

Michigan House Appropriations
Subcommittee on Higher Education & Community Colleges

Oakland University -- Virtual Testimony
Presented by President Ora Hirsch Pescovitz, M.D.

Thursday, March 4, 2021

Good morning Chairman Huizenga, Vice-Chair Johnson, Minority-Vice Chair Brabec, and other members of the subcommittee. I am Ora Pescovitz, president of Oakland University. I'd like to extend my appreciation to each committee member for taking the time to learn more about who we are, our achievements and our challenges.

Oakland University is located in Rochester Hills and Auburn Hills. Whereas 78 percent of our students come from Oakland, Macomb and Wayne counties, we attract students from nearly all of Michigan's 83 counties¹. Oakland enrolls nearly 19,000 students, which makes us the state's seventh largest university. In addition, we are very proud to be the state's top transfer university for students from community colleges and four-year schools.

At Oakland, we have a range of aggressive measures in place to ensure that a college education is accessible, affordable and debt is manageable. In fact, we award to our students the equivalent of 100 percent of our state appropriation in financial aid and merit scholarships. Average aid per student is \$4,600², which amounts to 33 percent of total tuition³. OU awards the third most institutional merit and need-based financial aid to undergraduate students in the state⁴.

Oakland's lean fiscal management approach is a key reason that the average OU student graduates with debt below the state and national average⁵. Other notable measures include:

- A long-standing no fee policy. We believe OU is the only university in the country to have this fully transparent pricing policy.
- A debt reduction program, entitled "Golden Grizzlies Graduate," which is designed to keep students on the path to completing their degrees. Since the program began 18 months ago, 256 students have lowered their debt and 118 have gone on to graduate.

¹ Supplemental Material: OU Fast Facts

² OU Supplemental Overview – Discounted Sticker Price (15)

³ Aid comes from institutional, federal, and state awards. Student cost is lower when figuring in work-study funds.

⁴ OU awards \$54 million in institutional aid, which is third highest in state after University of Michigan-Ann Arbor (\$212 million), and Michigan State University (\$125 million). Source: HEIDI, February, 2021.

⁵ Supplemental Material – Student Impacts Upon Graduation (17)

- Frontline Workers Scholarships, which support COVID-19 frontline workers who earned their associate’s degree from any of the state’s 28 community colleges and are pursuing their bachelor’s degree. (Eligible students earn \$2,500 over two years. This scholarship is an extension of the statewide Futures for Frontliners initiative.)

At Oakland, we are deeply committed to teaching and scholarship that improves the quality of life in our communities, the state and beyond. Our strategic goals include building a diverse and inclusive community of students, faculty and staff. OU has received the highest rating for veteran friendliness from the Michigan Veterans Affairs Agency, ⁶ and is recognized for our range of disability support services.

Founded in 1957 by Matilda Dodge Wilson and her husband, Alfred Wilson, we remain true to the original mission of “positively affecting the lives of people and contributing to the economic vitality in the region.” That legacy inspires us as we develop a thriving university community, which includes several of the region’s cultural treasures, including Meadow Brook Hall, a National Historic Landmark.

OU’s economic impact is nearly \$1 billion⁷. We have partnerships with communities throughout the region. For example, the OU-Pontiac Initiative is revitalizing the City of Pontiac in essential ways, including working with community groups to improve the city’s government, neighborhoods, education, health, economy and culture.

We are known as Golden Grizzlies, and I am grateful for the students, faculty and staff for their support of “Grizzlies Protect Grizzlies: Healthy Together,” our blueprint for combating COVID-19. As an example of our success, there are currently no students with Covid-19 in isolation in our residence halls.

In the past year, OU was again named the safest campus in Michigan, and third safest in the U.S.⁸ We take that national acknowledgement as a point of pride since the health and safety of our students, faculty and staff are among our top priorities.

