

**Joint Legislative Subcommittee on Higher Education Hearing**  
State Capitol Building – Lansing, Mich.  
Thursday, Sept. 24, 2015 – 3 p.m.

Oakland University President George W. Hynd

- Good afternoon, Chair McCready, Chair Schuitmaker, subcommittee members, and other members of the Michigan Legislature.
- My name is George Hynd and I am president of Oakland University, which is located in two State Senate districts and two State House districts.
- I appreciate the invitation to discuss Oakland University's recent tuition decision, as well as our strategy to produce well-educated and productive college graduates who will continue to support Michigan's economic growth and vitality.
- At present, we estimate that 72 percent of our 102,000 alumni have remained in the state and are doing exactly that. You may also be interested to know that within six months of graduation, 89 percent of OU graduates find employment or go on to pursue post-graduate education.
- I want to state unequivocally that meeting student needs is Oakland University's number one priority and focus.
- To do this, we must invest in our students.
- They are preparing themselves to compete in a world where the whole of industry and commerce is evolving at a rate faster than we have seen at any time in human history.
- Students and families place both their trust and their hard-earned resources in public universities like Oakland, and we cannot fail to provide them an innovative, relevant and empowering college education.
- So how are we approaching this task?
- Since I began my tenure as President at Oakland a little more than a year ago, I have worked with my cabinet, faculty, staff, and students to comprehensively assess the internal workings of the University – state appropriations, tuition rates, student enrollment trends, performance metrics, unmet needs, rising costs, external revenue streams and more.
- Simultaneously, the University was immersed in a campus-wide effort to update its Strategic Plan.

- Our task was to mesh the restructuring of revenues and expenditures to most efficiently and effectively achieve our Strategic Plan goals.
- I can summarize those goals by reiterating the fact we are primarily and predominantly student-focused, and that we will continue to foster student success through a robust teaching and learning environment and comprehensive student services.
- Challenges stand in our way, however.
- This is what I have learned over the last year.
  - Oakland has seen tremendous student enrollment growth over the last two decades.
  - The University's reputation and visibility has been enhanced both regionally and nationally, and this has further fueled interest in the programs we offer.
  - Neither the University nor the state has generated sufficient resources to fully meet the needs of our students.
  - We implement proven student recruitment, retention and academic success initiatives, but our investment in them has not kept pace with growth.
  - Instructional and campus community gathering space also has not been adequate to meet needs.
  - Resources have fallen short of fully supporting meaningful and vital research endeavors.
- These circumstances have in large part been influenced by the fact that Oakland's all-in tuition rates have long been priced below the comparable rates of our state peers.
- Although we are grateful and encouraged to see the State of Michigan begin to reinvest in higher education through increased appropriations, the fact is that historically, Oakland has been underfunded.
- So how have we sought to manage the conundrum of limited resources and pressing needs to improve quality?
- In the four years prior to our current fiscal year, Oakland has complied with state tuition restraint measures.
- Despite this and the best efforts of the governor and the legislature to address higher education needs, we have had to manage increasing budget demands with \$4.1 million less in state funding than we had available in fiscal year 2009.
- Oakland is certainly not alone confronting this challenge of diminishing resources, but it is worth noting that while 71 percent of our revenues came from the state in 1972, only 16 percent is coming from the state this year.

- In fiscal year 2015, Oakland was dead last among Michigan's 15 public universities when it comes to the level of state appropriation per fiscal year equated student.
- The university received nearly \$5,600 less per student than the state's top appropriation level, and nearly \$2,000 less than the average.
- If Oakland were to have received just the average state appropriation, our students would have benefited from \$33.2 million in additional resources.
- When we consider the fact that Oakland has seen the highest rate of student enrollment growth among Michigan's 15 public universities over the last 5-year and 10-year periods, it is easy to understand how welcome those resources would have been.
- In reality, it is not surprising to see that Oakland was second to last among Michigan publics when it comes to general fund expenditures per student in fiscal year 2014.
- We spent \$4,600 less per student than the state average, due to inadequate funding.
- In the same year we had the state's second highest number of students per faculty – a statistic that does not bode well in efforts to improve one-on-one and small group learning opportunities that our students have with their professors.
- We know that while faculty are on the front lines of our students' educational experience, faculty could not be nearly as effective without support staff in place.
- In 2014, Oakland had 18 fewer staff members per 1,000 students than the state average.
- We also struggle to provide adequate space for campus operations.
- Although we have allocated more than \$200 million over the last five years to new facility construction, Oakland still has the lowest building square footage per student among Michigan's public universities.
- Now, a fair question that might be asked of us is whether Oakland has embraced the management philosophy of doing more with less.
- Indeed we have. Over the last 13 years alone, we have trimmed more than \$48 million in base and one-time expenditures through energy conservation measures, organizational restructuring and many other initiatives.
- As I alluded to earlier, Oakland has also done its best to keep tuition increases as manageable as possible for students and families.

