

Journal Report



ECONOMIC FACTORS

AFFECTING OCC

April 1991

The OCC Economic Subcommittee recommends to the Environmental Scanning Committee the following:

Section I. Trends the college should deal with immediately.

A. Taxes

I. Impact on OCC

- a. Local taxes: Increases in property values, increase our income.
- b. National: Federal support is relatively small to the college.
- c. Governor Engler's proposals: Probably the cut in property taxes proposed will impact the college negatively.

PROPERTY tax FREEZE  
2 years at

2. Implication: If property tax revenue does not rise, we will need alternative income sources for the college.

- a. Tuition rise and more State aid.
- b. Need for private funding.
- c. More emphasis on private resources.
- d. Sell OCC land (not recommended).

B. Unemployment Trend

1. Prediction for

- a. Six months - steady
- b. One year - steady to decreasing
- c. Five years - unable to predict.

SEMCOG map  
data

2. Interaction of business support and unemployment level affects the mix of classes required by students.

C. Business Supported Tuition

1. Prediction: Will drop due to layoffs and drop in profits this year.

2. Implications:

- a. College should market OCC to help counter this drop in enrollment.
- b. More BPI classes might help.

opposit

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Section II. Trends the College should deal with, not included in Section I.

A. Income

1. Predictions

Goals & Tools

- a. Expected to drop nationally due to the recession.
  - b. Will probably not drop as much in Oakland County as nationally due to the area's unemployment compensation coverage and "guaranteed income" plans of auto manufacturers.
2. Implication: To counteract the drop in incomes, we should make it easier to attend OCC by
- a. More scholarships
  - b. More financial aid
  - c. More services to students such as day care centers and transportation.
  - d. Encourage more businesses to pay for tuition.
  - e. Creative tuition such as lower tuition in the afternoon hours.
  - f. Offering interest-free loans.

These are Strategic objectives NOT scanning statements.

B. Consumer Confidence

- 1. Considered to be improving now.
- 2. Implication: To set off recent loss of consumer confidence the college should
  - a. Improve the college image through the press.
  - b. Emphasize the importance of life-long education.

Merchandise = good image ←

C. Business Confidence

- 1. Consensus is
  - a. Cautious today
  - B. Cautious in 6 months
- 2. Implication: If it goes down it will negatively affect enrollment, donations of equipment, and money.

wrong opposite

Section III. Trends to continue to watch, but do not require action at this time.

IR work on 91-92

A. Banking (availability of money)

- 1. Failure of Savings & Loan institutions was not a problem in Michigan. However, national effects on the availability of funds and the tax implication of paying back the money to insured depositors in other states affects everyone in the U.S.

B. Price Level

- 1. Producers Price Index + 5% Expected to be
- 2. Consumers Price Index + 5% next year
- 3. Higher Ed price Index = 7%

C. Housing

- 1. Prediction:
  - a. Expect sales to increase during next 6 months.
  - b. Steady sales over the next year.

D. Interest Rate

1. Prediction:

- a. Down for next 6 months
- b. One year - depends on economic conditions.
- c. Five years - not predictable at this time.

E. Election Year 1992

1. There is a "political business cycle." Therefore, since it will be an election year, 1992 should be prosperous.

F. Recession

1. The recession is not over. There will be another 6 months of recession for the USA.

How does this fit  
with earlier  
statements?

- (2.) In this recession more people will probably go to college.

G. National Economy

1. Weaknesses:

- a. National debt
- b. S & L debacle
- c. Bank loans to companies are less available.

2. Strengths

- a. Optimism after the war
- b. Low inflation
- c. Accommodation to international competition
- d. Low interest rates
- e. Renewed interest and support of high technology.

3. Implication: Students should be made to understand the importance of the above economic issues.

H. International Economy

1. Prosperity abroad increases demand for U.S. goods and has a positive effect on our economy.
2. Prosperity at home (in U.S.) increases our imports of foreign goods and helps their economies.
3. The value of the dollar affects our international trade: low value of the dollar increases exports (makes goods cheaper), and reduces our imports (makes foreign goods more expensive), and vice versa. It is believed that the U.S. dollar is undervalued right now.
4. International companies building offices in Oakland County increases property tax revenue and this helps the college.

