



House Appropriations Subcommittee on
Higher Education & Community Colleges

Oakland University

March 23, 2023

OAKLAND UNIVERSITY HISTORY



- Founded in 1957 as an extension of MSU.
- In 1959, MSU-Oakland's enrollment stood at 570 students. Today, there are more than 16,000.
- In 1970, the legislature and governor granted OU constitutional autonomy.
- The university experienced 18 years of consecutive enrollment growth and became one of Michigan's fastest-growing.
- Today it ranks sixth among the 15 public universities in total number of students.



OAKLAND UNIVERSITY PROFILE

- A national doctoral research university.
- Academic offerings: College of Arts & Sciences and six professional schools, including OUWB School of Medicine.
- Nickname: Golden Grizzlies. Previously known as the Pioneers.
- Member of the NCAA Division 1 Horizon League, which includes the University of Detroit Mercy.



Student Profile

92% of OU students are Michigan residents

80% are undergraduates

58% of students are female

43% of undergraduates receive need-based financial aid

13% live in on-campus housing

Over 1,300 incoming community college transfer students – the highest in Michigan



STUDENT SUCCESS/ROI

- 130,000+ alumni
- 75% percent of OU alumni live in Michigan
- 97% of recent graduates who are employed have stayed in Michigan
- Median post-graduation starting salary-\$55,000 is above the national average
- \$52,714
- Average student debt - \$23,977



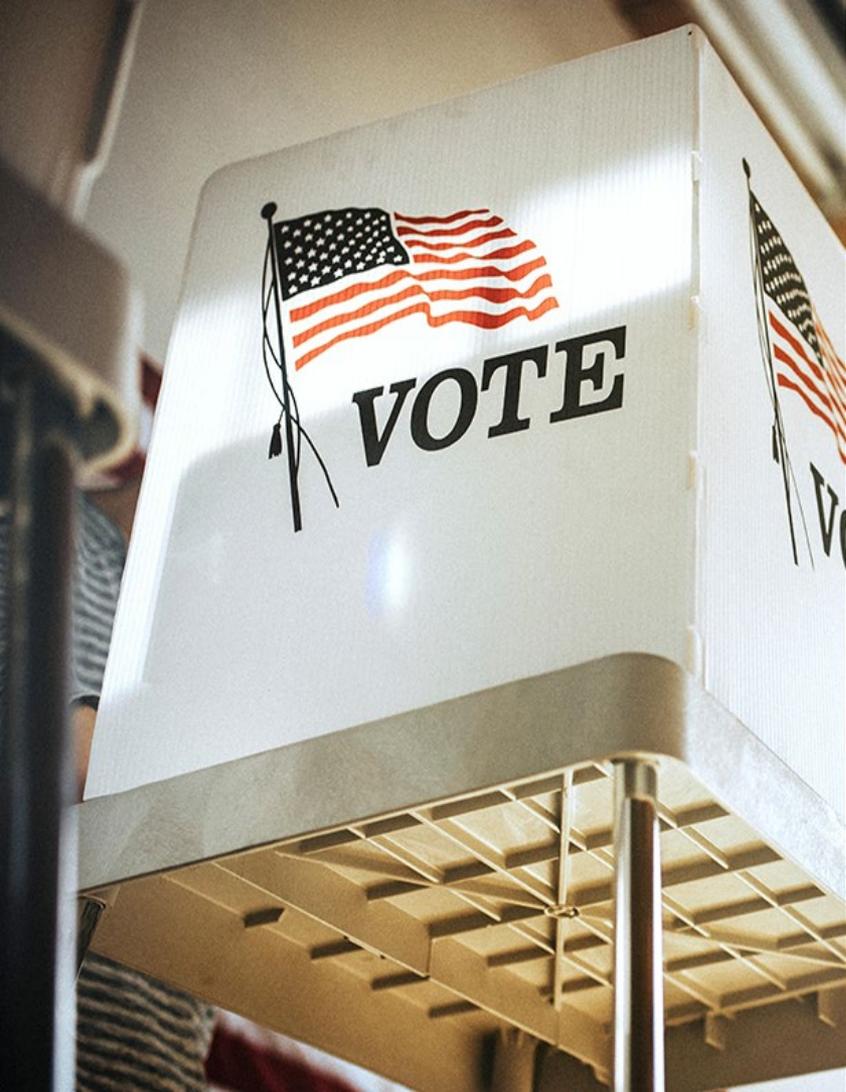
STUDENT SUCCESS

- There is growing concern about "brain drain" of Michigan college graduates.
- Oakland University is the leading "brain gain" university with 86.3% of its graduates staying and working in Michigan. (Source: Detroit News, Sept. 2022)



