 tuition and fee increases for resident undergraduates at or below inflation, which at the time was at 2.4 percent. Oakland University complied on both counts.

Our plan is to hold the line on the 2.4 percent tuition increase for the winter 2005 semester. However, if the state makes further cuts to our budget, we will revisit this plan.

Continuing challenges

The past three years have presented many challenges for Oakland University. Four consecutive appropriations cuts over the past two years have necessitated many difficult decisions regarding our operating budget. Since 1992, Oakland University's reliance on tuition and fees in the general fund has grown from 41 percent to a projected 62 percent in 2005. Our appropriations share per Fiscal Year Equated Student has dropped from \$4,537 in FY 2001 to \$3,523 in FY 2005. The burden has been placed on all of us to do more with fewer resources.

We have been able to advance new initiatives and progress steadily toward our 2010 goals through decentralized strategic budgeting.

In addition, our cost containment efforts have saved the university and our students nearly \$4 million. Initiatives like the employee suggestion program, the continuing new-hire freeze, energy conservation and the re-bidding of various contracts will continue to result in net savings for the university.

The state is still experiencing what is referred to as a ³structural deficit.² This means that many of the budget allocations the state has made so far have been one-time revenues. To avoid having to make additional permanent budget cuts, the state will need to generate more revenue. At this time, most economists are predicting a 4-percent increase in state revenues; that is likely too modest an increase to meet expanding needs across all areas of state government. In other words, additional permanent state budget cuts are possible.

Core academic values

Throughout these tough times, we've stayed true to our original promise to hold our academic core as harmless as possible. Our dollar commitment to Academic Affairs has remained steady or increased slightly in each of the past seven fiscal years, even as we've trimmed budgets in every other department on campus. In addition, we've authorized the hiring of 29 replacement faculty, and 22 new full-time faculty this year. We remain committed to building on our academic core values, implementing the new general education program, growing our enrollment, supporting research, developing new programs, forging new partnerships and focusing on fund raising.

UGS Grant

On the fund raising side, I am very pleased to report that UGS, a leading global supplier of product lifecycle management (PLM) software and services is donating a PLM software grant to OU with a commercial value of \$30.2 million (the donation amount is \$21.2 million). This is a significant grant that will expand career opportunities for students in the School of Engineering and Computer Science by providing product development and management tools widely used in automotive and other industries.

The UGS NX software package will provide project-based education that reflects real-life product design, analysis and manufacturing challenges. Our students will be able to simulate actual industry practice by collaboratively designing, building, and assessing products using the same PLM software and methodologies employed by today's leading global manufacturers.

We are extremely grateful for this generous grant, which recognizes that we educate our students with a curriculum that teaches real-world, practical experience. This partnership will not only prepare our students for future jobs, but will also provide companies like UGS and their clients with employees who are well-versed with high industry standards right out of college.

Watch for more to come about the exciting possibilities this grant will bring to students and faculty in the School of Engineering and Computer Science.

SBC Foundation Grant

Another recent grant will positively impact our students and faculty and also touch the lives of countless young people in our community. The National Council for Community and Education Partnerships (NCCEP) has awarded two grants to Oakland University totaling nearly \$100,000 in education funding from the SBC Foundation to promote college readiness for low-income students in Pontiac.

The grants will support Oakland's involvement in the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), a federal program that helps youth

from low-income communities attain a postsecondary education. The grants will also support the Students in Free Enterprise (SIFE) program in the School of Business Administration, which teaches economically disadvantaged teens.

The SIFE program will receive nearly \$50,000 in funds to focus programming in three areas: mentoring of Pontiac Central High School juniors and seniors by Oakland University students; fostering skill building in math, science, and technology; and developing self-efficacy and a stronger sense of self-reliance through experiential training.

Both grants will aid Oakland University, in partnership with the School District of the City of Pontiac, Oakland Community College, the State of Michigan, and the Pontiac Collaborative, in increasing the rate of college-bound students from Jefferson/Whittier Middle School and Pontiac Central High School by providing professional development for teachers and after-school programs to students.

These visionary grant awards represent belief and trust in the positive programming and assistance our students, faculty and staff are bringing to the community. In the process, middle and high school students and families are benefiting, as are our students and faculty. Oakland extends its sincere thanks to the SBC Foundation and NCCEP for these beneficial grant awards.

Moving ahead

I'm proud of your efforts to keep Oakland moving forward to accomplish our institutional goals as outlined in the 2010 plan. We've weathered this storm thus far because we worked together to prepare for the budget cuts and garner outside resources. Your creativity and dedication have kept us on the right track throughout these difficult days. I know we'll meet any future challenges with the same dedication and commitment.