Section IV. Trends that don't affect OCC or have already been handled.

A. War ended - (Already handled)

B. 1994 High School Graduates

1. In 1994 the number of high school graduates will rise (nationally).

What about  
Oakland?

Section V. List of unanswered questions which need further study.

1. What/where is the historical data on how employment has affected OCC enrollment?
2. Will there be changes in the tax laws?
3. Will interest rates change? (This could affect borrowing for tuition.)
4. Will the cost of living go up or down?
5. At what rate are bankruptcy trends increasing or decreasing?
6. Where is OCC's recruiting market?
7. How many potential students will there be in the next decade?
8. What percentage of our students pay their own tuition?
9. What percentage of students' parents pay their tuition?
10. What tuition percentage is paid by businesses?
11. How many students come from single parent homes?
12. How many students are single parents?
13. What is the economy level of our students' families?
14. How many students are here on GED, and how many are high school graduates?
15. How many OCC students go on to universities?
16. Should our students be expected to pay hundreds of dollars for remedial classes before starting college work?
17. What are the salaries of former technical students?
18. Will business continue to pay tuition if the economy changes?
19. How many students are coming from BPI and how many from other sources?
20. How many people from G.M.'s "New Beginnings" are we enrolling?

Note: It was suggested that question numbers 8, 9, 10 and 20 be put on the OCC entrance application.

## Summary

1. The recession is not over. There will probably be another 6 months of recession for the U.S.A.
2. More people will go to college.
3. In 1994 the number of high school graduates will rise nationally due to 'baby boom' generation reaching college age.
4. Business supported tuition will probably drop in 1991 due to lay-offs and drop in profits.
5. If property tax revenue does not rise, OCC will need alternative sources of income.
6. OCC will need marketing, perhaps a marketing person, students will need new sources of assistance with tuition.
7. Historical data on how employment affects enrollment at OCC is needed.



ECONOMIC SUBCOMMITTEE  
ENRIVONMENTAL SCANNING COMMITTEE

Source: Oakland Focus, Vol 8 No. 4 Date: January 2, 1991  
"Oakland's Gross County Product Increased 220 Percent Since 1977"

1. Oakland County's GCP increased from \$37 billion to \$91.5 billion from 1977 to 1989.
2. GCP is value of goods and services produced and/or distributed in the county in a year expressed in current dollars.
3. Manufacturing product was 28.2% of this in 1989. Thirty-three percent of all cars and trucks in the U.S. are assembled within 90 miles of Oakland County and about 1/2 of the value of all motor vehicle components and accessories originate within the same 90 mile radius.
4. Wholesaling remained the dominant sector of the economy, generating 37.3% of GCP in 1989.
5. Services (health, personal and business) were the third major segment of the economy's private sector during the 1980's, rising to almost 13%, replacing retailing.
6. Retail sales rose 240% between 1977 and 1989, and household incomes rose 277%.
7. Sixteen million square feet of new shopping space was added in the last 20 years.

Source: American Demographics Date: November, 1990  
"Metro Detroit Ranks Best for Jobs"

1. Over the next two decades more jobs will be created in the seven-county Detroit metropolitan area relative to population growth than in any other U.S. metropolitan area (includes Oakland County). The area will gain 286,000 new jobs, but only 111,000 new residents. (Data from NDA Data Service)

Source: Michigan Business Date: 1991  
"President's Report"

1. Michigan Business Magazine says that between 1985 and 1989 Oakland County "had the greatest number of the fastest growing privately held companies in the state." (page 1)
2. "Manufacturing wage survey shows wage increases"  
Wages for manufacturing firms in Oakland County increased about 20% in 1990, from 1985/86.  
Benefits totaled between 10% and 34% of wages. (page 2)

Source: Public Policy Advisor / Date: October, 1990  
"High Technology Employment Trends in Michigan"

1. Definitions: High technology industry has many meanings. They define as industries having a large proportion of employees who are engineers, engineering technicians, computer scientists, life scientists, and mathematicians exceeding the average for all manufacturing firms. It also includes non-manufacturing R & D firms.
2. High technology industries provide a small portion of all new jobs in this state. The bulk of employment increase will be in services and trade. High technology provides jobs paying higher wages and, therefore, is more desirable.
3. Research in high technology in this state is encouraging firms to choose Michigan, but is not likely to replace the loss of jobs in the manufacturing trades.

