

**GENERAL FUND BUDGET AND TUITION RATES
FOR FY2023**

A Recommendation

1. **Division and Department:** Finance and Administration, Budget and Financial Planning Office

2. **Introduction:** Board of Trustees (Board) approval is requested for the FY2023 General Fund Budget and Tuition Rates. Highlights and assumptions for this proposal are described below.

Attachment A is the Oakland University (University) FY2023 Proposed General Fund Budget which provides summarized budget information (including the School of Medicine) and a comparison to the FY2022 General Fund Budget.

Attachment B is the proposed Schedule of Tuition Rates Effective Fall Semester 2022.

Preamble:

The COVID-19 pandemic has imposed financial constraints on governments, businesses, organizations, and families across the globe; Oakland University is no exception. University revenues have been adversely impacted by decreases in domestic and international student enrollment, state support and auxiliary activities. Enrollment declines experienced during the pandemic will impact the University for years to come.

State Appropriations:

The University's proposed FY2023 budget for state appropriations is based upon the joint Conference Report for higher education that was approved by both the house and senate and expected to be signed by the Governor, with a 12.5% increase. The increase is contingent upon complying with a 5.0% tuition restraint. This equates to \$60,761,900, 20.8% of the University's proposed total general fund revenue sources.

Tuition:

In order to carry out its Strategic Plan and make improvements in areas that have been identified as critical measures of success, the University needs additional resources. Tuition is the primary source of General Fund revenues, accounting for over 75% of the proposed budget. The proposed FY2023, average tuition rate for a full-time resident freshman is \$14,572.50, an increase of 3.9%, or \$18.25 per credit hour. The proposed FY2023 full-time resident graduate tuition rate is \$20,016, a 3.9% increase. The proposed FY2023 full-time resident doctoral tuition rate is \$13,424, a 3.9% increase. (See Attachment B).

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On June 13th, the Board approved the FY2023 Housing budget which included a 2% increase in room and board rates.

The differential tuition rates for four of Oakland's Professional Schools (School of Business Administration, School of Engineering and Computer Science, School of Health Sciences, and School of Nursing) are proposed to increase an average of 4.0%.

The University's commitment to controlling the net cost of attendance continues. The institutional financial aid budget (excluding the School of Medicine), \$44 million, provides funds that reduce the cost of tuition for an average student by roughly 30%.

Highlights of the Proposed FY2023 General Fund Budget:

Revenue budget changes primarily include:

1. State appropriation funding increase of \$6,300,000.
2. FYES enrollment of 13,650 (excluding the School of Medicine), down 14% as compared to the prior year budget (or down 14.7% as measured by student credit hours).
3. Average tuition of \$14,572.50 for a full-time resident freshman, an increase of \$18.25 per credit hour, 3.9%.
4. Average Graduate in-state tuition of \$20,016 for full-time resident students, an increase of 3.9%
5. Average Doctoral in-state tuition of \$13,424 for full-time resident students, an increase of 3.9%

Expense budget changes primarily include:

1. Operating funds required for Board approved course offerings, utilities, insurance, debt service, IT upgrades, recruiting initiatives, and other contractual obligations.
2. Operational expense reductions of \$9,000,000
3. Use of \$5,000,000 of the Pandemic Reserves which were provided by the Federal HEERF grant.
4. One-time use of \$9,600,000 of non-general fund reserves to balance the budget
5. Continued focus on student financial aid funding including the student full aid guarantee, economic hardship fund, and need-based and competitive merit-based scholarship awards.

3. Previous Board Action: On June 21, 2021 the Board approved the FY2022 General Fund Budget and Tuition Rates.

4. Budget Implications: Approval of the FY2023 Proposed General Fund Budget and the Schedule of Tuition Rates Effective Fall Semester 2022 provides the needed authorization for assessing students and expending University resources for instructional, programmatic and operating needs.

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5. **Educational Implications:** The proposed General Fund budget provides for academic programming.

6. **Personnel Implications:** The proposed General Fund budget provides for personnel.

7. **University Reviews/Approvals:** The budget development strategies and assumptions were discussed with the Senate Budget Review Committee, and Senate Planning Committee. The FY2023 Proposed General Fund Budget and the Schedule of Tuition Rates Effective Fall Semester 2022 were developed by the Budget and Financial Planning Office, with input from the Strategy Council, and was reviewed by the Interim Vice President for Finance and Administration and President.

