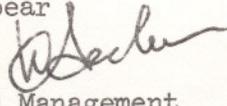


MEMORANDUM

June 16, 1975

To: Provost Frederick W. Obear

From: Norton C. Seeber, Dean 
School of Economics and Management

Subject: Annual Report of the School of Economics and Management

In previous years, I have used the Fall term data on enrollments and FTE to make projections for the entire year. Data for the last few years indicate that averages on these numbers for the Fall term, the Fall-Winter academic year, or for the fiscal year correspond closely for the SEM, though for obvious reasons totals do not (e.g., in Spring 1975, so few sections of SEM classes were offered that the annual growth rate suffered on a fiscal-year basis, though average FYES/FTE costs, etc., were close to the Fall-Winter figures). Therefore, fiscal-year data are used wherever appropriate below. Copies of working sheets with various numbers are attached.

This year, I shall not make "reasoned" projections of faculty, students, and costs for the future because these are so greatly constrained by overall budget factors. Projections on enrollments and FTE faculty will be made on a very conservative and arbitrary basis, i.e., at 5% annually, because it is my assumption that budget constraints will continue to force curtailment of sections offered, and thus enrollments for the SEM. Fiscal-year comparisons are, in my opinion, a far better measure of our operations than previous comparisons based on Fall figures, though for interim planning the early figures of the Fall are, of course, essential.

Enrollments

On a fiscal-year basis, FYES were up 38 percent in 1973-74 over 1972-73, and up 28 percent the previous year. In contrast to this overly vigorous growth, in 1974-75 we were up only 3.6 percent for the year (4.2 percent for Fall-Winter). The growth pattern over the various parts of the year was quite irregular. Summer of 1974 was constrained by a shortage of sections of important courses, as was Spring 1975 (in fact, Spring was down in total enrollment, but approximated the FYES-FTE average of the entire year. Fall enrollments rose only 1.2 percent year to year, largely because of closed sections of accounting and certain economics courses. Winter term was up 7.7 percent from the previous year, although a number of sections were closed. We shall likely have the same problem in 1975-76, since our FTE position figure will be lower. To some extent, scheduling into larger rooms may save us from an actual decline. We shall also be better prepared in accounting, with three full-time people, plus several proven part-timers, and we should not have to turn so many students away in this area.

It becomes more and more apparent that our growth, especially at the graduate level, will depend heavily on the level of resources made available to SEM. We find ourselves unable to adequately cover all the basic sections we need for incoming students, and lack of staff variety (e.g., in finance, marketing, production, etc.) severely limits our ability to provide options required by students. Thus, we lose many students (some transfer out; many do not enroll) because of this unfortunate situation. (Programmatic developments and increased variety can improve and increase our student body size to something like 9 or 10 percent of the total University student enrollment--perhaps to 900 or 1,000 FYES by 1980--but such growth requires more human resources than we now have.)

Projections

On the anticipated constraints relating to budget, I have drastically reduced my forecast growth pattern for the future. I must assume that these arbitrary constraints will continue in greater or lesser extent, since in this period of our great need, SEM has been asked to reduce FTE count by 2.00--one in administrative teaching and one in bargaining unit FTE. This is a severe blow; we should in fact be adding to staff merely to maintain current enrollment. With the externally imposed constraints, i.e., about 1 FTE per year, I estimate that by careful juggling of assignments we can grow at about 5 percent annually, with the growth divided between undergraduate and graduate students as indicated in the table. There is no doubt that these figures could be substantially exceeded, especially at the Master's level, if a larger real resource base were available. The rate of student inquiry for graduate work, plus applications and admissions data for schools which are members of the Graduate Business Admissions Council (we are members), suggests that we are greatly under-exploiting our market at this level. Nationally, the demand for part-time programs was 27 percent higher for 1975-76 than the previous year (as measured by applications) and 22 percent higher for full-time students. We would like to exploit these trends at an early date. For example, instead of aiming at 818 FYES in 1980, we could realistically move toward 900, with a faculty of, say, 33-34.

Staff

SEM has had many staffing changes during the present year, and the changes between 1974-75 and 1975-76 will be even greater. For 1974-75, the following changes occurred. Andrew Stedry, who had been visiting in accounting, was recommended for a position as full professor; Diane Herker was added in accounting as an instructor (she is finishing a dissertation from Cornell); Eugene Stone joined us from Irvine as Assistant Professor of Management; Alan Weinstein came as Associate Professor of Management from Carnegie-Mellon; Socrates Tountas came from Wayne as Assistant Professor of Economics; and Kenneth Moberg came as Assistant Professor of Economics and Management from Emory University. For 1975-76, Ms. Nancy Barry will come as Assistant Professor of Economics, Yong-Ha Hyon as Assistant Professor of Management (accounting and finance), and Barnett Parker as Instructor in Management (marketing, operations research, and health-related studies). We shall have two visitors: George Tzoannos in economics and Ray Guydosh in management. On the other side of the ledger, John Hurd is leaving, as is Richard Steers (who is going to the University of Oregon). Karl Gregory has re-

requested leave without pay to take a high position with the new Congressional Budget Office in Washington. Alice Gorlin will be on half sabbatical and half leave-no pay to study Soviet industry under the auspices of a grant from the American Council of Learned Societies. Eugene Stone has requested a leave without pay to take a visiting appointment at MSU. In addition, Robbin Hough has requested a sabbatical for the Fall term, as has David Doane for the Winter term. All these changes, plus changes in our part-time employment pattern, can be accommodated under the FTE position constraint placed upon us, since several visiting or part-time appointments are being made. The imposed net decrease of two FTE will severely hamper our ability to accommodate to the needs of existing students, let alone allow for much growth. We did operate at a level of 24.4 to 1 FYES/FTE over the entire fiscal year 1974-75, and this is about as high as we can reasonably go and maintain programs and quality.

