

**Agendum
Oakland University
Board of Trustees Formal Session
June 28, 2024**

**GENERAL FUND BUDGET AND TUITION RATES
FOR FY2025**

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 FY2025 General Fund Budget and Tuition Rates. Highlights and assumptions for this proposal are described below.

Attachment A is the Oakland University (University) FY2025 Proposed General Fund Budget which provides summarized budget information (including the School of Medicine) and a comparison to the FY2024 General Fund Budget.

Attachment B is the proposed Schedule of Tuition Rates Effective Fall Semester 2024.

Preamble:

University revenues continue to reflect decreases in enrollment that began during the pandemic. That, together with the ongoing decline in high school graduates, is projected impact the University for years to come.

State Appropriations:

The State of Michigan FY2025 budget has not yet been finalized. The University's proposed FY2025 budget is based upon the most recent information coming from the state, as committee's continue to discuss. It includes an operating increase of 1.5%, and is contingent upon complying with a 4.5% tuition restraint. This equates to \$73,327,600, 20.5% 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 requires additional resources. Tuition is the primary source of General Fund revenues, accounting for 76.6% of the proposed budget. The proposed FY2025, average tuition rate for a full-time resident freshman is \$15,862.50, an increase of 4.2%, or \$21.25 per credit hour. The proposed FY2025 full-time resident graduate tuition rate is \$21,960, a 5.0% increase. The proposed FY2025 full-time resident doctoral tuition rate is \$14,640, a 4.4% increase. (See Attachment B).

General Fund Budget and Tuition Rates for FY2025
Oakland University
Board of Trustees Formal Session
June 28, 2024
Page 2

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 4.6%.

The University's commitment to controlling the net cost of attendance continues. The institutional financial aid budget (excluding the School of Medicine), \$42.2 million, provides funds that, combined with Federal and State awards, reduces the cost of tuition for an average student by roughly 29%.

Highlights of the Proposed FY2025

Revenue budget changes primarily include:

1. Projected state appropriation funding increase of \$6,715,000
2. FYES enrollment of 13,424 (excluding the School of Medicine), down 1.6% as compared to the prior year budget (or down 1.5% as measured by student credit hours).
3. Average tuition of \$15,862.50 for a full-time resident freshman, an increase of \$21.25 per credit hour, 4.2%
4. Average Graduate in-state tuition of \$21,960 for full-time resident students, an increase of 5.0%
5. Average Doctoral in-state tuition of \$14,640 for full-time resident students, an increase of 4.4%
6. Annual School of Medicine rate of \$60,278, 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. 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. Graduate Assistant health insurance stipend
4. IT Security initiatives
5. Mental health initiatives for students and staff
6. Expanding the campus safety environment

3. Previous Board Action: On June 26, 2023 the Board approved the FY2024 General Fund Budget and Tuition Rates.

4. Budget Implications: Approval of the FY2025 Proposed General Fund Budget and the Schedule of Tuition Rates Effective Fall Semester 2024 provides the needed authorization for assessing students and expending University resources for instructional, programmatic and operating needs.

General Fund Budget and Tuition Rates for FY2025
Oakland University
Board of Trustees Formal Session
June 28, 2024
Page 3

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 FY2025 Proposed General Fund Budget and the Schedule of Tuition Rates Effective Fall Semester 2024 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 FY2025 Proposed General Fund Budget and Schedule of Tuition Rates Effective Fall Semester 2024 require Board of Trustees approval; now, therefore, be it

RESOLVED, that the Board of Trustees approves the FY2025 General Fund Budget at an expenditure level of \$304,776,589 (see Attachment A) and approve encumbrances and carry-forwards from the June 30, 2024 fund balance; and, be it further

RESOLVED, that the Board of Trustees approves the Schedule of Tuition Rates Effective Fall Semester 2024 (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. FY2025 Proposed General Fund Budget
- B. Schedule of Tuition Rates Effective Fall Semester 2024

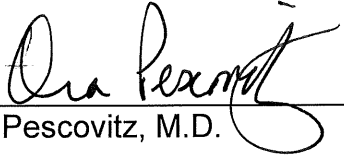
Submitted to the President
on 6/27, 2024 by