8. Recommendation:

WHEREAS, the FY2023 Proposed General Fund Budget and Schedule of Tuition Rates Effective Fall Semester 2022 require Board of Trustees approval; now, therefore, be it

RESOLVED, that the Board of Trustees approves the FY2023 General Fund Budget at an expenditure level of \$273,520,130 (see Attachment A) and approve encumbrances and carry-forwards from the June 30, 2022 fund balance; and, be it further

RESOLVED, that the Board of Trustees approves the Schedule of Tuition Rates Effective Fall Semester 2022 (see Attachment B for details); and, be it further

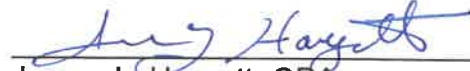
RESOLVED, that the Board of Trustees approves the spending of revenues generated in excess of budget to adequately cover the instructional, programmatic, and operating expenditures necessary to support the strategic plan.

9. Attachments:

- A. FY2023 Proposed General Fund Budget
- B. Schedule of Tuition Rates Effective Fall Semester 2022

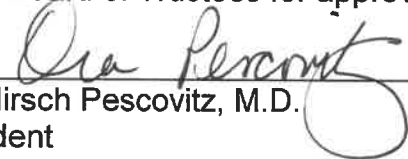
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Submitted to the President
on 7-1, 2022 by




James L. Hargett, CPA
Interim Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 7/1, 2022
to the Board of Trustees for approval by


Ora Hirsch Pescovitz, M.D.
President

Reviewed by:


Joshua D. Merchant, Ph.D
Chief of Staff and
Secretary to the Board of Trustees



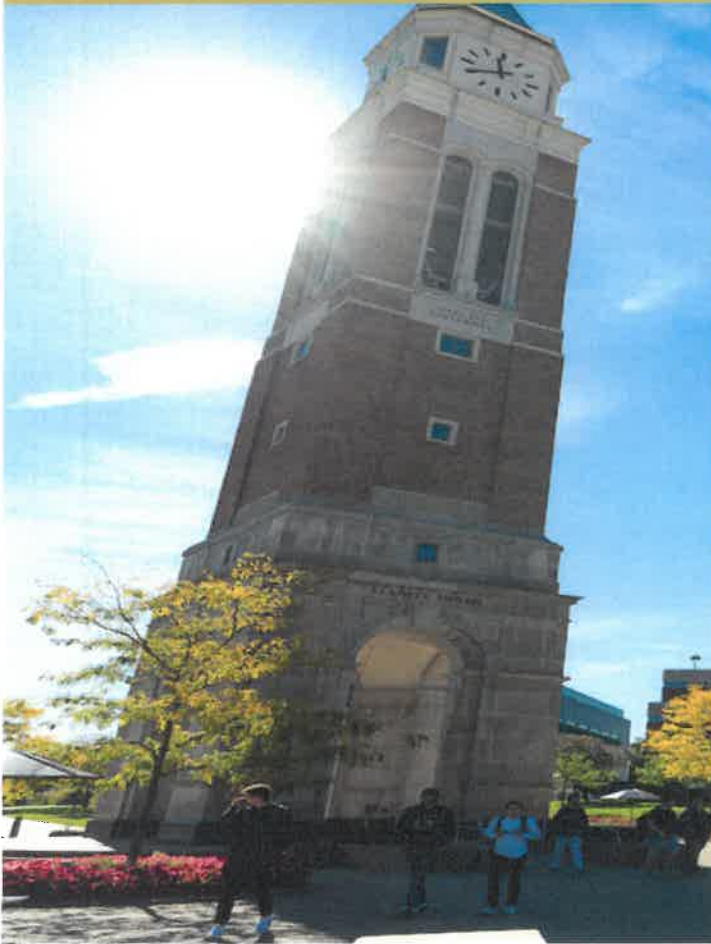
FY2023 General Fund Budget Briefing

Special Formal Session – July 1, 2022

Jim Hargett

Interim Vice President, Finance & Administration

Budget Context



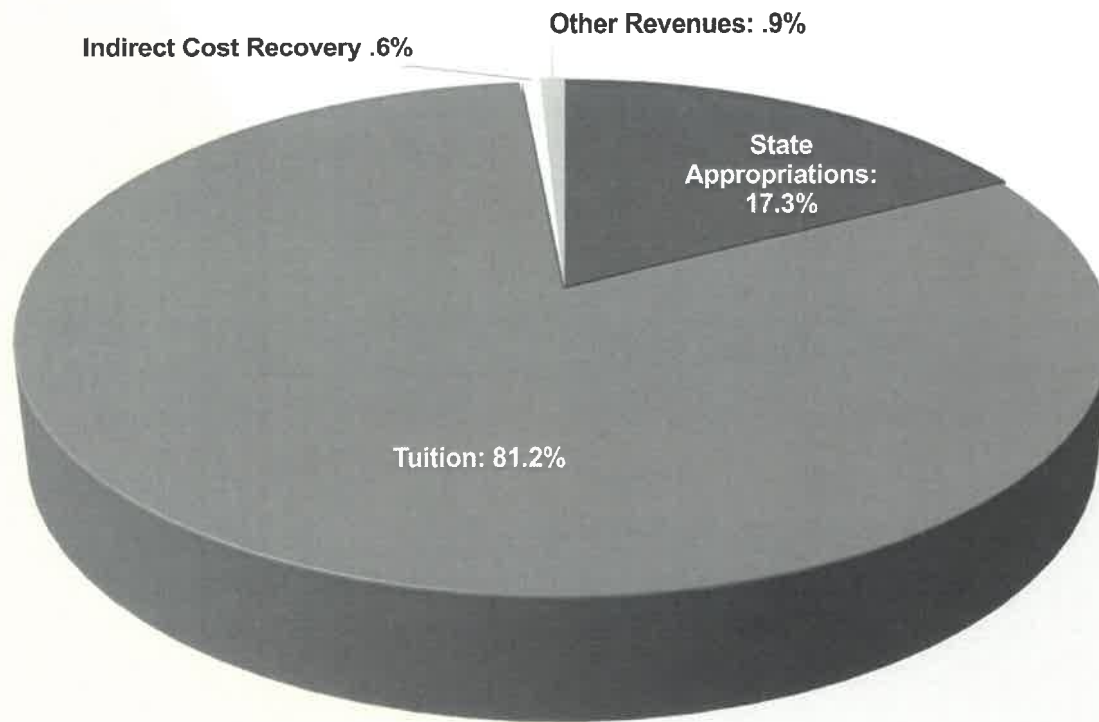
- **Special meeting of OU Board of Trustees required to approve the FY2023 budget.**
- **FY2023 budget includes the state appropriation, recommended tuition increase, expenditure reductions and strategic use of reserves.**
- **Declining enrollment trends due in large part to the pandemic and decreasing pool of college-bound students.**
- **Proposed budget maintains the continued delivery of high-quality education.**
- **Current plan maintains a balanced budget.**

FY2023 Budget

- **Budget overview: revenue, expenditures, history of state appropriation, financial realities**
- **Maintaining sound fiscal management, including history of cost containment, controlling education costs and a balanced general fund budget**
- **Serving as stewards of public resources**