We have been asked to reduce our secretarial staff by one person, and we have done so. This reduction will have serious effects on productivity in the Fall. Even though this is the off-season, we are finding it very difficult to make do. I urge that you reconsider the secretarial staff situation at the earliest possible time before Fall comes and we go under. (I refer you to my annual report of last year which clearly points up our secretarial needs. These needs are increasing rather than the reverse.)

Given the relative stability of SEM productivity, i.e., average FYES/FTE, over the fiscal year, I believe that an early move to fiscal-year budgeting would allow us to better achieve our enrollment and productivity goals. Since we had a FTE of 25.02 for the fiscal year, wouldn't this be a better number on which to base plans than the Fall estimate? Wouldn't putting all academic units on such a basis make for more rational allocations of FTE and dollars (and probably benefit SEM)? I think so.

Programmatic Activities

Program changes are progressing at a slower rate than anticipated a year or so ago, again because of staff limitations. A year ago, we anticipated that we would have at least one more FTE than realized for 1974-75, and that 1975-76 would see a minimum increase of two more rather than a decrease of two. Nonetheless, we have instituted a concentration in Accounting/Finance, one in Human Resources Management (including personnel), one in Public Sector Management (with Political Science), and one in International Management. We would like to develop a concentration in marketing for 1976, but that depends on staffing.

Our course numbering system has been reviewed, and several changes have been made, all of which have been approved by APC and our assembly. All but one of these changes--that for ECN 100-101, to be renumbered ECN 201-202 (corresponding, roughly, to the intermediate courses 301-302)--are in the new catalog.

Further development of programmatic variations at the graduate level will also have to wait. We have made certain changes in the M.S.M. program that should make it more attractive and more viable (fewer students should be washed out the first term because we are too tough). The changes are primarily in two directions. The first is a rearrangement of modules in the program to make them fewer and longer,

and to give more coherent packaging to the program. This will result in less changeover time for faculty--and especially for students--and should allow more effective use of student time. The second is the development of a two-tier entry system. At one level, well-prepared students will enter the program as at present and proceed for the normal two-year period (50 credits). Students less well-prepared (in quantitative methods, mathematics, economics, accounting) will be required to take two additional courses as a requirement for entry. We anticipate that some students considered "well-prepared" will voluntarily take the two prior courses in order to bolster their confidence or to ensure success. These changes should greatly improve our retention rate, or at least weed students out before they have too heavy a commitment in the program. These changes are "experimental," i.e., not in the catalog, but are likely to become permanent.

Looking somewhat into the future, we have a subcommittee (Stedry; Braunstein) working on a proposal for a Ph.D. which would involve people from other academic areas of the University. It might very well mesh with new proposals for Ph.D. work in energy-related areas and the health sciences, though I have not seen statements on these programs, and have had only passing conversations with some of the people involved in them. Real costs for such programs, if truly cross-departmental, or at least the use of resources from several parts of the University, should be rather minimal as far as doctoral work usually goes. There should also be relatively few students per year, but good ones with good prospects.

If we can survive the short-term crunch and get back to the business of providing effective academic programs that will benefit students, I am optimistic that we can regain our initiative and thrust. Too long a delay will, unfortunately, lead to stagnation and loss of reputation. The future demands of us a reputation for solid, high-quality education if we are to compete effectively in our market area.

NCS/mi
attachments

Projections on FYES, Faculty, and Budget: Fiscal-Year Basis

School of Economics and Management

1972-80

	<u>1972(a)</u>	<u>1973(a)</u>	<u>1974(a)</u>	<u>1975(e)</u>	<u>1976(e)</u>	<u>1977(e)</u>	<u>1978(e)</u>	<u>1979(e)</u>	<u>1980(e)</u>
Undergraduate FYES	412	550	561	575	593	607	622	629	643
Graduate FYES	15	39	49	65	80	100	120	150	175
Total FYES	427	589	610	640	673	707	742	779	818
Total Percent Increase, FYES	+28%	+38%	4%	5%	5%	5%	5%	5%	5%
Faculty Required (at 22-1 ratio)	18.7	26.8	27.7	29.1	30.6	32.1	33.7	35.4	37.2
Actual Faculty, Full Time Equivalent, FTE, Fiscal Year	16.5	22.1	25.0	(?)	(?)	(?)	(?)	(?)	(?)
Actual Faculty, FTE, Academic Year	15.4	19.9	22.1	(?)	(?)	(?)	(?)	(?)	(?)

