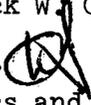


MEMORANDUM

June 18, 1973

To: Provost Frederick W. Obear

From: Norton C. Seeber   
Dean of Economics and Management

Subject: Annual Report of the School of Economics and Management

For the 1973 version of the Annual Report of the SEM, I have elected to use the format of previous years in presenting historical and estimated enrollment and other data (Table 1). However, as added information, I have also presented some guesses based in part on preregistration data for Fall 1973. These figures are shown in Table 2.

In order to be brief, certain items have been selected for emphasis. These items relate to enrollments, projections, staff, and some projected and speculative thoughts about program development.

Enrollments

Table 1 indicates that enrollments for the Fall 1972 term increased to 376 FYES from 323 in 1971, an increase of 16 percent. Graduate enrollments also increased somewhat, making the entire FYES increment for the Fall term 19 percent. These figures are somewhat misleading, as is apparent through examination of the data at the top of Table 2. Table 2 shows full-year (Fall and Winter) data, and, on this basis, enrollments increased approximately 33 percent from 1971-1972 to 1972-1973. A closer analysis of the figures on a course-to-course basis (not shown here) suggests that some of the very substantial increase from Winter 1972 to Winter 1973 was in consequence of a shortage of sections of various courses in Fall 1972, with students registering for courses in the Winter as spaces developed. No doubt some of the Winter increase is "real" and we may have lost some students in the Fall, but it will be interesting to watch the Fall-Winter and full-year figures for analagous anomalies in the future.

Enrollment Projections, 1973-1974

The enrollment projections of Table 1 (and Table 2) indicate an expected undergraduate 450 FYES equivalent for Fall 1973. These figures are based on past trends and in part on Beardslee's projections for 1973-1974. However, it is possible that the increase to 450 undergraduate FYES (an increase of about 20 percent) may be understated. (I have discounted the implied 68 percent increment in undergraduate enrollment implied by the increased percentage of SEM to University enrollment indicated in preregistration figures of Table 2 on the presumption that SEM students are more likely to have preenrolled than is the

case for others. Should the preenrollment figures accurately reflect the Fall percentages, we will be in some trouble, since there is no way we could handle such an increment.)

Graduate enrollments are still expected to be approximately 50 students, with the major part in the first year of the program. Interest runs high, applications continue to pour in, and, with additional advertising and publicity, it is likely that we shall continue to grow satisfactorily at this level also.

### Staff

During academic 1972-1973, the SEM added three faculty members, Assistant Professors Cron, Gorlin, and Reese. All three completed dissertations either prior to arrival here or shortly thereafter, and all three have already begun to publish and to appear on professional program panels. Net faculty addition for the year was only one-half person effectively because of leaves for Professor Hurd (full-year), Professor Mittra (full-year), and Professor Botsas (half-year). When these three leaves were authorized, it was expected that unspent position funds would be available to hire several part-time faculty to fill in. Unfortunately, this turned out not to be the case. Thus, remaining faculty were placed under exceptional loads which they handled admirably, though with a great deal of stress. In order to maintain teaching viability for our programs, the Dean taught what was essentially a full load for the Winter 1973 term.

For 1973-1974, we will add three new faculty: Mr. Richard Steers, Mr. Douglas Gregory, and Professor Andrew Stedry. (Both Mr. Steers and Mr. Gregory are currently at the Instructor level; however, Richard Steers has finished his degree and Douglas Gregory appears to have an excellent chance of finishing before arrival. Professor Stedry will be appointed at the Visiting Professor rank.) In addition, Mr. William Morris has been appointed jointly with Political Science. We hope that at an early date the budget will allow us to use Mr. Morris for teaching in the area of Public-Sector Management. These additions will continue to enhance our ability to improve programs. One continuing position remains unfilled at this time and will likely be filled by temporary faculty for the year, while we continue our search for additional women and minority faculty. I might point out that we already have one potential excellent woman candidate under consideration for academic 1974-1975.

Professor Lon Polk has requested a leave without pay to continue his professional development, and, should the leave be approved, we have an excellent teaching replacement available at the Instructor rank.