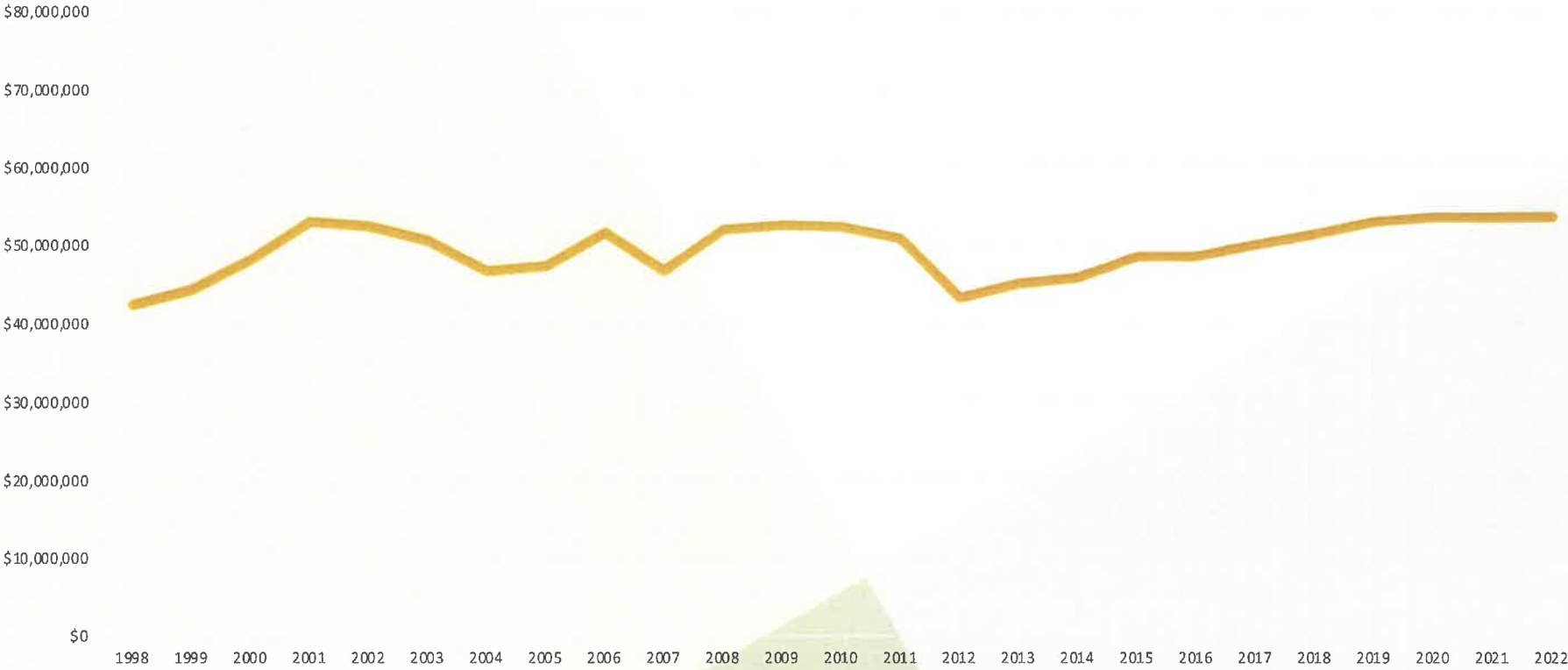
General Fund Revenue Sources – FY2022



Oakland Appropriation History

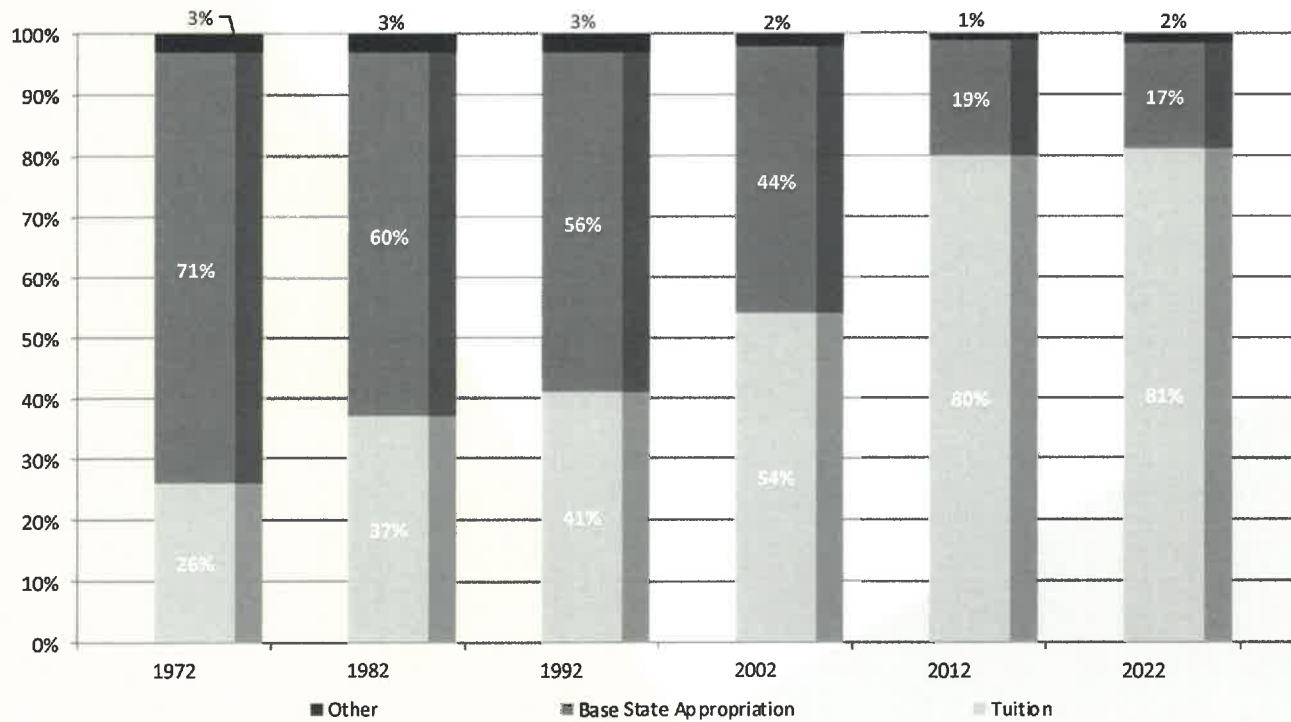


Base Appropriations



• FY2023 State Commitment not Available

Historical Funding Model



Comparison of General Fund revenue sources FY1972 to FY2022 Sources: HEIDI and general fund budgets