- These efforts kept us within the bottom half of Michigan public universities when it comes to the all-in cost of education.
- Oakland is the only public university in the state – and we believe the nation – to offer a transparent, no-fees pricing strategy.
- This strategy benefits all Oakland students, and particularly those who receive tuition reimbursement from their employers and other third-parties who often only reimburse tuition and not fees.
- We have no program fees, no course fees, no parking fees – no fees at all. Our students and parents love this one-of-a-kind pricing strategy.
- This year we have differentiated our tuition rates by school, as do most institutions of higher education.
- Specifically, we have set differential tuition rates for our schools of Engineering and Computer Science, Business Administration, Health Science, and Nursing. The resources needed to educate future professionals in these schools are greater than those required to educate other majors.
- This tuition structure also takes into consideration that the return on investment – namely long-term earnings – for these professionals is typically higher than graduates with other degrees.
- This chart shows that even with differential tuition adjustments, the four schools still offer competitive tuition rates when compared to their peers across the state.
- I will add that just 28 percent of our undergraduate student population is impacted by differential tuition rate adjustments.
- On behalf of all students, Oakland has maintained an aggressive financial aid strategy for years.
- You can see in this bar graph that over the last decade, institutional financial aid has risen from \$8 million in 2005 to \$43 million last year.
- Among the important and highly effective initiatives we have implemented is our 100 Percent Tuition Grant.
- This program stipulates that once a student's financial need is determined based on the federal Expected Family Contribution formula, Oakland will cover any unmet financial need.
- A total of 360 OU freshmen received a 100 Percent Tuition Grant this fall, at an expected value of \$1.7 million for the entire year.

- While I am on the topic of financial aid, I would like to address a common concern raised when an institution strives to broaden student access to college education.
- The concern holds that the more a college or university seeks to broaden access, the more that institution will admit students who are unprepared to succeed.
- At Oakland, we have seen just the opposite effect.
- Since 2004, the average GPA of our entering freshmen has risen from 3.2 to 3.4. Average ACT scores rose from 21 to 23.
- We are committed to expanding access to students and families in need.
- Last year, the average Oakland University student received a better than 32 percent discount on tuition through grants and scholarships.
- The average benefit was more than \$3,700, which brought the sticker price down to less than \$7,800.
- Helping our students in this way means they will carry less student loan debt after graduating, and I am pleased to note that on average, OU students acquire less debt than their peers across the state.
- In short, Oakland has successfully made a quality college education more accessible to a growing number of higher quality students for years.
- The challenge we faced was that our budget model – relying less and less on state appropriations, and more and more on tuition revenues – was no longer sustainable at our historically low pricing levels.
- To summarize, compared to our peers:
  - We have the lowest state appropriation per student.
  - Our general fund expenditures per student are the second lowest.
  - We have the second highest number of students per faculty member.
  - We employ the fifth lowest level of support staff per 1,000 students.
  - We maintain the lowest general fund building square footage per student.
  - Our enrollment growth over the last 5- and 10-year periods has been the highest in the state.
  - And, Oakland's all-in tuition rates have historically been priced below our Michigan peers.
- These challenges are daunting and largely unyielding.
- Still, we have made a commitment to provide Oakland students with not just an adequate education, but an outstanding education.

- These are the reasons my administration made the difficult decision to recommend raising tuition rates beyond the restraint for the first time in five years, and the reason that the Oakland University Board of Trustees unanimously approved that recommendation.
- I am pleased to say that the University is now in a position to:
  - hire 11 new faculty members and four new student advisers;
  - boost financial aid resources by more than \$4 million;
  - increase support to faculty and student research activities;
  - expand Oakland's student center, as requested by our students;
  - enhance career services and student internship opportunities; and
  - broaden our community-focused partnerships with the cities of Detroit and Pontiac, and still more.
- In a very real sense, we now have more resources to prepare the engineers, computer scientists, health care specialists, entrepreneurs and many other professionals who will help keep Michigan driving toward a more prosperous future.
- Once again, thank you for allowing me to address this issue, and I will be happy to answer any questions you may have.



OAKLAND  
UNIVERSITY™

Oakland University  
September 24, 2015

# Assessment

- ✓ **New President – full pricing assessment**
- ✓ **Historically underfunded by the State**
- ✓ **New Strategic Plan**
- ✓ **Significantly increased positive public visibility**
- ✓ **Two decades of continuous growth**
- ✓ **Critical needs clearly identified**
  - ✓ Invest in proven recruitment & retention initiatives
  - ✓ Oakland Center expansion (student endorsed)
- ✓ **Need to invest in efforts to improve**
  - ✓ Academic quality
  - ✓ Research support
  - ✓ Program rankings
  - ✓ Community engagement
- ✓ **Oakland’s “all in” tuition is priced below Michigan peers**

# Inhibiting Factors

Historically, Oakland University has under-invested in its educational infrastructure and support services.

Factors that contribute include:

1. Tuition restraint

	<u>FY</u>	<u>Restraint</u>	<u>OU</u>
a)	2012	7.10%	7.00%
b)	2013	4.00%	2.96%
c)	2014	3.75%	3.75%
d)	2015	3.20%	3.17%
e)	2016	3.20%	8.48%