In February 2020, Oakland launched a statewide campaign for funding equity in higher education. Our appeal to the state legislature was to raise floor funding to \$4,500 per student. If enacted, that increase

⁶ For the third straight year, Oakland University received a gold ranking, the highest possible rating for veteran-friendliness from the [Michigan Veterans Affairs Agency](#) (MVAA).

⁷ Source: Anderson Group

⁸ Collegemagazine.com, January, 2021. <https://www.collegemagazine.com/top-10-safest-colleges-and-campuses-in-the-united-states/>

would have provided more equitable funding for all universities, including the four lowest-funded⁹. Currently, Oakland University receives the lowest state funding per student¹⁰.

The campaign was suspended in the face of the COVID-19 pandemic. Yet the fact remains: Current funding inequities and disparities restrain the potential and capacity for public universities to fully serve students. While universities must be more innovative and entrepreneurial in building revenue, the reality is that state funding is essential to our existence and ability to accomplish our mission.

A mark of Oakland's successful fiscal stewardship is our sound financial health and state-leading operational efficiencies¹¹. For instance, in response to a recent projected budget deficit, the OU leadership team made difficult decisions, including cutting expenses. Oakland was among the first state universities to impose salary reductions, and led with the highest percent salary cuts among top-paid employees. Furthermore, in considering the financial hardship imposed on many families during the pandemic, Oakland made a point not to increase tuition this year.

Although Oakland University, on a per student basis, is the lowest funded of the 15 public universities, we have made a diligent effort to use the state-appropriated funds and tuition paid by students as strategically and wisely as possible. If the university faced a financial emergency, we could draw on approximately \$26 million in our "rainy day" fund, which is the equivalent of 10 percent of OU's general fund budget, and about 8 percent of total annual expenditures. Furthermore, it is worth noting that all of the university's \$142-million endowment is restricted for use per donors' directives.

As Michigan businesses emerge in the post-pandemic economy, there will be an increased demand for a talented workforce. That homegrown talent pipeline is connected to graduates from Michigan's universities.¹² In looking at the state's economic projection, it is worth noting that 38 of the 50 high-demand, high-wage occupations in Michigan through 2028 will require a bachelor's degree or higher¹³.

We are extremely proud that OU graduates form the backbone of the state economy. Ninety-six percent of our graduates – who are working – are employed in the state, and the median post-graduation starting salary for OU grads is 8.5 percent higher than the national average. In fact, OU's mechanical engineering graduates' median annual salary is the third highest in the nation after only Stanford University and MIT¹⁴; and, our health sciences graduates have a median salary that is second in the nation.

⁹ Increasing floor funding to \$4,500 per student would benefit Grand Valley State University, Oakland University, Saginaw Valley State University, University of Michigan -Flint, and University of Michigan-Dearborn.

¹⁰ Supplemental Material: OU Financial Overview – Lowest State Funding per Student (9)

¹¹ Supplement Material: OU Financial Overview (4, 5, 6)

¹² Source: GradReports.com based on data from the U.S. Department of Education, February, 2021.

¹³ Michigan Bureau of Labor Market Information and Strategic Initiatives.

¹⁴ Source: GradReports.com based on data from the U.S. Department of Education, February, 2021.

The extensive economic data indicate that there is a direct correlation between the most prosperous states and those with a high proportion of college graduates.¹⁵ College attainment translates into increased earnings, greater job opportunities, better quality of life, and substantially more tax revenues for state and local governments¹⁶.

In the final analysis, the question before us is simply: How can we work together to further create a world-class workforce, pro-business climate and thriving economy that benefits all Michigan residents? As president of Oakland University, I join my peers and colleagues around the state in the belief that higher education must be equitably funded because we play a vital role in Michigan's success, promise and prosperity.

As we look for common ground in addressing many of the state's pressing issues, we pledge to work with you so the state of Michigan and our universities and colleges can be all they can be.

Thank you.

¹⁵ U.S. Census Bureau, American Community Survey

¹⁶ Source: The Tip of the Iceberg, Change: The Magazine of Higher Learning, May/June 2017