The Oakland University Board of Trustees on Monday, June 10, approved a $342.7 million FY2019-20 general fund budget based on a preliminary state funding estimate. The plan for the upcoming year balances financial realities common to all state public universities with the ongoing need to support initiatives, programs and student services fundamental to OU’s mission, vision and goals. The budget represents an operating expenditure increase of just 1.6 percent over the prior year.

“Oakland University, along with other public universities in Michigan, is finding innovative ways to be responsive and supportive of students’ academic needs, while making sure the cost of education is affordable,” said President Ora Hirsch Pescovitz. “Our priority is to ensure that the students’ experience is an invaluable investment for a lifetime of opportunities.”
Tuition is the primary source of revenue and accounts for 81 percent of the overall Oakland University budget. This year's budget plan comes from an anticipated 1.9 percent increase in state funding support based on the Michigan Senate proposal. The suggested Senate increase is less than Gov. Gretchen Whitmer’s proposed 3-percent across-the-board funding, and more than the Michigan House’s budget proposal. A conference committee will consider the three proposed budgets. Any agreed upon tuition restraint level in the approved final budget will not be exceeded by OU.

It also incorporates a tuition 4.4 percent increase in resident undergraduate tuition rates. That makes the average overall tuition rate $13,462.50 for a full-time resident freshman, a $19 per credit hour increase. This complies with the State Senate’s proposed tuition restraint for annual tuition increases. It also maintains a firm commitment to the university’s unique, no-fees, transparent pricing strategy, which ensures that students are not surprised with added costs after estimating what they will need to invest in their college education.

The proposed graduate tuition rate will also increase by 4.4 percent for an average of $18,492 for a full-time resident graduate student.

Of the 15 public universities in Michigan, OU ranks in the middle for the cost students pay for their education and is among the lowest-cost universities for entering freshmen.

This year, OU anticipates receiving a 1.9 percent increase in state funding support based on the State Senate budget proposal. That would mean a state appropriation of $53,824,900, including $1,008,800 in performance funding. The final state appropriation will not be determined until the state budget is finalized later this year.

"While many political, community and thought leaders across the state recognize that providing Michigan residents with reasonable access to top-quality higher education programs is a critical priority, doing so with the resources we have available represents a formidable challenge," said Oakland University Board of Trustees Chair W. David Tull. "Oakland’s FY2019-20 budget goes to great lengths to keep our outstanding educational programs accessible to Michigan students, but it also mobilizes resources to continue making the programs we offer even more valuable and empowering over time."

Oakland keeps costs low and quality high despite the fact that it receives the lowest state funding on a per-student basis among the state’s 15 public universities. The university also generates the fourth-lowest level of total operating revenue per student, has the second-lowest utility costs per square foot, and has the lowest building square footage per student.

In addition to controlling base tuition rates, the university supports students by allocating substantial resources to financial aid. Last year, on average, a full-time resident undergraduate student received scholarships, grants and other awards of $4,079, reducing the net average cost to attend Oakland University by nearly one-third.

In the coming year, Oakland will set aside $57.4 million for financial aid awards that students are not required to pay back. In essence, OU is awarding 106 percent of its anticipated state appropriation directly to students in an effort to reduce their cost of attendance.

An OU student may pay only about 70 percent of tuition costs due to support of financial aid and OU students have lower than average debt upon graduation. In addition, OU is a vital supplier of the local workforce as an overwhelming majority of OU graduates stay and work in the state of Michigan.
“One way we measure the rate-of-return on the higher education state investment is the impact OU graduates have on the regional and state economy,” added Pescovitz, who pointed out that 95 percent of OU students remain in Michigan after graduation.

These and other impactful efforts to minimize the cost of education and improve the quality of academic programs are made possible as a result of a number of factors, including the fact that Oakland manages one of the leanest operating budgets among public universities, evidenced by the implementation of more than $59 million in annual and one-time cost-containment measures since 2003.

In upcoming years, public universities throughout the state are projecting enrollment declines. OU has budgeted stable enrollment for the upcoming year compared to the FY2019 budget.