COMMUNITY ENGAGEMENT

- The OU-Pontiac Initiative, a partnership to improve the city's education, healthcare, culture, economic development and civic engagement.
 - OU faculty, students and staff work working with more than 75 civic, business and nonprofit groups.



COMMUNITY ENGAGEMENT

- Keeper of the Dream event honors the memory of Dr. Martin Luther King, Jr. and highlights scholarships to students who are working for a more diverse, equitable and inclusive campus.
- OU Center of Civic Engagement is a catalyst to increase civility in the public discourse.



OU STATE FUNDING PRIORITIES

- Raising the per student (FYES) floor in two rather than three years.
- Capital Outlay: Science Complex Renovation.
- FY23 supplemental funding request: THE BEST project and initiative.
- Supplemental funding for infrastructure and facility upgrades



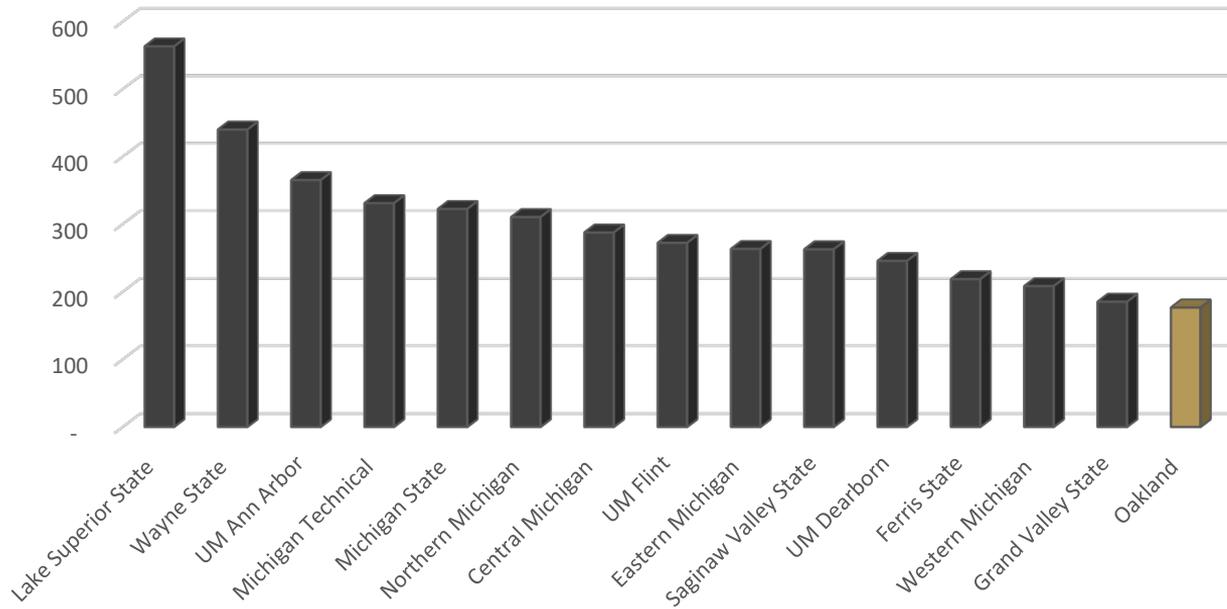
MODEL OF EFFICIENCY & EFFECTIVENESS

- OU has a long history of lean operations and sound fiscal stewardship.
- Since 2003, OU has saved \$93.3M with the combination of permanent and one-time financial reductions.