"VISION 2010 Plan to put the County's Future in Perspective."  
Date: November, 1990

Dan Murphy addressed the County Board of Supervisors regarding a county-wide strategic plan, called Vision 2010, to be developed in conjunction with local officials and SEMCOG information.

CG/mg  
2-1-91

## Economic Environmental Scanning Committee

The following abstracts deal with those variables that affect demand. The critical variables appear to be prices, incomes and expectations.

The U.S. economy has been in a recession since the last quarter of 1990. Most experts believe that the recession will last until the second half of 1991. How quick or robust the recovery will be is still not certain.

Consumer confidence seems to be improving. Most people were worried about oil prices and the length of the war. Now that oil prices have somewhat stabilized and the war is over, consumers feel better about the economy.

However, there are still many problems to overcome. Business earnings, incomes and employment needs to improve. If the Fed can keep interest rates low, and the dollar gains some strength, then there is hope for a faster recovery.



## Expectations

Brownstein, Vivian

Why Business Will Get Better

Fortune, March 25, 1991 Pg 44-48

Now that oil prices have dropped to about \$20 a barrel, and consumer confidence has returned, business should begin to improve. This has not happened yet but some evidence is pointing in that direction. Jobs and income will make the difference

Behar, Richard

Victory's Dividend

Time, March 11, 1991 Pg 67-68

Victory in the gulf should boost the economy. Businesses are prepared for at least one more quarter of recession. The severe economic problems will continue to plague us. Some encouraging signs are:

Consumer Confidence

Wall Street

Oil Prices

Housing

## Expectations

Brownstein, Vivian

Signs Suggest the Worst is Over - Barring a Long War  
Fortune, Feb 25, 1991 Pg 21.

If the war is short, the economy should expand before summer. Consumers' incomes and spending should increase 2.5% in the year ahead.

U.S. Companies will share in the profits of rebuilding the Mideast.

Castro, Janice

The Buyers Are Back

Time, March 18, 1991

As consumers regain their confidence in the economy, the market for homes revives.

This spring should bring an improvement in home sales. Mortgage rates are down and there is pent-up demand for housing.

## Expectations

Miller, Annette + Thomas, Rich  
Maybe Next Year, Honey  
Newsweek, Jan 14, 1991 P. 36

The Newsweek Poll interviewed 759 adults by telephone Jan 3-4. The results were:

Are you worried about ... ?

(% saying yes)

34% losing job

27% paying mortgage payments

49% maintaining current standard of living

\* 38% financing children's education

\* 33% being able to repay loans

Bien-Lambert, Tania

Consumer Index Had Sharp Drop During Jan.

Wall Street Journal, Jan 30, 1991 Pg A2

Worries over the war and the economy caused consumer confidence to plunge to its lowest level in a decade. Consumers expect the economy to be bad for the next 6 months with jobs "hard to find!"

## Employment

Duke, Paul Jr.

Job Figures Stayed Bleak in Latest Month  
Wall Street Journal, March 11, 1991 Pg A2

The recession continued in Feb. with the unemployment rate increasing to 6.5% in Feb. up from 6.2% in Jan. Manufacturing payrolls have been cut by 661,000 since last June. More than 10% has been in the auto industry.

## Employment

Murray, Alan and Duke, Paul  
Jobless Rate Rose to 6.2% in Jan.  
Wall Street Journal, Feb 4, 1991, Pg A2

The unemployment rate rose to 6.2% in Jan. from 6.1% in Dec. The Fed announced it would cut the discount rate to 6% from 6.5%. It appears that the Fed's anti-recession campaign is attempting to shorten the recession. Banks lowered the prime to 9% from 9.5%.

Herman, Tom  
Economists Seeing Recession Lasting at Least until  
July  
Wall Street Journal, Jan 2, 1991, Pg 2A

Forty leading economists predict that the economy will shrink for the next 6 months causing the jobless rate to increase.