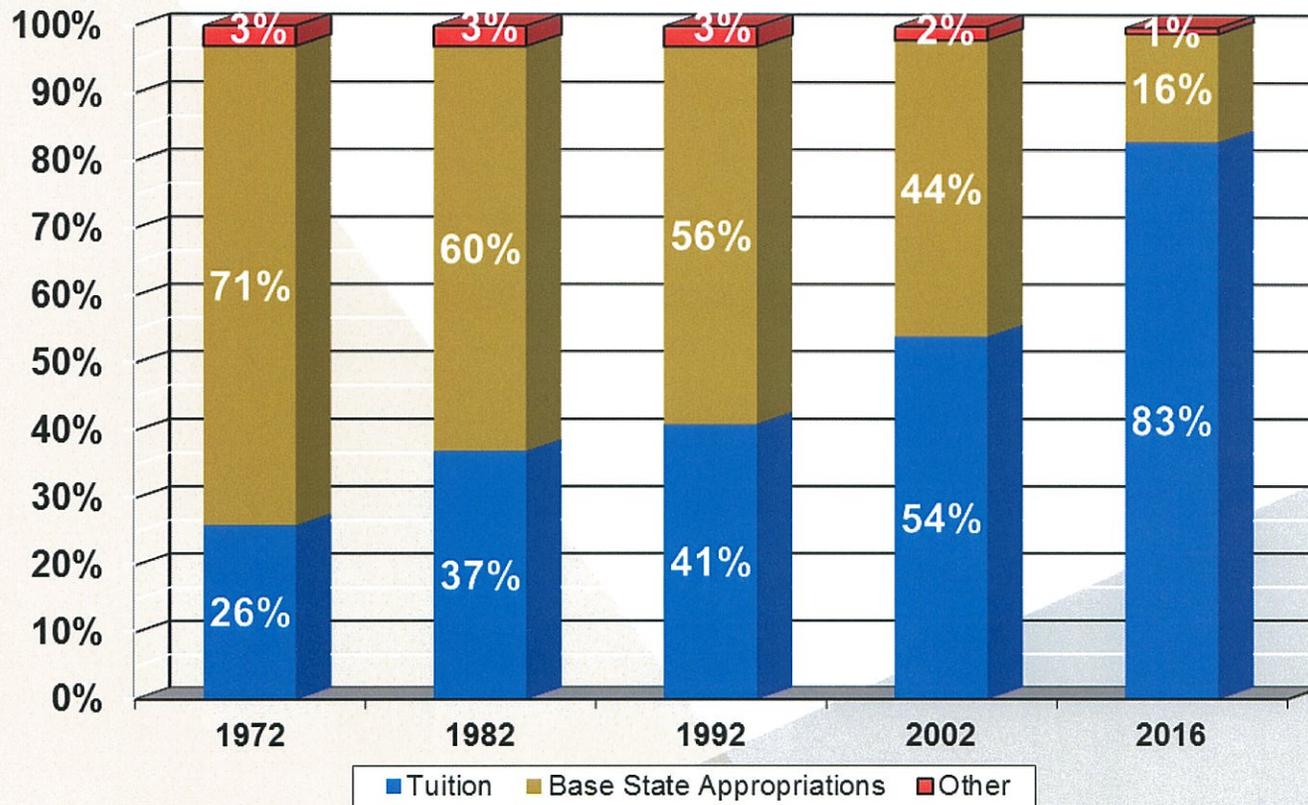
2. Legislative underfunding

- a) FY2016 appropriation is \$4.1 million less than in FY2009



The following slides document the impact of this historic under-investment.

# Historical Funding Model



Comparison of general fund revenue sources FY1972 to FY2016

# Lowest State Funding per Student



## FY2015 Base Appropriation per FYES

	Appropriation per FYES	FY2014 FYES	Year Founded
Wayne State	\$ 8,414	22,644	1868
Michigan Tech	7,093	6,474	1885
UM-Ann Arbor	6,734	43,832	1817
Lake Superior	5,880	2,174	1946
Michigan State	5,754	45,959	1855
Northern	5,513	8,031	1899
Western	4,989	20,593	1903
Ferris	4,043	12,141	1884
Eastern	3,952	18,160	1849
Central	3,787	20,891	1892
UM-Dearborn	3,563	6,648	<b>1959</b>
Saginaw Valley	3,129	8,825	<b>1963</b>
UM-Flint	3,095	6,895	<b>1956</b>
Grand Valley	2,846	22,181	<b>1960</b>
<b>Oakland</b>	<b>2,830</b>	<b>17,088</b>	<b>1957</b>