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

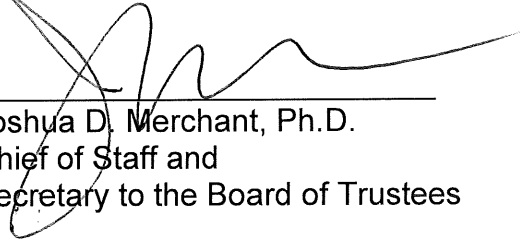
General Fund Budget and Tuition Rates for FY2025
Oakland University
Board of Trustees Formal Session
June 28, 2024
Page 4

Recommended on 6/28, 2024
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

Attachment A



Proposed General Fund Budget

Current Budget Year

Proposed Budget Year

FY24

FY25

	Current Year Budget	Proposed Budget	Amount Change	% Change
State Appropriation - Base	66,612,600	73,327,600	6,715,000	10.08%
State Appropriation - One Time	-	-	-	-
Student Tuition	268,055,556	274,131,775	6,076,219	2.27%
Financial Aid Offset	(54,479,101)	(52,589,787)	1,889,314	(3.47%)
Indirect Cost Recovery	2,500,000	2,800,000	300,000	12.00%
Miscellaneous Income	6,499,000	7,107,000	608,000	9.36%
Encumbrances	-	-	-	-
Total Funding Sources	289,188,055	304,776,589	15,588,534	5.39%
Less: Budgeted Expenditures	(289,188,055)	(304,776,589)	(15,588,534)	5.39%
Revenues Over (Under) Expenditures	-	-	-	-

Total FYES

	Current Year FYES	Proposed Year FYES	Amount Change	% Change
SOM FYES	506	511	5	0.99%
Non-SOM FYES	13,649	13,424	(225)	(1.65%)
Total FYES	14,155	13,935	(220)	(1.55%)

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.



Schedule of Tuition Rates Effective Fall Semester 2024

Tuition Current Year:
FY24

Tuition Proposed Year:
FY25

	Current Rates	Proposed Rates
Resident UG Lower	507.50	528.75
Resident UG Upper	587.75	615.75
Resident Grad	871.50	915.00
Resident Doctoral	876.75	915.00
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
SBA 001-299 courses	529.25	553.50
SBA 300+ courses	622.25	651.00
SECS 001-299 courses	540.25	565.00
SECS 300+ courses	635.75	665.00
SHS 001-299 courses	522.00	546.00
SHS 300+ courses	610.25	638.25
SON 001-299 courses	534.75	559.25
SON 300+ courses	627.50	656.25
Competency	55.00	55.00
SOM	57,936.00	60,278.00

Summary Comparison of Tuition Rates

	Current Rate	Proposed Rate	Credit Hour Assumption	Tuition Amount - Current	Tuition Amount - Proposed	% Change
Lower Division Tuition	507.50	528.75	30	15,225.00	15,862.50	-
Upper Division Tuition	587.75	615.75	30	17,632.50	18,472.50	-
CAS Residential Average	-	-	-	16,428.75	17,167.50	4.50%
Graduate Tuition	871.50	915.00	24	20,916.00	21,960.00	4.99%
Doctoral Tuition	876.75	915.00	16	14,028.00	14,640.00	4.36%

Lower / Upper Division Undergraduates 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 credits, and all students with post bachelor admission status.

The School of Medicine tuition rate is annual.

FY2025 General Fund Budget Proposal



Presented by:

Stephen W. Mackey

Vice President Finance and Administration

Treasurer to the Board of Trustees

June 28, 2024

FY2025 Budget

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



FY2024 Budget Recap

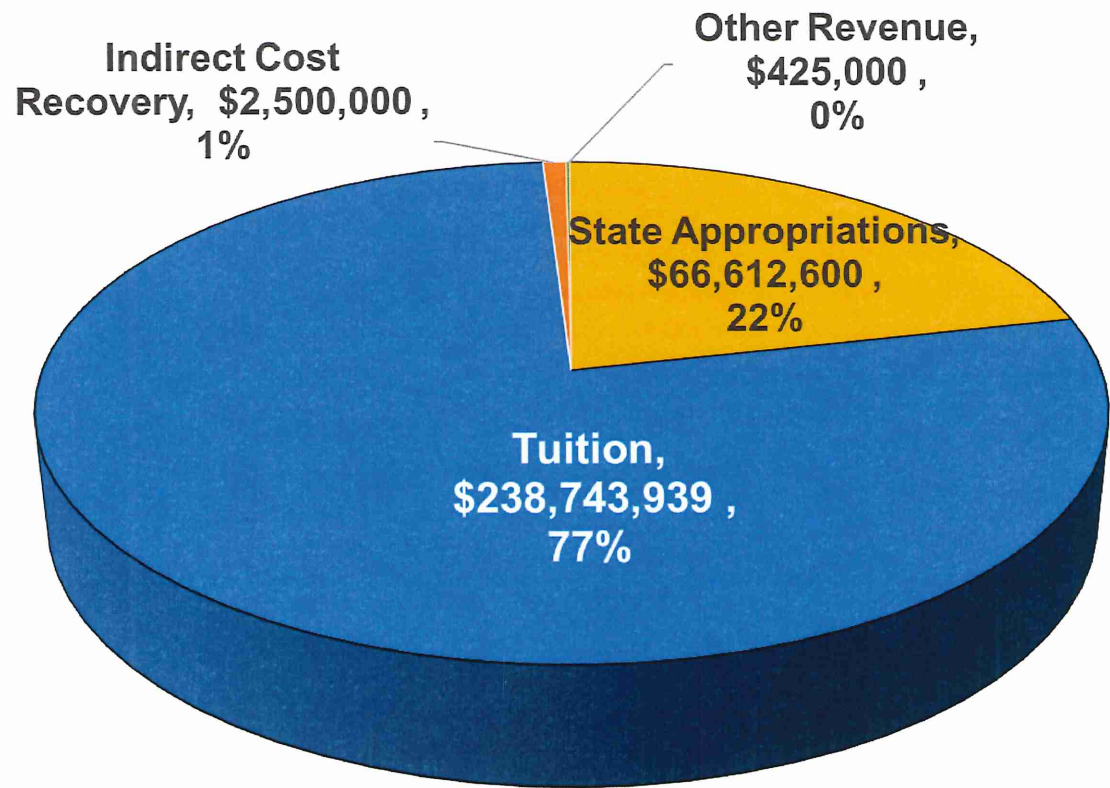
- **FY2024 Revenue**
- **FY2024 Expenses**
- **Additional Context**
 - Credit Hour Trend
 - State funding per FYES
 - State cost of degrees conferred
 - All-in Tuition Comparison
 - Most recent Tuition Discount Rate



