

GENERAL FUND BUDGET AND TUITION RATES
FOR FY2024

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 FY2024 General Fund Budget and Tuition Rates. Highlights and assumptions for this proposal are described below.

Attachment A is the Oakland University (University) FY2024 Proposed General Fund Budget which provides summarized budget information (including the School of Medicine) and a comparison to the FY2023 General Fund Budget.

Attachment B is the proposed Schedule of Tuition Rates Effective Fall Semester 2023.

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 are recovering slowly and will impact the University for years to come.

State Appropriations:

The State of Michigan FY2024 budget has not yet been finalized. The University's proposed FY2024 budget is based upon the Senate Subcommittee's higher education appropriation budget proposal, which falls between the Governor's and the House subcommittee's proposals. It includes an operating increase plus per student floor funding, totaling 9.6%, and is contingent upon complying with a 4.5% tuition restraint. This equates to \$66,612,600, 21.6% 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 77% of the proposed budget. The proposed FY2024, average tuition rate for a full-time resident freshman is \$16,428.75, an increase of 4.5%, or \$23.50 per credit hour. The proposed FY2024 full-time resident graduate tuition rate is \$20,916, a 4.5% increase. The proposed FY2024 full-time resident doctoral tuition rate is \$14,028, a 4.5% increase. (See Attachment B).

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On April 20th, the Board approved the FY2024 Housing budget which included a 0% 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 4.5%.

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 FY2024

Revenue budget changes primarily include:

1. Projected state appropriation funding increase of \$5,850,700
2. FYES enrollment of 13,649 (excluding the School of Medicine), flat as compared to the prior year budget (or up .4% as measured by student credit hours).
3. Average tuition of \$15,225 for a full-time resident freshman, an increase of \$21.75 per credit hour, 4.5%.
4. Average Graduate in-state tuition of \$20,916 for full-time resident students, an increase of 4.5%
5. Average Doctoral in-state tuition of \$14,028 for full-time resident students, an increase of 4.5%
6. Annual School of Medicine rate of \$59,096, an increase of 2.0%

Expense Budget Changes Primarily Include:

1. Operating funds required for Board approved course offerings, utilities, insurance, debt service, IT upgrades, and other contractual obligations.
2. Operational expense reductions of \$14,611,396
3. 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 July 1, 2022 the Board approved the FY2023 General Fund Budget and Tuition Rates.

4. Budget Implications: Approval of the FY2024 Proposed General Fund Budget and the Schedule of Tuition Rates Effective Fall Semester 2023 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 FY2024 Proposed General Fund Budget and the Schedule of Tuition Rates Effective Fall Semester 2023 were developed by the Budget and Financial Planning Office, with input from the Strategy Council, and was reviewed by the Vice President for Finance and Administration and President.

8. **Recommendation:**

WHEREAS, the FY2024 Proposed General Fund Budget and Schedule of Tuition Rates Effective Fall Semester 2023 require Board of Trustees approval; now, therefore, be it

RESOLVED, that the Board of Trustees approves the FY2024 General Fund Budget at an expenditure level of \$291,411,624 (see Attachment A) and approve encumbrances and carry-forwards from the June 30, 2023 fund balance; and, be it further


RESOLVED, that the Board of Trustees approves the Schedule of Tuition Rates Effective Fall Semester 2023 (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. FY2024 Proposed General Fund Budget
- B. Schedule of Tuition Rates Effective Fall Semester 2023

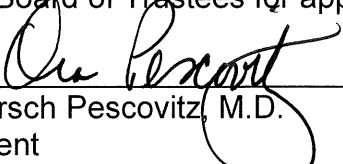
Submitted to the President
on 6-21, 2023 by



Stephen W. Mackey
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

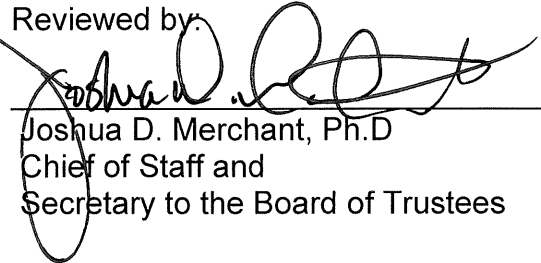
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Recommended on 6/22, 2023
to the Board of Trustees for approval by



Ora Hirsch Pescovitz, M.D.
President

Reviewed by:



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

**Oakland University
Fiscal Year 2024
Proposed General Fund Budget**

| Category | FY 2023 Budget | FY 2024 Projected Budget | Amount Change | % Change |
|------------------------------------|--------------------|--------------------------------|------------------|--------------|
| State Appropriation - Base | 60,761,900 | 66,612,600 | 5,850,700 | 9.63% |
| State Appropriation - One Time | 0 | 0 | 0 | |
| Student Tuition | 255,233,805 | 268,055,555 | 12,821,750 | 5.02% |
| Financial Aid Offset | (53,186,575) | (54,479,102) | (1,292,527) | 2.43% (1) |
| Indirect Cost Recovery | 2,000,000 | 2,500,000 | 500,000 | 25.00% |
| Miscellaneous Income | 8,711,000 | 8,722,571 | 11,571 | 0.13% |
| Encumbrances | 9,503,411 | 0 | (9,503,411) | -100.00% (2) |
| Total Funding Sources: | <u>283,023,541</u> | <u>291,411,624</u> | <u>8,388,083</u> | <u>2.96%</u> |
| Less: Budgeted Expenditures | <u>283,023,544</u> | <u>291,411,624</u> | <u>8,388,080</u> | <u>2.96%</u> |
| Revenues Over (Under) Expenditures | (3) | 0 | 3 | |
| FYES Enrollment | 14,146 | 14,155 | 9 | 0.06% |

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.

**Oakland University
Schedule of Tuition Rates
Effective Fall Semester 2023**

| Tuition Rate Per Credit Hour | Current Rate 2023 | Proposed Rate 2024 |
|------------------------------|-------------------------|--------------------------|
| Resident UG Lower | 485.75 | 507.50 |
| Resident UG Upper | 562.50 | 587.75 |
| SBA 001-299 courses | 506.50 | 529.25 |
| SBA 300+ courses | 595.50 | 622.25 |
| SECS 001-299 courses | 517.00 | 540.25 |
| SECS 300+ courses | 608.25 | 635.75 |
| SHS 001-299 courses | 499.50 | 522.00 |
| SHS 300+ courses | 584.00 | 610.25 |
| SON 001-299 courses | 511.75 | 534.75 |
| SON 300+ courses | 600.50 | 627.50 |
| Resident Grad | 834.00 | 871.50 |
| Resident Doctoral | 839.00 | 876.75 |
| 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 | 59,096.00 |

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 | 14,572.50 | 15,225.00 | |
| 2) Upper Division Tuition | 16,875.00 | 17,632.50 | |
| CAS Residential Undergraduate Average | 15,723.75 | 16,428.75 | 4.48% |

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

| | | | |
|------------------|-----------|-----------|-------|
| Graduate Tuition | 20,016.00 | 20,916.00 | 4.50% |
|------------------|-----------|-----------|-------|

C) Doctoral Michigan resident student taking a full 8 credit hour load for two semesters (16 total credit hours):

| | | | |
|------------------|-----------|-----------|-------|
| Doctoral Tuition | 13,424.00 | 14,028.00 | 4.50% |
|------------------|-----------|-----------|-------|

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.