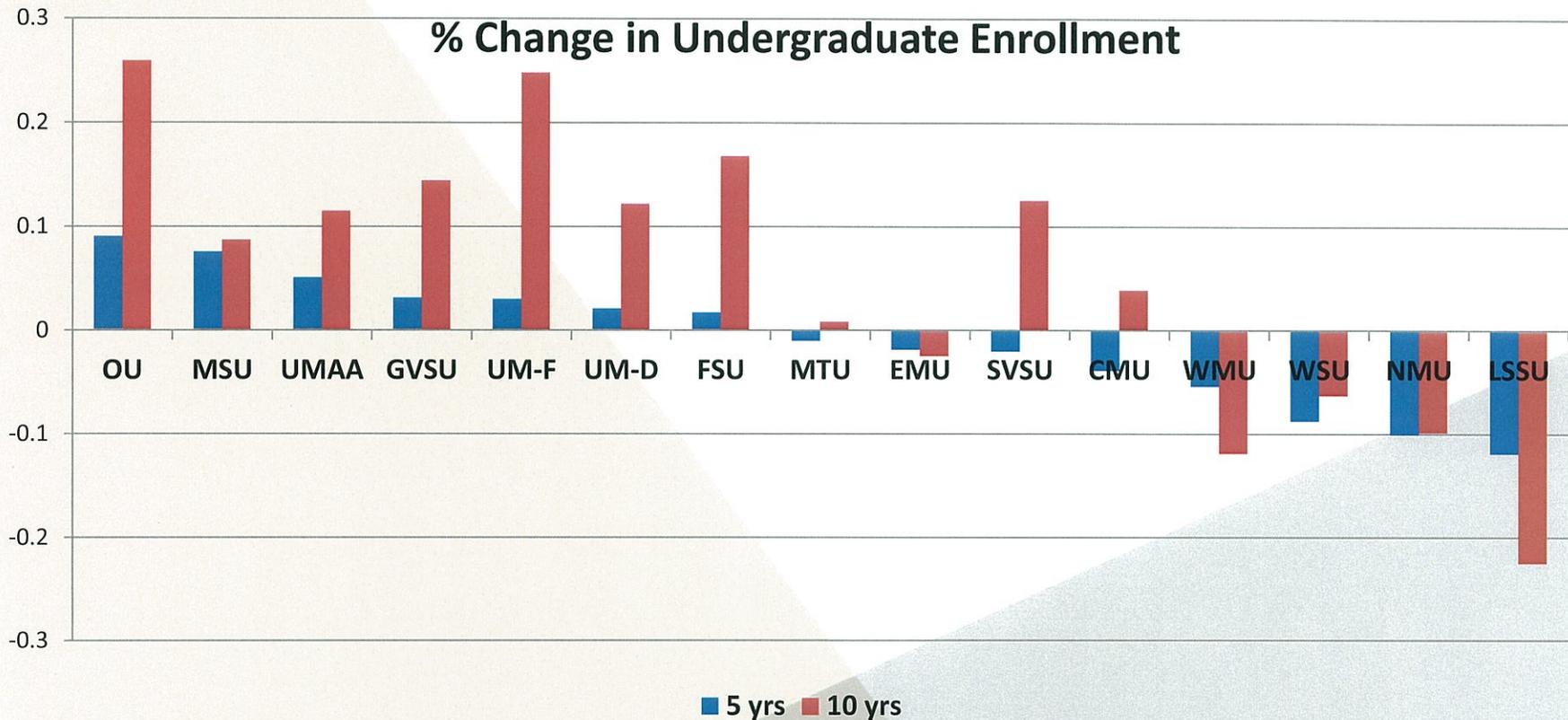
**Average \$ 4,775**

# Lowest State Funding per Student



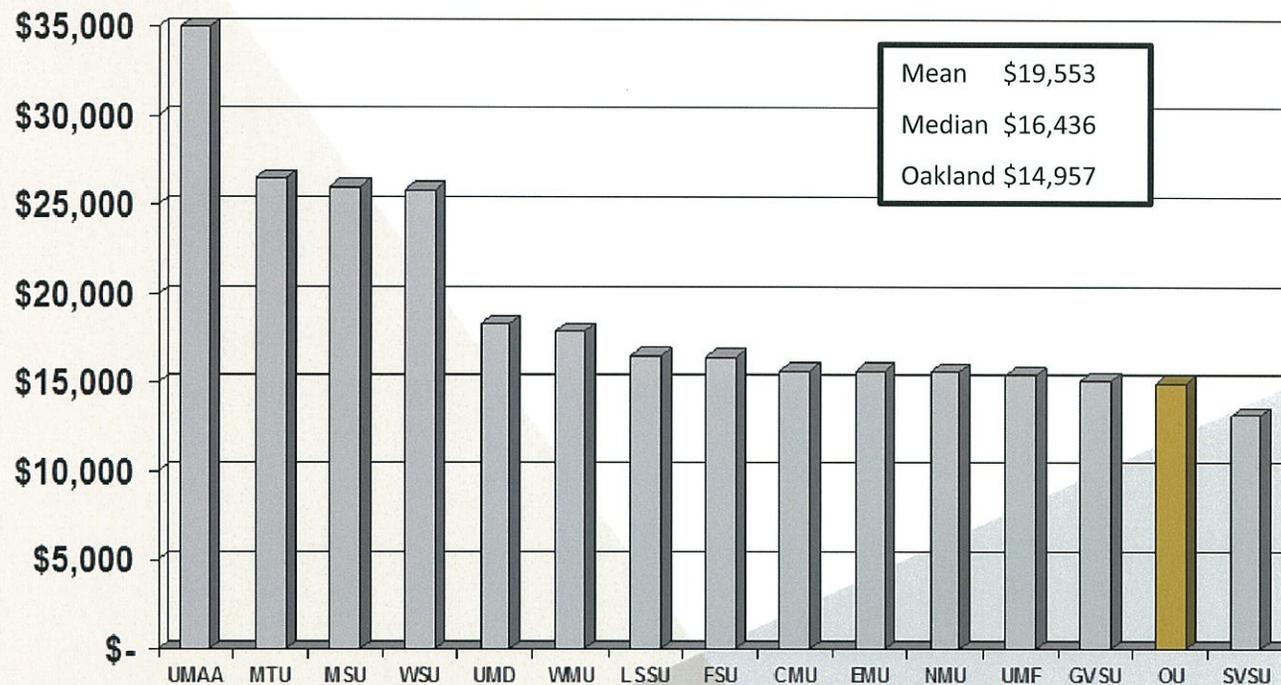
	<u>Appropriation/ FYES</u>	<u>Total Appropriation</u>
<b>Oakland University</b>	\$ 2,830	\$ 48.4 million
<b>Average State Funding</b>	\$ 4,775	\$ 81.6 million
<b>OU Support Shortfall</b>	\$ (1,945)	\$ (33.2) million