Lowest State Funding Per Student



	FY2022 Appropriation per FYES	FY2020 FYES	Year Founded	FY2022 Appropriation
Lake Superior State University	\$ 8,775	1,622	1946	14,233,500
Wayne State University	8,770	23,200	1868	203,466,400
Michigan Technical University	7,742	6,571	1885	50,870,900
Northern Michigan University	7,169	6,816	1899	48,860,600
University of Michigan Ann Arbor	6,557	49,264	1817	323,045,700
Western Michigan University	6,066	18,515	1903	112,317,500
Michigan State University	6,036	47,923	1855	289,264,500
Ferris State University	5,491	10,196	1884	55,991,300
Eastern Michigan University	5,486	14,133	1849	77,533,400
Central Michigan University	5,236	17,104	1892	89,564,500
Saginaw Valley State University	4,250	7,233	1963	30,737,700
University of Michigan Flint	3,938	6,085	1956	23,961,200
University of Michigan Dearborn	3,681	7,153	1959	26,332,000
Grand Valley State University	3,342	21,992	1960	73,490,700
Oakland University	3,083	17,349	1957	53,481,400
15 School Average	\$ 5,708			

Funding Oakland at the Average would provide \$45.5 million incremental appropriation.
Source: HEIDI FY2021 and PA 86 of 2021

Cost Containment



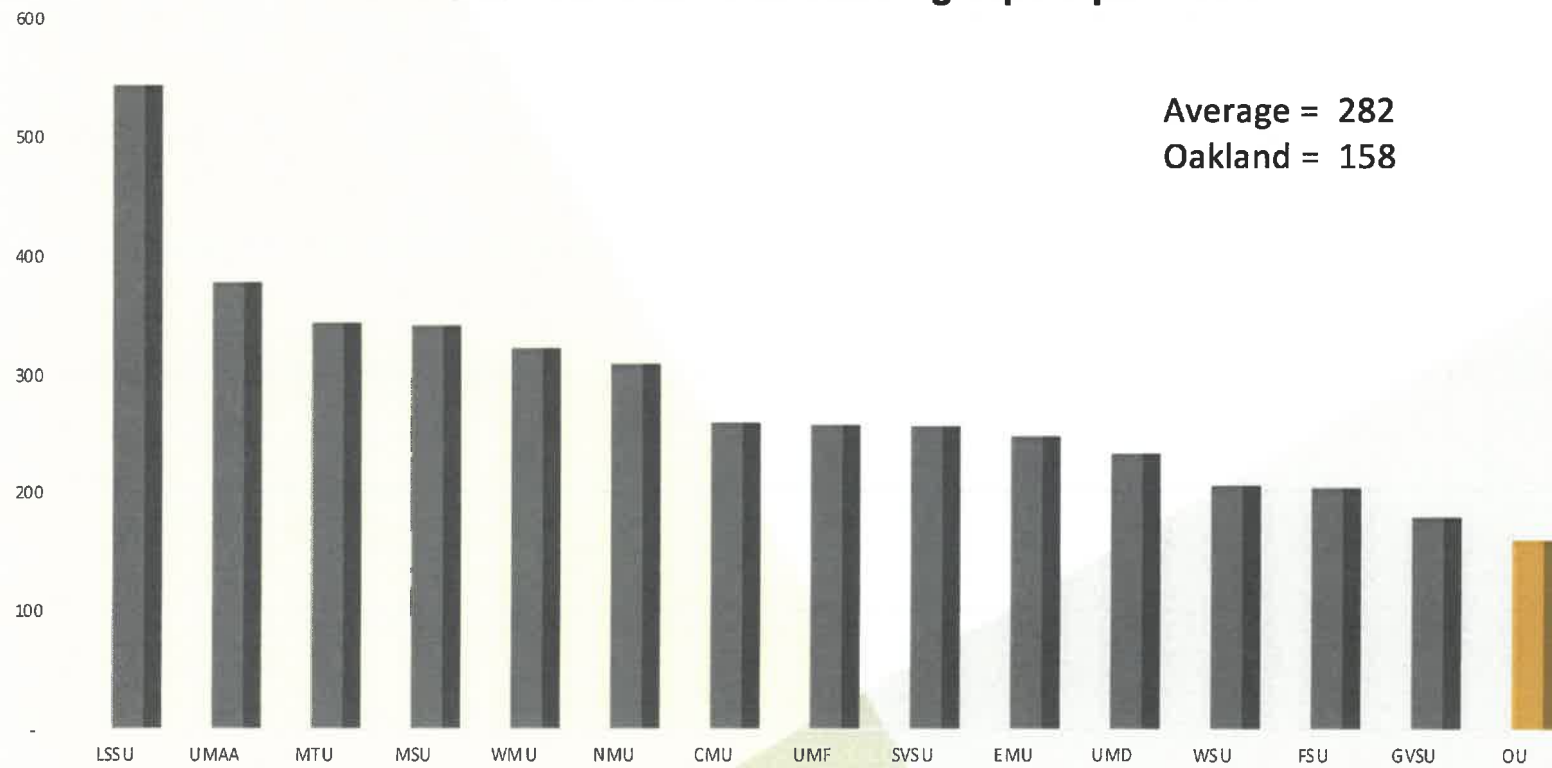
FY2003 - FY2022
Oakland University
Cost Containment and Budget Reductions