The total faculty and administrative staff, including returnees, of the School will be 20 for 1973-1974 (17 regular faculty, plus one FTE on a part-time basis, and two administrative staff, the Dean and the Assistant to the Dean, Mr. Shapiro). Table 1 indicates that even with a 22 to 1 student-faculty ratio we will be substantially understaffed, if our enrollments meet projected levels. Such understaffing will lead to a student-faculty ratio effectively of 27.8 to 1 assuming 18 FTE faculty, or 26.3 to 1 assuming 19 FTE faculty, i.e., Seeber and Shapiro combine to equate to one FTE for teaching purposes. Such ratios are far too high to allow the effective development of the various curricular

options (noted below) we would like to move on, and I can only hope the situation will be alleviated shortly so that our growth plans will not be aborted.

This past year, our secretarial staff (two secretaries for 13 faculty on hand, plus my secretary) has done work above and beyond the call of duty. With 18 FTE faculty next year and a continually growing rate of scholarly production, the burden on the secretarial staff will be unbearable. I predict that the existing staff will attempt to handle the load but the system will collapse about the second week in October, and, from that time, we shall be unable to handle scholarly papers, and perhaps not even all of normal course-related work, for pure workload reasons. I, therefore, urgently request authorization for an additional secretarial position to avoid such a potentially disastrous situation.

Another item of some concern is time-shared computing. As we grow and develop new courses and programs, additional computing for class-related work will be required, especially early in the Fall term. I have grave doubts that the B-5500 system will be operational by that time, and certainly the software changeover costs to adapt our present programs from the Macomb system to the B-5500 will have to be met sometime very soon if there is to be any chance of running by September. A more likely alternative might be to continue to use the Macomb system for whatever period is required for our in-house equipment to become operational--perhaps a month or two in the Fall.

It is obvious that adequate funding, proportionate to revenues generated by the School, would allow us to handle our problems. Table 1 indicates that funding roughly proportionate to that for the overall academic side of the University would lead to a budget approximating \$577,000 (this assumes funding at 55 percent of imputed revenues). The budget suggested in Table 1 for 1973-1974 of \$499,000 is actually 50 percent of imputed revenues, assuming an average total budget revenue per FYES of \$2,000. The SEM does not mind subsidizing the rest of the academic grove, we only ask that the subsidy be a reasonable one. At present levels, I feel it is unreasonable.

#### Present and Projected Programmatic Activities

Current regular daytime enrollments continue to grow. In addition, we have inaugurated an evening program in management, effective with the present year, and expect that this will continue to expand so that students will be able to continue on to graduation. This requires offering sufficient sections to allow evening students to take an adequate number of electives, as well as certain required courses given in single sections until now. Adequate resource commitment for 1974-1975 should make the full program possible. A solid start has been made for 1973-1974.

We have, or are about to introduce, several concentrations in the management program. These include, in approximately the order they will be available: a) Accounting and Finance; b) Marketing and Consumer Behavior; c) Computer-Based Information Systems (working closely with CIS); d) Organizational Behavior, including some personnel work; and e) Public-Sector Management. To implement these options, new courses are being introduced as faculty become available. For example, we have introduced a second course in accounting (MGT 310--Managerial Accounting for Decision-Making) and expect to introduce a third within the year.

A second course in marketing has been introduced, and combined with other courses, e.g., psychology, will allow a concentration in this area. Other courses will be introduced shortly to expand offerings into other areas of concentration. We are also exploring other markets, e.g., a special cooperative program with OCC and Pontiac Motor. (This project should lead to 20 or 25 additional students for 1974 and thereafter.) As these programs and projects develop, you will be kept informed by position papers, requests for approval, and, of course, budgetary requirements.

At the graduate level, our "regular" program, combining full-time and part-time students, shows great promise. We are currently exploring the possibility of adapting this program to other markets and times at an early date, depending on resource availability. For example, it might be possible to offer an evening version of the program by 1975, perhaps with somewhat different options available to students.

Looking slightly further into the future, we have engaged in preliminary discussions with Area Studies and Political Science concerning the possibility of a range of programs--from short courses to full master's level programs--revolving around international management. There are several potential markets for this sort of activity, and it might be of material assistance to various Arts and Science departments where enrollments are of concern. A somewhat more distant possibility depends on certain potential new directions being explored nationally by AICPA. Should these bear fruit, it might be possible to take our undergraduates, or others, and overlay a fifth year on the four-year management (or business administration) degree and turn out a five-year accounting person, oriented to a modernized five-year version of the CPA. This depends on the fate of certain recommendations being discussed within AICPA. We will keep close tab on their activities.