# Highest 5yr & 10yr Enrollment Growth



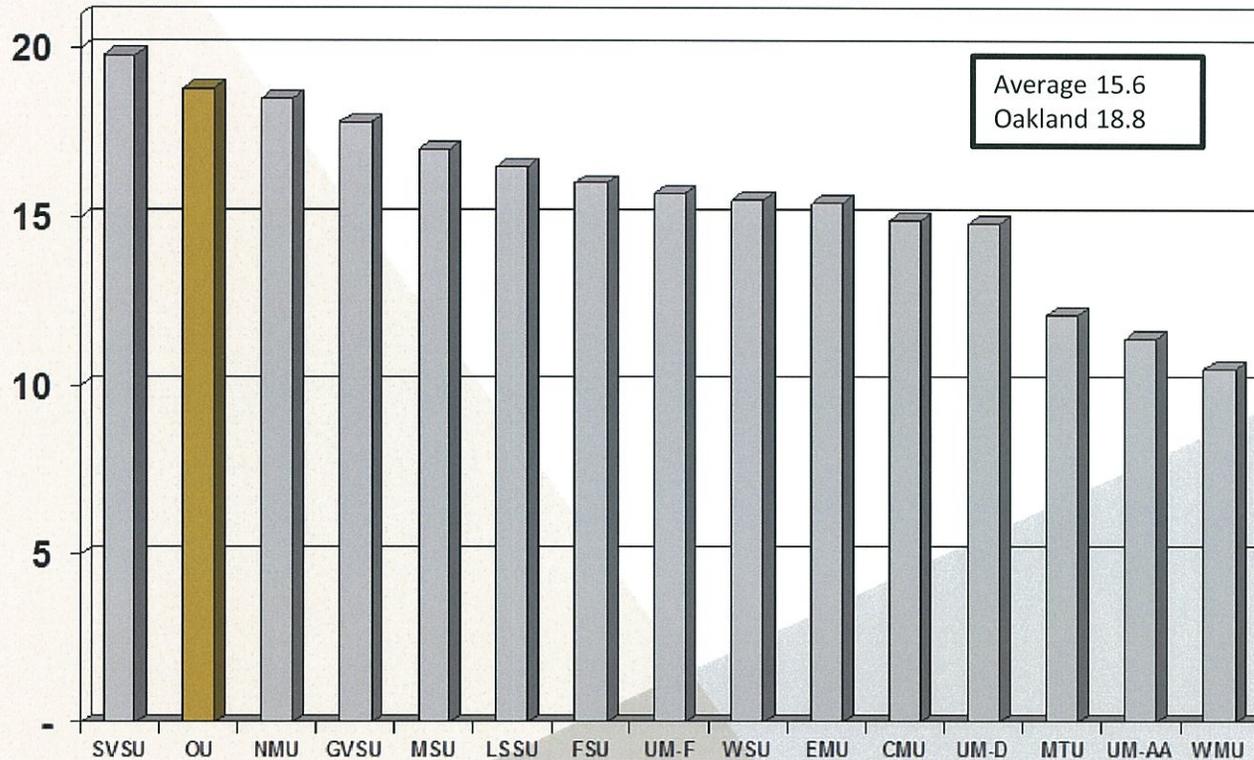
# Second Lowest Expenditures per Student

## FY2014 General Fund Expenditures per FYES



# Second Highest Student per Faculty Ratio

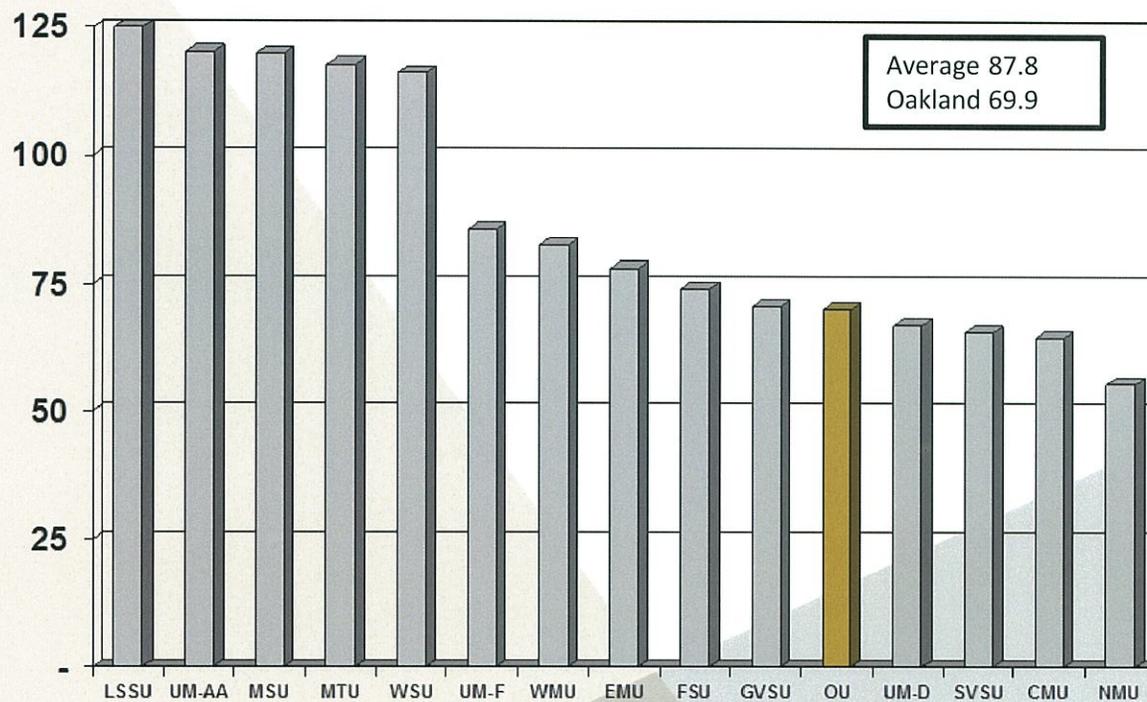
## FY2014 Michigan Universities FYES per Faculty FTE