Expectations - More Articles

Hammonds, Keith

Victory at Home Won't Come So Easy

Business Week, March 18, 1991 P28-30

Mandel, Michael J

The Recession May Be Over Before Its Work is Done

Business Week, March 18, 1991 P.31

Pennar, Karen

The Recession Isn't Ready To Pull Out

Business Week, March 11, 1991 P.32-33

## International Economy

Outside The U.S., Losses Were Bigger  
Fortune, Jan. 28, 1991 P 62-63

Stock Markets throughout the world slipped  
in 1990. The "bear" ruled the major markets.

AUBURN HILLS - M E M O R A N D U M

TO: DEBBIE ROWE AND MARTI ORLOWSKI

FROM: DOROTHY J. BUCHAN, CHAIR EDUCATIONAL TRENDS COMMITTEE  
SR. MARY VAN GILDER  
CHUCK NEUMANN  
PAUL BATTY  
GEORGE KEITH  
RICK BURT  
ART WIGGINS  
BEA CATHERINO  
TAHIR KHAN  
KAREN ROBINSON  
PAULA GREEN-SMITH  
LINDA TAYLOR

SUBJECT: SUMMARY REPORT FOR THE EDUCATIONAL TRENDS ENVIRONMENTAL  
SCANNING COMMITTEE

*DBB*

DATE: APRIL 25, 1991

The Educational Trends subcommittee for Environmental Scanning identified an initial list of 21 issues. Over a period of time and as a result of literature searches the list of issues was condensed. At the final meeting we were still attempting to resolve the list, but agreed to report on issues that we had initially identified. The list is:

*List of  
issues, lacks  
definative  
direction/  
status/  
  
Looks more  
like strategic  
objectives  
than Env  
Scan*

1. Cultural Diversity
2. Institutional Effectiveness
3. Outcomes Assessment
4. Value Added
5. Business-Industry Partnerships
6. Educational Partnerships
7. Computer Simulation in Science vs. Wet Labs
8. At-Risk Students
9. Government: Legislation
10. Distance Learning
11. Classroom Research
12. Internationalizing the Curriculum
13. Social Competency Skills
14. Citizenship Skills
15. Personal Values
16. Marketable Job Skill Training - Referred to Occupational Trends
17. Humanization
18. Critical Thinking
19. Instructional Delivery Systems
20. Personal Enhancement
21. Ethics
22. New: Functional/Employment Skills



The preceding list should not be considered complete.

Section I - Educational issues the college should deal with immediately:

1. Cultural Diversity
2. Institutional Effectiveness, e.g., team building
3. Outcomes Assessment
8. At-Risk Students, e.g., admissions, orientation, directed admissions

Section IIA - Educational issues the college should address in the next year (slightly less than immediate attention):

11. Classroom Research

Invite Pat Cross and/or Tom D'Angelo for a hands-on workshop and/or speaker.

1. Cultural Diversity: need for training in current classroom multicultural environments for faculty.
15. Personal Values and 17. Humanization combined as Civility and Human Values.
22. New: Functional/Employment Skills:
  - a. Resource Management
  - b. Information Management
  - c. Social Interaction
  - d. Systems Behavior and Performance
  - e. Human and Technology Interaction
  - f. Affective Skills: Attitudes, Motivation, and Values

Section IIB - Educational issues the college should address in the next 2-3 years:

10. Distance Learning
12. Internationalizing the Curriculum
13. Social Competency Skills and Affective Learning
14. Citizenship Skills
18. Critical Thinking

Section III - Trends we have to continue to watch, but do not require action at the present time:

10. Distance Learning - in progress
5. Business-Industry Partnerships - continue growth
6. Educational Partnerships - continue growth
9. Government: Legislation - defer to political/legislation/regulation

Section IV - Issues and trends identified do currently affect us in varying degrees.

**Section V - List of unanswered questions which need further study:**

- > **Interdisciplinary teaching**
- > **Classroom research**
- > **Interactive video instruction in learning labs to support classroom instruction**
- > **Increase of faculty involvement in and out of classroom**
- > **Professional development of staff**
- > **How to distribute information to OCC community**
- > **How to involve others in study of trends and issues**
- > **Search for and identification of OCC values and vision**
- > **Search for understanding of OCC as an educationally purposeful community, a place where faculty and students share academic goals and work together to strengthen teaching and learning on campus.**