Most of the changes and developments noted above will come as relatively natural extensions of our current programs, but will require a larger resource base than is presently available. I expect that this base will develop and that some, if not all, of the ideas we are now investigating will become realities. In any case, there is every reason to believe that, given the opportunity, the SEM can continue to grow over the next few years, in numbers at least as great as those indicated in Table 1. We expect to do our part and to contribute to the general well-being. Though we cannot continue to subsidize other academic areas to the extent we now do on a percentage basis, we will contribute larger dollar amounts in the future, if we continue to develop in an orderly fashion. Achievement of SEM goals will surely be of substantial importance in assisting the University to pursue its expected patterns of development.

NCS/sc

Table 1

Projections on FYES, Faculty, and Budget  
School of Economics and Management  
1969-1977

	<u>1969(a)</u>	<u>1970(a)</u>	<u>1971(a)</u>	<u>1972(a)</u>	<u>1973(e)</u>	<u>1974(e)</u>	<u>1975(e)</u>	<u>1976(e)</u>	<u>1977(e)</u>
Undergraduate FYES	203	258	323	376*	450	525	570	664	737
Graduate FYES	--	--	5	14	50	75	150	200	300
Total FYES	203	258	328	390	500	600	720	864	1,037
Total Percent Increase, FYES		27%	25%	19%*	28%	20%	20%	20%	20%
Faculty Required (At 22-1 Ratio)				19	22.7	27.2	32.7	39.2	47
Assumed Average Faculty Salary (Including Fringes)				17,000	18,000	19,100	20,300	21,600	23,000
Total Faculty Cost					408,600	519,520	663,810	847,720	1,081,000
Secretarial					33,200	43,600	56,000	59,600	73,200
Supplies & Services, etc. (13% of Salaries)					57,434	73,205	93,575	117,829	150,000
TOTAL COSTS					499,234	636,305	813,385	1,024,209	1,304,200
Estimated Revenue, FYES (FYES x \$/FYES x .55)					577,500	726,000	910,800	1,140,000	1,425,000
Net Return to University					78,266	89,695	97,415	115,791	120,800

\*Note: Fall enrollment was down slightly from projection as a result of closed sections. Winter enrollment was substantially up, however, so that the overall academic year increase from 1971-72 to 1972-73 was approximately 33 percent (see Table 2).

Notes:

1. (a) indicates actual data.
2. (e) indicates estimates.
3. In estimating average salary figures, an approximate 6.5 percent growth in total wage cost per year is used.
4. In estimating revenues, a total revenue per FYES (state support plus tuition) of \$2,000 is assumed for 1972, with this figure increasing by \$100 increments each year thereafter. Estimated revenues to the School of Economics and Management are then computed by assuming a 45 percent overhead figure, with the remaining 55 percent available for instructional costs.
5. No provision has been made for graduate assistants, fellowships, etc. In part, these are replacements for faculty dollars; in part, funds for these purposes might become available in consequence of the "surplus" returned to the University.
6. Faculty costs are estimated on the assumption that the full complement of staff required for the programs of the School are recruited in anticipation of the load. If, as usually occurs, we recruit in arrears, costs decline thereby. However, it is to be hoped that this situation will be recognized by the University and to some extent remedied.

Table 2

## Actual Credits Delivered, Undergraduate;

SEM COURSES ONLY

1971-72, 1972-73 and 1973-74 Estimates

	<u>SEM Credits</u>	<u>University</u>	<u>University FYES</u>	<u>SEM as a Percent of University</u>
1971-72	8,728	177,624	5,730	4.9%
1972-73	11,322 (+33%)	185,973 (+4.7%)	5,999	6.1%

Advanced Registration Data, Credits Expected, Fall 1973

SEM =	4,511
University =	46,216
(FYES) =	2,981
SEM as % of University =	9.8

Assuming total University FYES in 1973-74 equals 1972-73 equals 7400, but that the SEM Fall proportion of students is 7.5, rather than the 9.8% implied by preregistration data:

Fall 1973 Undergraduate FYES, SEM =	450
Fall 1973 Graduate FYES, SEM =	<u>50</u>
Total Estimated FYES, SEM =	500 (+28% over 1972-73)

(These figures correspond fairly close to Beardslee's projections of February 15, 1973. The undergraduate projections alone fall approximately halfway between Beardslee's "pessimistic" and "optimistic" estimates.)