Source: HEIDI

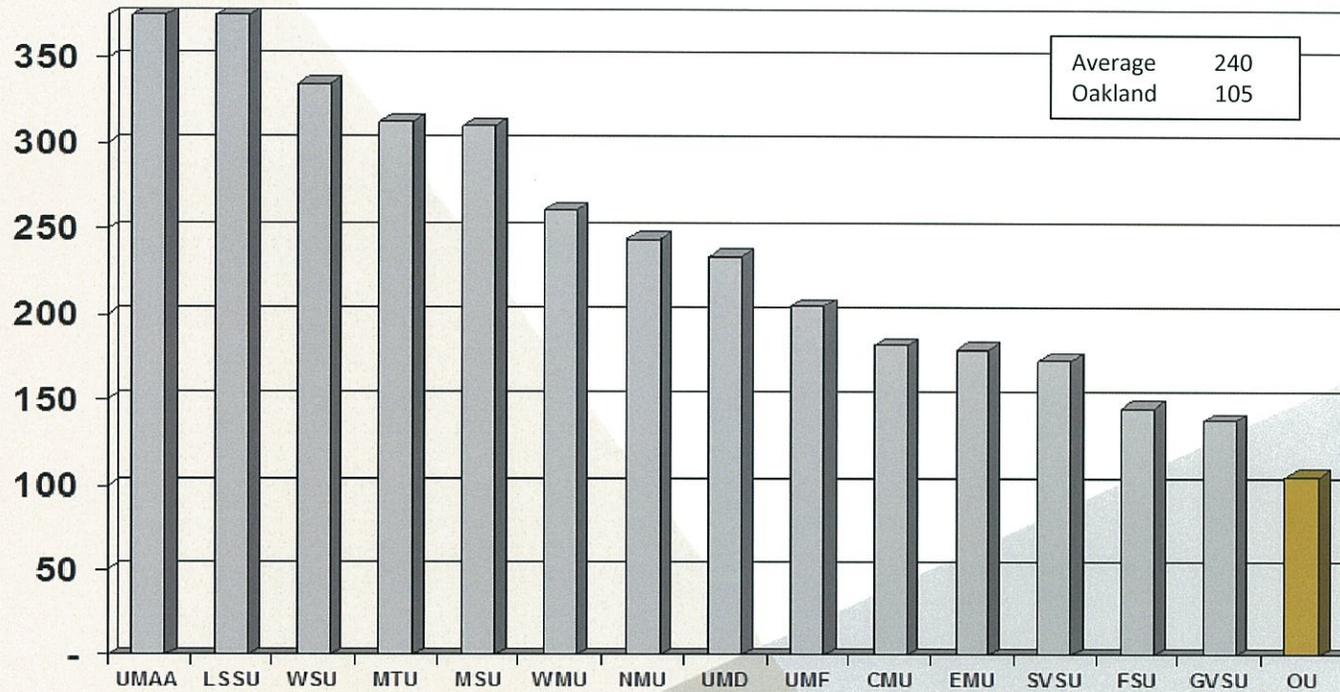
# Fifth Lowest Staff per 1,000 Students Ratio

## FY2014 Michigan Universities Staff per 1,000 FYES



# Lowest Building Square Footage per Student

## FY2014 General Fund Building Sq. Ft. per FYES



# Cost Containment



## Cost Containment FY2003 – 2015

**\$48.2 million in savings**

**(e.g. Process Re-engineering, Energy Conservation, Employee Benefit Restructuring, Spending Restraint, etc.)**

# Transparent Pricing Strategy

- **Pricing Transparency: No Fees (Application, Registration, Lab, Course, Parking, Graduation, Transcripts, etc. – all provided for within tuition rates)**
- **Pricing strategy places Oakland’s current Undergraduate Tuition rate near the average of State University’s “all-in” tuition rates**

# Differential Tuition



## Tuition Rank Among State Peers:

### School of Engineering & Computer Science

	<u>FY15</u>	<u>FY16</u>
Lower Level	12 of 13	6 of 13
Upper Level	10 of 13	6 of 13