General Fund Revenue Sources FY2024

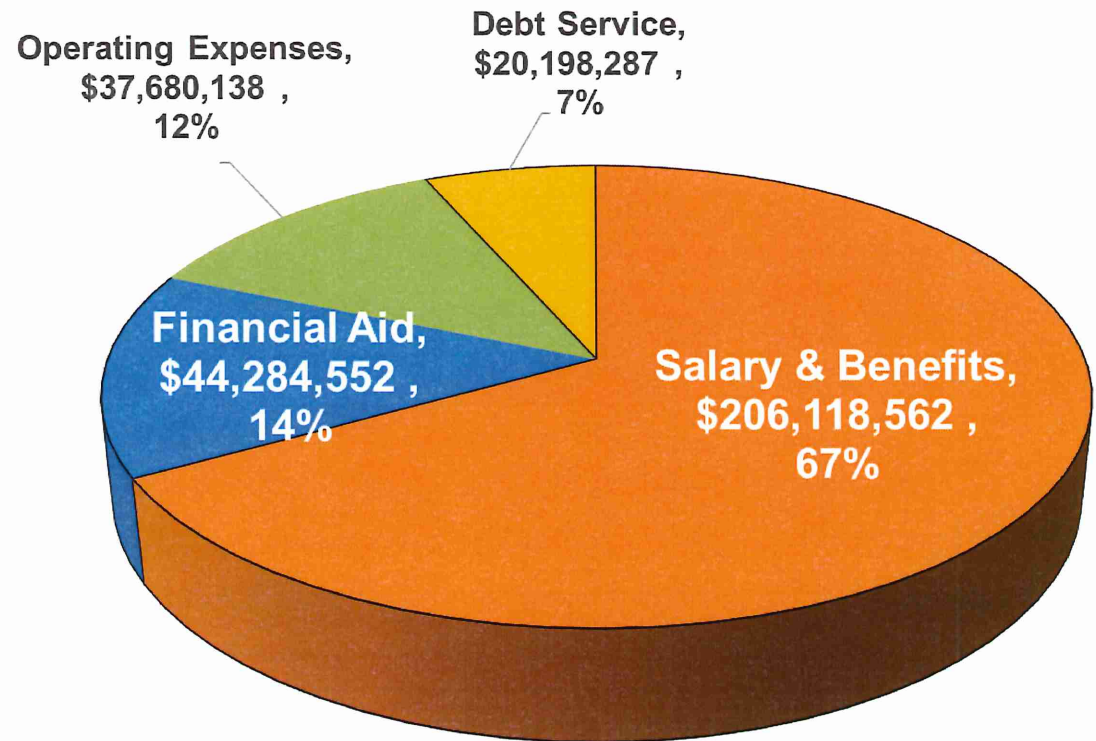
\$264M
Total FY24 Budget

99% of revenue comes from
State Allocation & Tuition



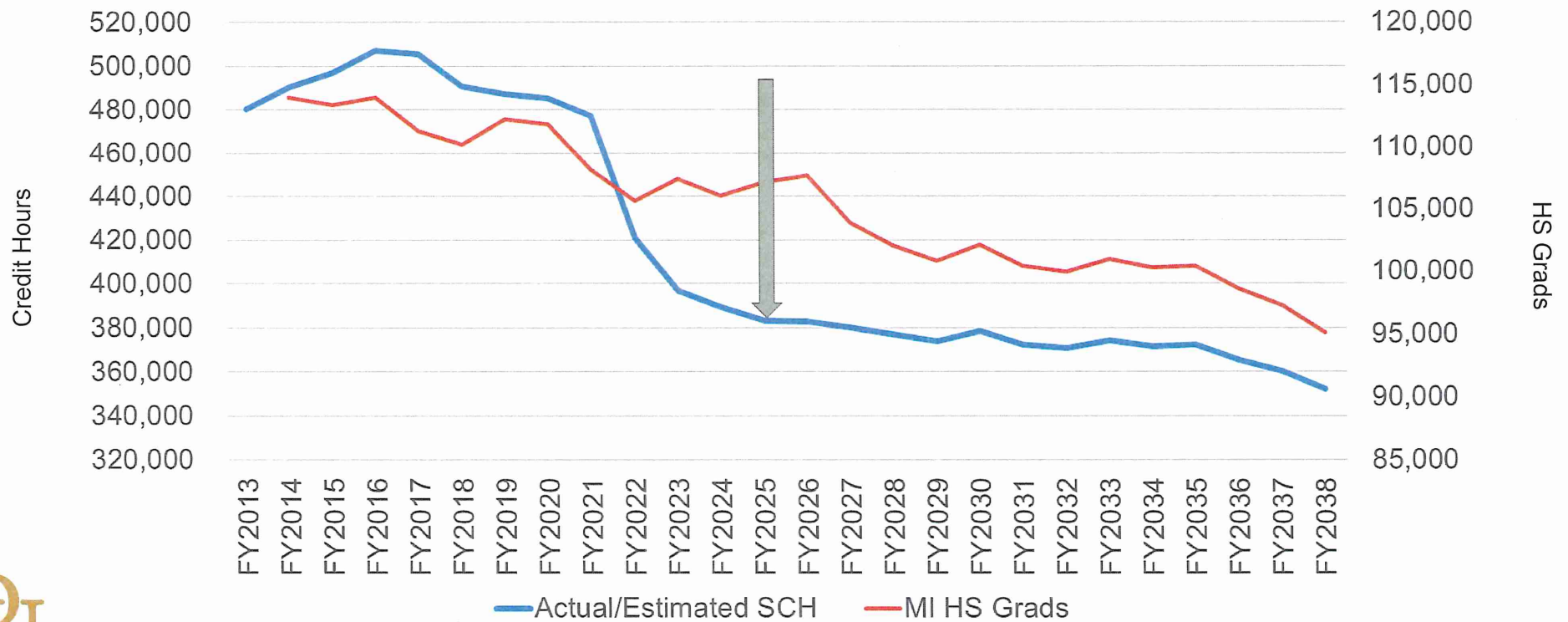
General Fund Expenses FY2024

81%
Budgeted expenses
go to
Financial Aid &
Salary/Benefits



WICHE and Credit Hour Projections

STABLE Undergrad enrollment projections for the next 2-years



Lowest State Funding Per Student

2024 Michigan State Funding per FYES/University

	FY2024 Appropriation per FYES	FY2022 FYES	Year Founded	FY2024 Appropriation
Lake Superior State University	\$ 10,404	1,460	1946	\$ 15,190,300
Wayne State University	10,393	21,587	1868	224,354,500
Northern Michigan University	8,365	6,374	1899	53,320,000
Michigan Technical University	8,238	6,619	1885	54,525,700
Western Michigan University	7,717	15,549	1903	119,983,900
University of Michigan Ann Arbor	6,956	51,260	1817	356,568,800
Ferris State University	6,929	8,608	1884	59,646,500
Central Michigan University	6,819	13,993	1892	95,413,800
Eastern Michigan University	6,816	12,199	1849	83,144,700
Michigan State University	6,745	47,253	1855	318,709,200
Saginaw Valley State University	5,229	6,482	1963	33,894,500
University of Michigan Flint	4,820	5,478	1956	26,404,700
Grand Valley State University	4,787	20,341	1960	97,365,000
University of Michigan Dearborn	4,753	6,571	1959	31,233,500
Oakland University	4,747	15,229	1957	72,288,800
15 School Average	\$ 6,914			



Funding Oakland at the Average would provide \$33 million incremental appropriation.
Source: FY2023-24 Higher Education Appropriations Report (PA 103 of 2023)