	<u>Permanent</u>	<u>One Time</u>	<u>Total</u>
Cost Containment	\$ 29,836,047	\$ 17,518,160	\$ 47,354,207
Budget Reductions	<u>\$ 27,705,230</u>	<u>\$ 6,833,920</u>	<u>\$ 34,539,150</u>
Total	<u>\$ 57,541,277</u>	<u>\$ 24,352,080</u>	<u>\$ 81,893,357</u>

Lowest Building Square Footage per Student



FY2021 General Fund Building Sq. Ft. per FYES



Source: HEIDI - FY2021

Discounted Net Cost of Tuition



Estimated Undergraduate Net Cost For Full-Time Resident Undergraduate Students

	<u>FY2022</u>
Tuition	\$15,135
Average Aid per Student *	<u>\$ (4,554)</u>
Estimate Average Net Cost	\$10,581
Estimated Average Net Cost	69.9%

* Includes Institutional, Federal and State awards, not including student loans or work-study.
NOTE: Historically, OU spends approximately the state appropriation amount in financial aid.

Student Impacts Upon Graduation



Average Student Debt :

Oakland ^(a)	\$ 27,095
State of Michigan ^(b)	\$ 29,744

Median Post-Graduation Starting Salary :

Oakland ^(c)	\$ 55,000
National ^(d)	\$ 52,714

Percent of Employed Oakland Graduates Residing in Michigan ^(c)

99.0%

- a) Common Data Set 2021-2022
- b) State of MI average loan debt 4 year public graduating seniors – Common Data Set (2021-2022)
- c) Career Services First-Destination Survey 2019-2020
- d) National Association of Colleges and Employers First-Destination for Class of 2019

FY2022 All-In Undergraduate Tuition Costs

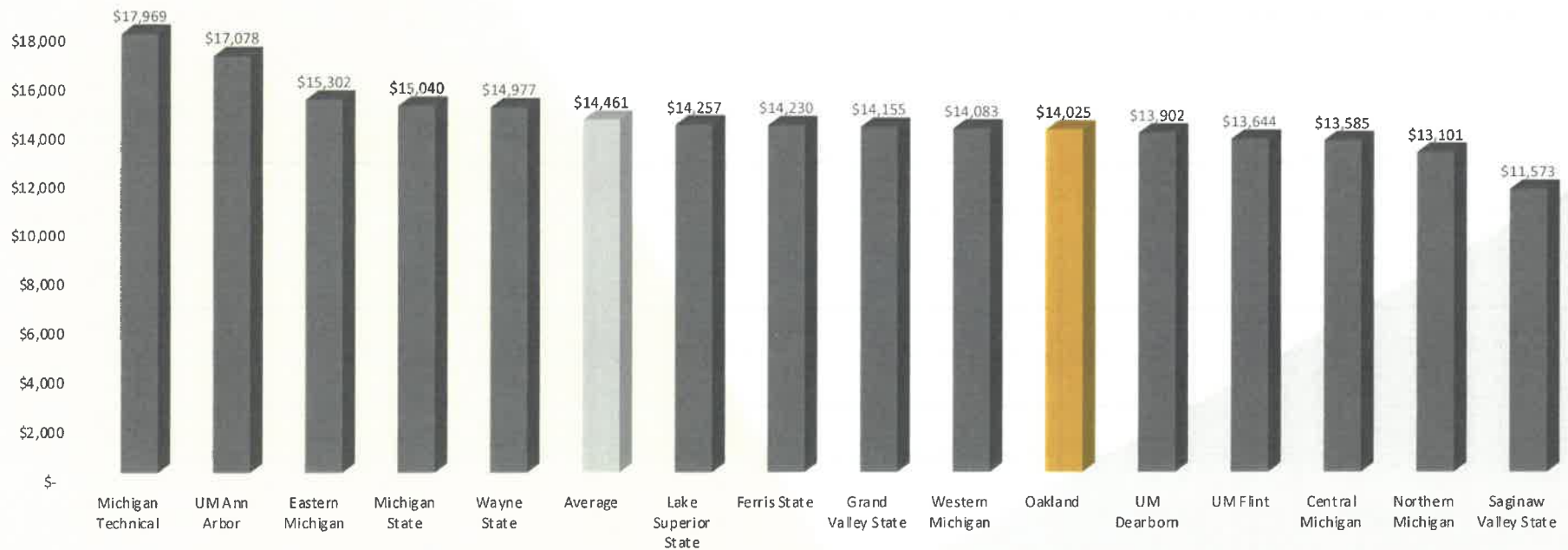


* Actual costs incurred may vary based on individual student choices

** The following universities charge differential tuition rates for certain programs. Depending upon the program, the all-in cost may vary: EMU, GVSU, MSU, MTU, NMU, OU, SVSU, UMAA, UMD, WMU, WSU.