### School of Health Sciences

	<u>FY15</u>	<u>FY16</u>
Lower Level	7 of 11	6 of 11
Upper Level	7 of 11	4 of 11

### School of Business Administration

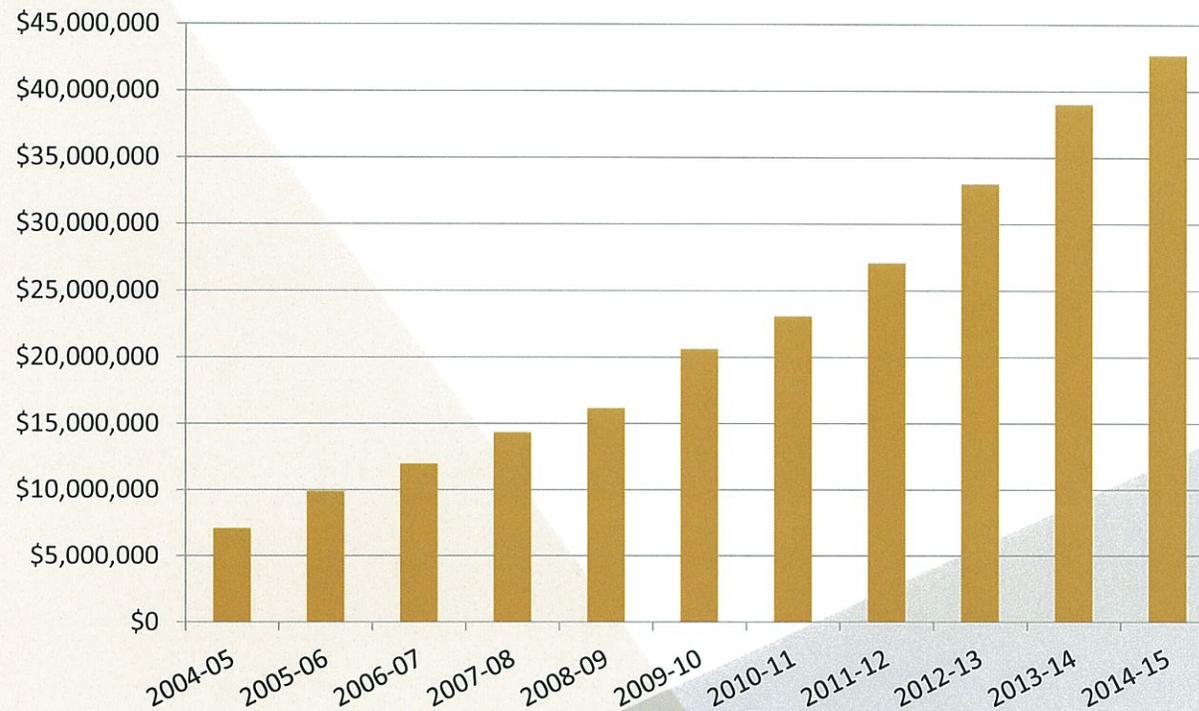
	<u>FY15</u>	<u>FY16</u>
Lower Level	11 of 15	5 of 15
Upper Level	9 of 15	7 of 15

### School of Nursing

	<u>FY15</u>	<u>FY16</u>
Lower Level	9 of 12	5 of 12
Upper Level	8 of 12	4 of 12

# Oakland's 10 Year Growth in Financial Aid

## Financial Aid by Academic Year



# Oakland's Commitment to Low Income Students



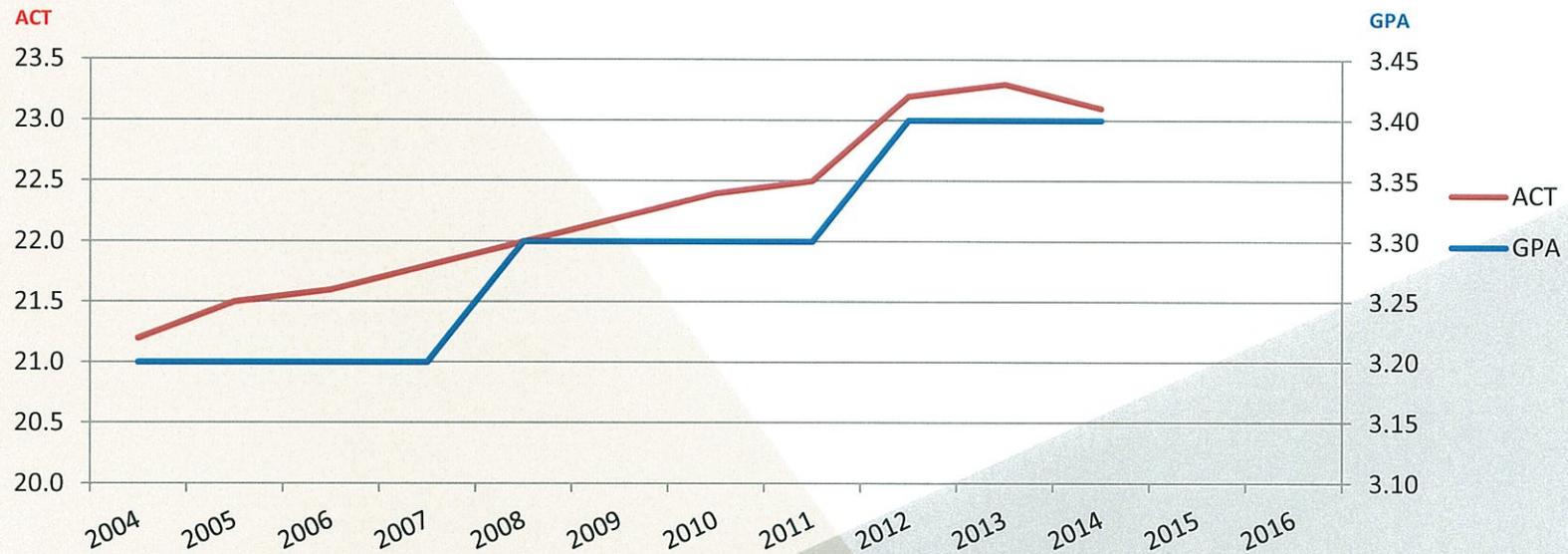
## **100% Tuition Grant for Four Years:**

- For incoming Freshmen, covers 100% of tuition for 4 years, after all other scholarships and Expected Family Contribution (per FAFSA)

# Oakland's Average High School ACT Score



## FTIAC's ACT and GPA 10 Year Progression



# Discounted Sticker Price



## Average Net Tuition Cost for Full-Time Resident Undergraduate Students

<b>Tuition</b>	<b>FY2015</b> <b>\$ 11,460</b>
<b>Average Aid per Student *</b>	<b>(3,714)</b>
<b>Average Net Cost</b>	<b>\$ 7,746</b>
<b>Average Net Cost %</b>	<b>67.6%</b>

**\* Financial Aid includes all grants and scholarships, no loans.**

Financial Aid can vary greatly from student to student, however, the average net tuition cost for a full-time resident undergraduate student was \$7,746 in FY2015, a 32.4% discount off the "sticker price", due to Financial Aid awards.