State Investment per Degree Conferred

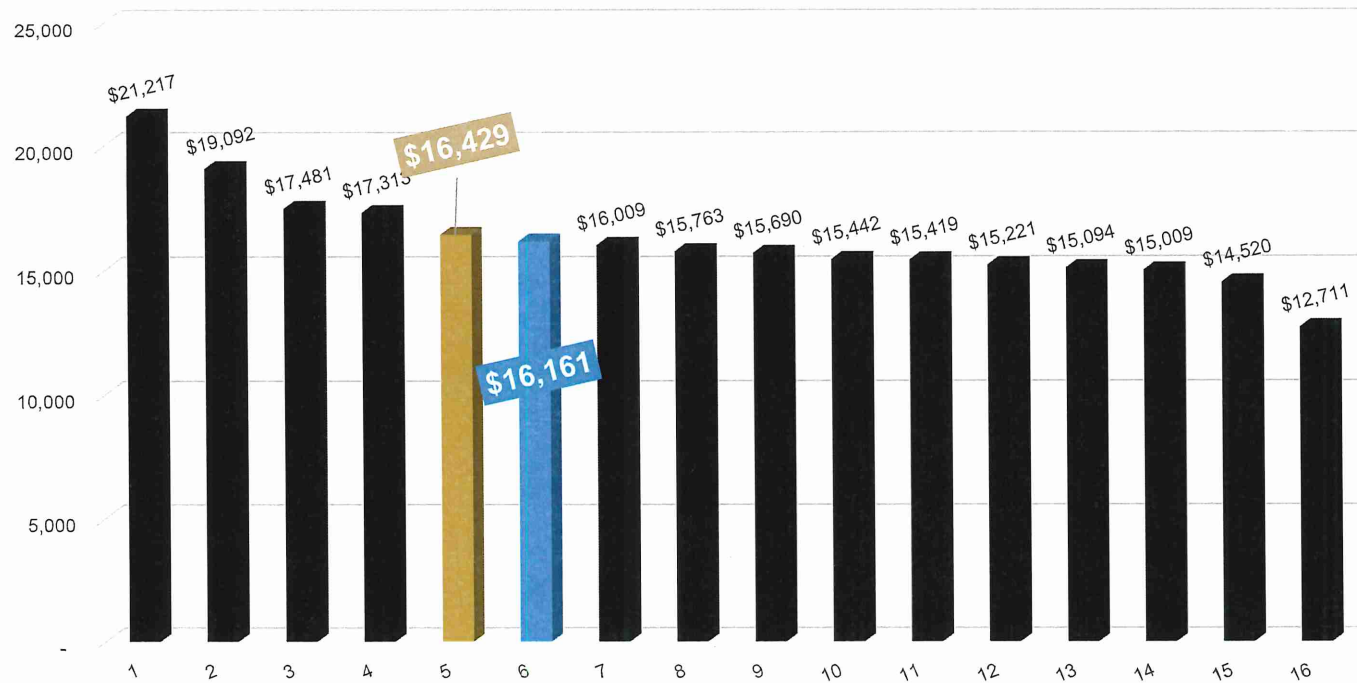


OU confers
degrees for
\$8,300
below the state
average.



Source: HEIDI Public University Summary Data as of Jan. 30, 2023

FY2024 All-In Undergraduate Tuition Costs



**Oakland average
all-In Tuition in
the state.**



* 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.

Discounted Net Cost of Tuition

Estimated Undergraduate Net Cost For Full-Time Resident Undergraduate Students

29.0%

Net Tuition Discount Rate

	<u>FY2023</u>
Tuition	\$15,724
Average Aid per Student *	\$ (4,556)
Average Net Cost	\$11,168
Average Net Cost %	71.0%



* Includes Institutional, Federal and State awards, not including student loans or work-study. FY23 is the most complete full year data available.

Source: Oakland University Financial Aid Department

FY2025 Budget Proposal



- **Update: April Presentation**
- **FY2025 Tuition Proposal**
 - UG
 - Grad
 - SOM
- **FY2025 Revenue Overview**
- **FY2025 Expense Overview**
- **Budget Recap**
- **BOT Actions**



FY2025 Tuition Proposal



FY2025 Tuition Proposal

Considerations re: tuition rate proposal

- **State Base Budget Allocation 1.5%**
- **Inflation**
- **Cost of Living for our Students, Faculty and Staff**
- **Sustainable budget forecasting**
- **Multi-year budget projections**

UG Tuition Increase Proposal: 4.5%
Grad Tuition Increase Proposal: 5.0%



FY2025 Cost per Full Time Undergraduate Student

Oakland's UG Tuition Increase Proposal: 4.5%

	Current Rates	Proposed FY2025 * 4.5%	FY2025 Incremental Cost *
UG Lower	\$ 15,225.00	\$ 15,862.50	\$637.50 / \$21.25 per credit / 4.2%
UG Upper	\$ 17,632.50	\$ 18,472.50	\$840.00 / \$28.00 per credit / 4.75%
Average	\$ 16,428.75	\$ 17,167.50	\$738.75 / \$24.63 per credit / 4.5%

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



FY2025 Tuition Increase Comparisons

OU remains within the state average for all-in tuition and fees

School	FY24 All-In Tuition ***	FY25 Tuition Increase	FY25 Estimated Avg Tuition	Comments	BOT Dates
Michigan Tech	\$ 21,217	4.0%	\$ 22,066	BOT Approved	26-Apr
UM Ann Arbor	19,092	2.9%	19,645	BOT Approved	20-Jun
Eastern Michigan	17,313	4.5%	18,092	BOT Approved	20-Jun
Michigan State	17,481		17,481		28-Jun
Oakland	16,429	4.5%	17,168		28-Jun
Ferris State	15,690	3.7%	16,271	BOT Approved	11-Jun
UM Dearborn	15,419	4.7%	16,144	BOT Approved	20-Jun
Wayne State	16,009	4.5%	16,730	BOT Approved	26-Jun
Grand Valley	15,442	3.5%	15,982	BOT Approved	26-Apr
Lake Superior State	15,221	4.5%	15,901	BOT Approved	15-May
UM Flint	15,094	4.9%	15,834	BOT Approved	20-Jun
Western Michigan	15,763		15,763		27-Jun
Northern Michigan	14,520	4.5%	15,174	BOT Approved	17-Jun
Central Michigan	15,009	4.8%	15,729	BOT Approved	25-Jun
Saginaw Valley State	12,711	5.7%	13,441	BOT Approved	17-Jun
Average	16,161	4.4%	16,761		