Campus Infrastructure Challenges



FY2022 General Fund Building Sq. Ft. per FYES



40%

Below State Average of SF
per FYES

OU=177^{sf} per FYES
MI public Avg.=297sf per FYES

The need and interconnectedness of:

- Infrastructure & Deferred Maintenance
- Capital Outlay
- Supplemental Funding

Infrastructure & Deferred Maintenance



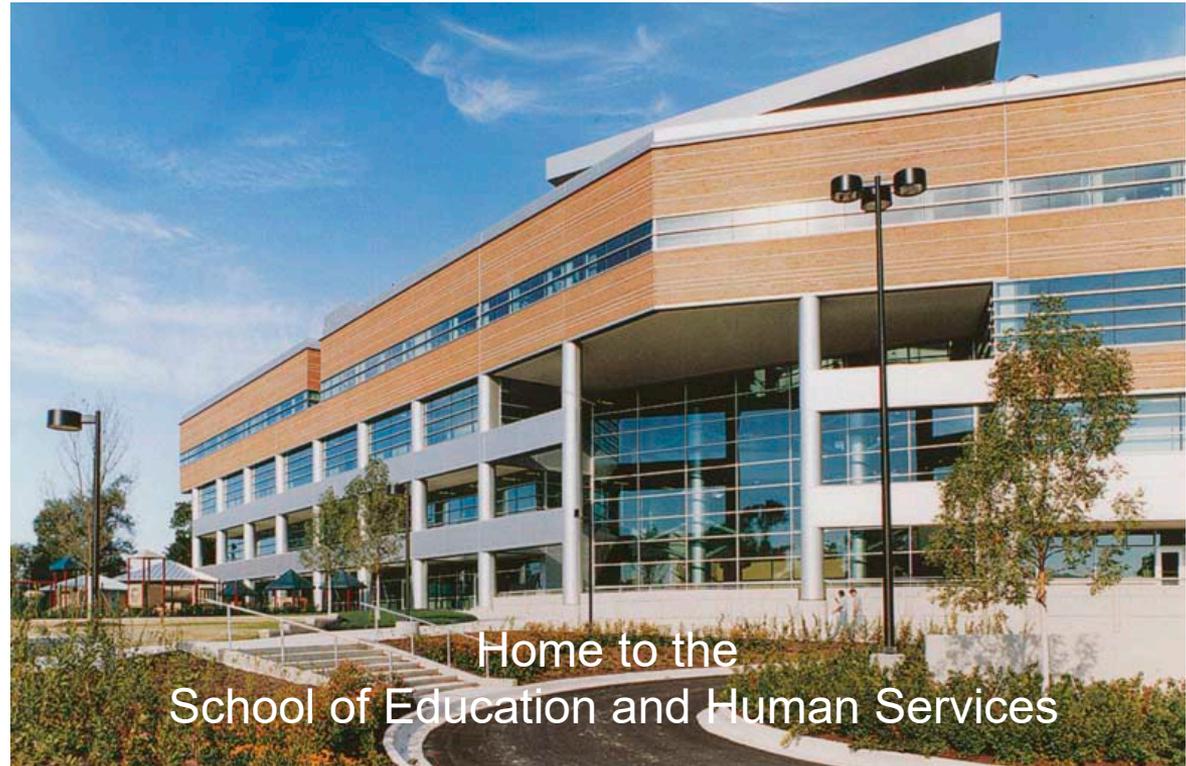
Pawley Hall – Opened in 2004

Original Cost: \$31.5M

- \$23.6M State capital outlay funds
- \$7.9M OU bond issuance

March 2023 heating failed

Connect to High Temperature Hot Water (HTHW) system installed in the late 60's.



Home to the
School of Education and Human Services

HTHW and ITEM Funding

- This core infrastructure* is approaching 60-years old
- On the OU Deferred Maintenance Plan for ~15-years
- Had recurring funding been available, the \$7M 5-year cost would have been \$1.4M per year
- Today this has grown to an immediate need of \$9.6M