Produced by the Oakland University Office of Budget and Financial Planning based on data published by HEIDI, The Michigan Association of State Universities, and university websites.

FY2022 All-In Freshmen Tuition Costs



* Actual costs incurred may vary based on individual student choices

** The following universities charge differential tuition rates for certain programs. Depending upon the program, the all-in cost may vary: EMU, GVSU, MSU, MTU, NMU, OU, SVSU, UMAA, UMD, WMU, WSU.

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Rationale for 3.9% Tuition Increase

- Funds quality programs for students
- Supports students & community with New Programs
- Recognizes OU's Lowest State funding
- Maintains OU's competitive pricing
- Supports Competitive financial aid packages
- Supports Golden Grizzly Guarantee
- Reflects Cost increases/inflation
- Addresses research and instructional space needs

FY2023 Cost per Full Time Student



	Current Rates	FY2023 * 3.9%	FY2023 Incremental Cost *
UG Lower	\$ 14,025.00	\$ 14,572.50	\$547.50/ \$18.25 per credit
UG Upper	\$ 16,245.00	\$ 16,875.00	\$630.00 / \$21.00 per credit
Average	\$ 15,135.00	\$ 15,723.75	\$588.75 / \$19.63 per credit

* Undergraduate Michigan resident taking a full 15 credit hour load for two semesters (30 credit hours)

FY2023 Budget Planning Assumptions



Enrollment	-8.8%	
Undergraduate Tuition Increase	3.9%	
Graduate Tuition Increase Increase	3.9%	
<i>Net Impact</i>		<u>\$ (19,000,000)</u>
Appropriations Increase		
<i>Conference Committee</i>		\$ 6,700,000
Projected Deficit		\$ (14,600,000)

** Deficit to be addressed with additional budget reductions and reserves.*

Annual Budget Comparison



	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>
Revenues:			
State Appropriations - Base	\$ 52,500,000	\$ 54,500,000	\$ 60,800,000
Tuition	239,900,000	254,300,000	226,800,000
Financial Aid Offset	(51,300,000)	(52,500,000)	(44,000,000)
Miscellaneous	5,000,000	4,700,000	4,700,000
Total Budgeted Revenues	<u>\$ 246,100,000</u>	<u>\$ 261,000,000</u>	<u>\$ 248,300,000</u>
Less:			
Budgeted Expenditures	(10,900,000)	261,000,000	262,900,000
Reserves	(7,000,000)		(14,600,000)
Total Budgeted Expenditures	<u>\$ 246,100,000</u>	<u>\$ 261,000,000</u>	<u>\$ 248,300,000</u>

- Excludes School of Medicine
- Budget totals are Net of Financial Aid

Annual Budget Comparison – Amount Change



	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>
Prior Year Revenue Budget	\$ 257,000,000	\$ 246,100,000	\$ 261,000,000
Incremental:			
State Appropriations	(1,300,000)	2,000,000	6,300,000
Tuition (net of Financial Aid)	(10,200,000)	13,200,000	(19,000,000)
Financial Aid	6,074,168		
Miscellaneous	600,000	(300,000)	-
Total Budgeted Revenues	<u>\$ 246,100,000</u>	<u>\$ 261,000,000</u>	<u>\$ 248,300,000</u>
Prior Year Expenditure Budget	\$ 257,000,000	\$ 246,100,000	\$ 261,000,000
Incremental:			
Operating Expenses	(10,900,000)	14,900,000	(12,700,000)
Strategic/Other Initiatives	0	0	0
Total Budgeted Expenditures	<u>\$ 246,100,000</u>	<u>\$ 261,000,000</u>	<u>\$ 248,300,000</u>

- Excludes School of Medicine
- Budget totals are Net of Financial Aid

Incremental FY2023 Funding Sources



FY2023

Tuition, Fees & Other (net of Financial Aid)	\$(19,000,000)
State Appropriation	6,300,000
Net Incremental Revenue	<u>\$(12,700,000)</u>

• Does not include School of Medicine

FY2023 Incremental Expenditures



Salaries/Fringe Benefits	\$ 6,500,000
Utilities	1,000,000
New Academic Programs	1,000,000
Debt Service	(400,000)
Support Admissions/Operations	200,000
New Buildings Operational Support	900,000
Technology Upgrades	600,000
Miscellaneous	1,100,000
Total Incremental Expenditures	<u>\$ 10,900,000</u>