Proposed School of Medicine FY2025 Budget

FY2025 SOM Projected Balanced Budget

Proposed 2% Tuition Increase

	<u>FY2024</u>	<u>FY2025</u>
Enrollment	506	511
Budget	\$ 25,191,067	\$ 25,803,711
Tuition Rate	\$ 59,096	\$ 60,278
Tuition Increase	2%	2%

* Per SOM all-funds budget



FY2025 Budget Proposal



FY2025 Budget Planning Assumptions

Enrollment (budgeted credit hours)	-1.6%	
Avg. Undergraduate Tuition Increase (proposed)	4.5%	
Avg. Graduate Tuition Increase (proposed)	5.0%	
<i>Net Impact</i>		\$ 8,210,000
Appropriations Increase (1.5%)**		\$ 6,715,000
Misc. Income		\$ 50,000
Total Additional Revenue (estimated)		\$14,975,000



** Appropriations Increase is 1.5% base and 1% one-time incentive directed allocation. Per policy, OU does not base budget one-time \$

FY2025 Incremental Expenditures

Salaries/Fringe Benefits	\$ 9,288,000	Includes all contract changes
New Academic Programs	\$ 1,112,000	
GA Wellness Stipend	231,000	
Mental Health Support	200,000	
Security & Infrastructure	300,000	
Strategic Priorities	3,050,000	
Miscellaneous	<u>794,000</u>	
Total Incremental Expenditures	<u>\$ 14,975,000</u>	

65%

of expense increases are going toward employees, students and mental health

\$9.7M



• Does not include School of Medicine

Annual Budget Comparison

FY2025 Projected Balanced Budget

	<u>FY2024</u>	<u>FY2025</u>
Revenues:		
State Appropriations - Base	\$ 66,600,000	\$ 73,327,600
Tuition	238,700,000	245,000,000
Financial Aid Offset	(44,300,000)	(42,000,000)
Miscellaneous	3,000,000	3,000,000
 Total Budgeted Revenues	 <u><u>\$ 264,000,000</u></u>	 <u><u>\$ 279,000,000</u></u>
 Less:		
Budgeted Expenditures	264,000,000	279,000,000
Reserves/Surplus		
 Total Budgeted Expenditures	 <u><u>\$ 264,000,000</u></u>	 <u><u>\$ 279,000,000</u></u>



• Excludes School of Medicine

FY2025 Budget Proposal Recap

- **Despite the uncertainty around FAFSA, Free Community College, state allocation less than anticipated, and other changes, we are able to present a balanced budget including plans to address possible future enrollment declines.**
- **Budget proposal is a reflection of our values, keeping affordability in mind, while addressing the critical needs of our students, faculty and staff at the same time ensuring fiscal responsibility with an eye on long-term financial sustainability.**



FY2025 Budget Proposal Recap



• Key Highlights:

- Wellness stipend for Graduate Assistants
- 4.5% Avg.UG Tuition increase
- \$42M in Financial Aid
- Enhanced campus safety
- Investments in Mental Health and Security
- Staff 2.75% salary increase



Oakland Outcomes

- **State Investment: 2nd lowest state investment per degree in MI**
- **Brain Gain: Highest retention in MI > 90% stay in MI**

The combination of the 2nd lowest state cost per degree and the economic impact of Oakland's graduates through the "Brain Gain" illustrates OU's value proposition for Michigan



Board Actions

Requested Board Actions:

Approve Tuition Proposal:

1. 4.5% Increase to average UG tuition
2. 5.0% Increase to average Grad tuition
3. 2.0% Increase to School of Medicine tuition

Approve the FY2025 General Fund Budget

1. \$304,776,589 General Fund Base Budget