# Inhibiting Factors - Summary



- ~ Lowest state appropriation funding per student
- ~ Second lowest general fund expenditures per student
- ~ Second highest number of students per faculty
- ~ Fifth lowest staff per 1,000 students
- ~ Lowest general fund building square footage per student
- ~ Highest enrollment growth the last 5 and 10 year periods
- ~ Oakland University's all-in tuition rates have been priced below our Michigan peers

**Conclusion**: Oakland University has historically been under-funded and under-resourced considering its growth, impact in southeast Michigan, and in terms of its strategic needs and goals.

# Inhibiting Factors - Summary



**Questions?**

# Incremental Tuition Revenues



## Meeting our Needs and Investing in our Future

- Increased Financial Aid
- 11 New Faculty
- 4 New Advisors
- 2 New Health Center Psychologists
- Oakland Center Expansion
- Elliott Hall Expansion
- IT Upgrades
- Library/Lab/Research Support
- Career Services & Internships
- Handicapped Accommodations
- Retention & General Education Support
- Operating Expenses

# Funding Formula Observations



## **Oakland favors a formula funding structure that:**

- Recognizes growth in undergraduate enrollment.
- Evaluates performance against its own past performance and benchmarks.
- Adheres to a per FYES floor funding concept.
- Leaves the control of tuition levels with University Boards.
- Excludes debt service related to State Capital Outlay and other facility expansion projects.

# FAST FACTS

## ENROLLMENT

- Fall 2014 student population of 20,519 (16,935 undergraduate, 3,584 graduate)
- 21.4 percent increase in overall enrollment over the past decade
- Incoming freshmen average ACT score - 23.1
- Incoming freshmen average GPA - 3.4

## CURRENT STUDENT POPULATION

### *Race/Ethnicity*

- Caucasian - 77.6 percent
- African American - 9.3 percent
- Asian/Pacific Islander - 5.6 percent
- Hispanic - 2.9 percent
- Native American - 1.1 percent
- Native Hawaiian - 0.2 percent
- Other - 3.3 percent

### *Geographic distribution*

- Oakland County - 44.7 percent
- Macomb County - 30.8 percent
- Wayne County - 6.2 percent
- Genesee/Lapeer/St. Clair counties - 6.4 percent
- Other Michigan counties - 6.6 percent
- Other states (46 out of 50 represented) - 2.1 percent
- International - 3.2 percent

### *International students*

- 661

### *Age*

#### **Undergraduate**

- 17-22 - 67.1 percent
- 23-34 - 27 percent
- 35-54 - 5.2 percent
- 55 plus - 0.5 percent

#### **Graduate**

- 17-22 - 5.2 percent
- 23-34 - 66.4 percent
- 35-54 - 26.1 percent
- 55 plus - 2.4 percent

## ACADEMICS

### *Recognition*

- Classified as a doctoral research university by the Carnegie Foundation for the Advancement of Teaching
- The School of Nursing's Nurse Anesthesia Program is currently ranked 17th in the nation by *U.S. News and World Report*.
- The Oakland University School of Business Administration is one of only 178 business schools out of 13,000 worldwide to earn the elite accreditation from the AACSB International in both its business and accounting programs.
- Consistently chosen as one of *U.S. News and World Report's* America's Best Colleges

### *Academic programs*

- 135 bachelor's degree programs
- 135 doctoral, master's degree and certificate programs

### *Faculty with doctoral degrees*

- 90 percent (2013-14 data)

### *Transforming health care education*

- The Oakland University William Beaumont School of Medicine admitted its charter class in fall 2011 and now maintains total enrollment of 317 students.
- The Human Health Building opened in fall 2012 to house the schools of Nursing and Health Sciences, and offers modern laboratories, research facilities and clinical spaces.

## RESEARCH

- Total research expenditures in 2013-14 fiscal year - \$39,112,169 million
- Research space - 86,876 sq ft

### *Noted research centers*

- Automotive Tribology Center (ATC)
- Center for Applied Research in Musical Understanding (CARMU)
- Center for Biomedical Research
- Center for Integrated Business and Research Education (CIBRE)
- Center for Robotics and Advanced Automation (CRAA)
- Clean Energy Research Center (CERC)
- Eye Research Institute (ERI)
- Fastening and Joining Research Institute (FAJRI)
- Galileo Institute for Teacher Leadership
- Ken Morris Center for the Study of Labor and Work
- OU Center for Autism (OUCARES)
- OU-Macomb Business Incubator
- OU SmartZone Business Incubator (OU INC)
- Prevention Research Center
- Center for Social and Behavioral Research
- Institute for Stem Cell and Regenerative Medicine (ISCRM)