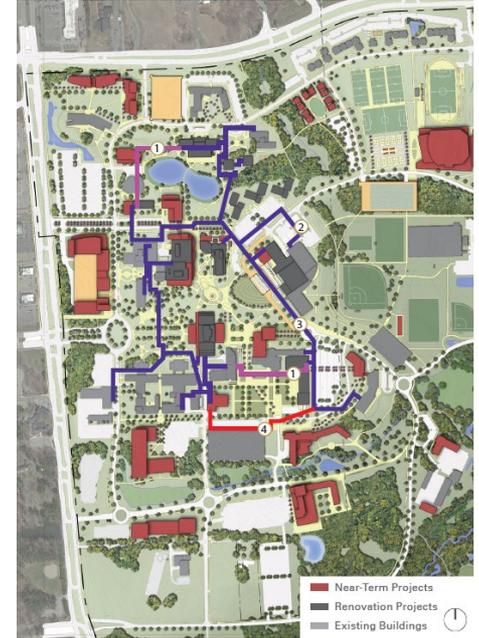


Figure 4.5, Campus High Temperature Hot Water Distribution and Central Heating Plant

* Refer to the Campus Master Plan pg. 98 in your handouts

Campus Safety and ITEM Funding



Consistently ranked among the safest college campuses in the country, OU is committed to campus safety

- ~710 cameras
 - 7 servers
 - Software
 - 30 outdoor loud speakers
-
- Our annual recurring infrastructure expenses is \$500K funded by general fund.
 - Higher Education institutions need these vital infrastructure funds to help provide a safe campus environment.

OU Infrastructure Maintenance Backlog

- Including the HTHW system, OU has a current CRITICAL need for \$21.3M in funding* – excluding IT, Security and other items.
- OU's total backlog of Deferred Maintenance is \$250M**.
- Without recurring ITEM funding, the \$ amount of “break/fix” will force the funding of this \$250M backlog.

* Refer to the Facilities Condition Assessment in your handouts

** Refer to the Deferred Project List in your handouts

OU Infrastructure Maintenance Backlog

- Without state support and a recurring commitment to fund this critical area, OU will be forced to spend limited one-time reserves or issue new debt.
- Debt service payments only have one funding source: Tuition
- To increase OU Debt Service capacity, would require a tuition increase beyond the current cap to offset the additional payment schedules

OU Infrastructure Maintenance Backlog

- As a policy matter, please do not view Capital Outlay and Infrastructure as either/or – they are both a critical part of providing a campus environment where students can learn and thrive, and faculty can conduct cutting edge research and teaching.

Science Complex Renovation Project



Hanna Hall – Opened in 1962

175,000^{sf}

\$40M Project Cost

Science Complex Renovation Project

- Estimated cost to build a new science complex 175,000^{sf}
 - \$150M
 - Cost per sf: \$882
- Science Complex Renovation Project 175,000^{sf}
 - \$40M
 - Cost per sf: \$228

Capital Outlay

- Renovation projects can provide exceptionally good value as seen with our Science Complex project.
- There comes a time in every building's life that replacement makes more economic sense than renovating – making the funding request a different type of Capital Outlay.
- We request the committee support removing the state cap on capital outlay projects; AND
- support removing the 25% campus contribution for projects under \$50M.

FY23 Supplemental Request



THE BEST Initiative



Oakland West Campus
Acquired 2022

Home to the: Physician Assistant and Nursing Programs
Future home to: THE BEST program



Transforming **H**ealthcare **E**ducation
By **E**levating **S**tate-of-the-Art **T**eaching,
Learning & Practice

THE BEST



Elevating Oakland as a catalyst in addressing the healthcare needs of people in southeastern Michigan and beyond.

THE BEST



- Training center and clinic
- Telehealth
- Simulation center
- State-of-the-art classrooms
- Nurses, dietitians, social workers, radiology techs, physical/occupational therapists, etc.

Brewer

THE BEST



OU West Campus Infrastructure

- To deliver programs that train healthcare workers, not only do we require cutting edge programs and top trained faculty, but infrastructure is a cornerstone of these initiatives.
- Building new clinical space costs ~\$2,000^{sf}
- THE BEST clinical space will cost \$650^{sf}

Facility Upgrades – Closing



- Infrastructure and Capital Projects are not interchangeable.
- Deferred maintenance cannot be funded solely by OU; we need recurring state funds.
- Capital Projects under \$50M can provide exceptional value. We request the removal of the university share for these projects and lifting the state cap on all projects.
- New bold programs like THE BEST require large one-time investments in both infrastructure and programing.

May we answer any questions?

Thank You

