Best Case, Worst Case

More on 'the Bottom Line' in the CoB's School of Accountancy

The recent USMNEWS.net report, "How is Hiring Michael Dugan a Good Deal?" sparked a great deal of interest among readers. That report explained how incoming CoB accounting professor Michael Dugan (from the University of Alabama) will actually *generate a net Fall 2010 loss* to the CoB of anywhere from $45,000 to $57,000, given what is expected to be Dugan's fall 2010 salary + fringes (about $94,000) and the tuition revenues generated by Dugan's fall 2010 teaching assignment (about $36,000 to about $48,000). Two other reports followed the one focusing on Dugan, using the same type of analysis. Those reports focused on (1) Paula Parker and Skip Huhges, and (2) Stanley Clark, Charles Jordan, and Roderick Posey. There are, of course, other accountants in the SoA, including Mary Anderson, Marc DePree, Steven Jackson, Gwen Pate, and Robert Smith. This report throws all of the other accountants into the mix, and produces a "best case, worst case" scenario in terms of fall 2010 *net* tuition revenue production for the CoB's SoA.

Using USM's new 2010-11 tuition fee schedule for in-state students, the best case outcome for each accountant relies on tuition revenue production from the number of students *possibly enrolled* on one's fall 2010 teaching slate. This enrollment figure is taken from class cap numbers. For the worst case outcomes, each accountant's *currently enrolled* numbers are used instead, thus resulting in lower tuition revenue production numbers. Each SoA faculty member's *net* tuition revenue production is shown in Table 1 below.

Table 1 – Fall 2010 Best Case, Worst Case for SoA

Faculty	Best Case	Worst Case
Anderson, Mary	$2,480	$35,824
Clark, Stanley	$21,200	$22,120
DePree, Marc	$58,662	$58,662
Dugan, Michael	$45,870	$57,498
Hughes, Skip	$93,750	$93,750
Jackson, Steven	$15,535	$52,865
Jordan, Charles	$8,520	$52,128
Parker, Paula	$15,760	$42,892
Pate, Gwen	$28,960	$43,324
Posey, Roderick	$26,340	$10,596
Smith, Robert	$48,140	$10,684
Totals	**$120,787**	**$480,343**

Table 1 makes it clear that, in terms of the CoB's 11 tenured/tenure-track accounting faculty, the SoA is set up to *lose* money. For fall 2010, the *losses* will be at least $120,000, and they could be as much as $480,000. Of course, having two accountants (Hughes and Pate) on 12-month contracts complicates matters, meaning that these losses could be *over*stated. However, even if one removes $50,000 from each of these totals, fall 2010 SoA *losses* are still expected to range from $70,000 to $430,000. And if these numbers get repeated in spring 2011, the expected range for the *losses* becomes $140,000 to $860,000 for the 2010-11 academic year. These numbers are simply astounding, and could be cause for concern as USM prepares to cut $15,000,000 to $20,000,000 from its FY2012 budget. In accomplishing these cuts, USM faculty believe that as many as 100 of their colleagues could be terminated. Even if half that number is eventually cut loose, why is it that the SoA is allowed to have *so many* accountants, and to operate at such big losses?