• Does not include School of Medicine

FY2023 Base Budget Reductions/ One Time Funding Sources



Reductions to Base Budget - Identified	\$ (9,000,000)
Pandemic Reserves (HEERF)	(5,000,000)
Reserves	(9,600,000)
Total	<u>\$ (23,600,000)</u>

• Does not include School of Medicine

Proposed School of Medicine FY2023 Budget



	<u>FY2022</u>	<u>FY2023</u>
Enrollment	503	496
Budget	\$ 38,824,208	\$ 39,707,366
Tuition Rate	\$ 57,936	\$ 57,936
Tuition Increase	2.5%	0%

* Per SOM all-funds budget



**Oakland University
Fiscal Year 2023
Proposed General Fund Budget**

Category	FY 2022 Budget	FY 2023 Projected Budget	Amount Change	% Change
State Appropriation - Base	\$ 54,476,400	\$ 60,761,900	\$ 6,285,500	11.54%
State Appropriation - One Time	0	0	0	
Student Tuition	283,084,440	255,233,805	(27,850,635)	-9.84%
Financial Aid Offset	(61,067,582)	(53,186,575)	7,881,007	-12.91% (1)
Net Tuition Revenue	\$ 222,016,858	\$ 202,047,230	(\$ 19,969,628)	-8.99%
Indirect Cost Recovery	2,000,000	2,000,000	0	0.00%
Miscellaneous Income	8,112,711	8,711,000	598,289	7.37%
Encumbrances	15,390,474	0	(15,390,474)	-100.00% (2)
Total Funding Sources	\$ 301,996,443	\$ 273,520,130	(\$ 28,476,313)	-9.43%
Less: Budgeted Expenditures	\$ 301,996,442	\$ 273,520,130	(\$ 28,476,312)	-9.43%
Revenues Over (Under) Expenditures	\$ 1	\$ 0	(\$ 1)	
FYES Enrollment	16,374	14,146	(2,228)	-13.61%

Notes:

1) The university has adopted financial statement presentation changes as recommended by GASB 34 and 35 and NACUBO principles for financial statement presentation. As a result, institutional financial aid is shown as an offset to revenues.

2) The projected budget does not include any encumbrances and carryforwards. Encumbrances and carryforwards as of June 30 will be added to the budgeted expenditure base for the following fiscal year as a one time allocation.

3) Report totals include Oakland general fund of \$248,276,252 and School of Medicine general fund of \$25,243,878

Friday, July 1, 2022 12:31:26 AM

**Oakland University
Schedule of Tuition Rates
Effective Fall Semester 2022**

Tuition Rate Per Credit Hour	Current Rate 2022	Proposed Rate 2023
Resident UG Lower	467.50	485.75
Resident UG Upper	541.50	562.50
SBA 001-299 courses	487.50	506.50
SBA 300+ courses	573.25	595.50
SECS 001-299 courses	497.50	517.00
SECS 300+ courses	585.50	608.25
SHS 001-299 courses	477.50	499.50
SHS 300+ courses	562.00	584.00
SON 001-299 courses	492.50	511.75
SON 300+ courses	578.00	600.50
Resident Grad	802.75	834.00
Resident Doctoral	807.50	839.00
Non Resident UG Lower	795.75	795.75
Non Resident UG Upper	853.25	853.25
Non Resident Grad	1,027.00	1,027.00
Non Resident Doctoral	1,027.00	1,027.00
Competency	55.00	55.00
School of Medicine	57,936.00	57,936.00

Summary comparison of tuition rates:

A) Undergraduate Michigan resident student taking a full 15 credit hour load for two semesters (30 total credit hours):

1) Lower Division Tuition	14,025.00	14,572.50	
2) Upper Division Tuition	16,245.00	16,875.00	
CAS Residential Undergraduate Average	15,135.00	15,723.75	3.9%

B) Graduate Michigan resident student taking a full 12 credit hour load for two semesters (24 total credit hours):

Graduate Tuition	19,266.00	20,016.00	3.9%
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C) Doctoral Michigan resident student taking a full 8 credit hour load for two semesters (16 total credit hours):

Doctoral Tuition	12,920.00	13,424.00	3.9%
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Lower / Upper division undergraduate students defined:

Lower Division - All non-matriculating (non-degree seeking) students, all O.U. freshman and sophomores with less than 56 credits.

Upper Division - Guest students from other colleges, all O.U. undergraduate students who have earned undergraduate degrees and who have been admitted to a second O.U. undergraduate degree program, all O.U. undergraduates with 56 or more undergraduate credits, and all students with post bachelor admission status

The School of Medicine tuition rate is annual.