

BOARD OF HIGHER EDUCATION
REQUEST FOR COMMITTEE AND BOARD ACTION

COMMITTEE: Assessment and Accountability

NO.: AAC 11-03

COMMITTEE DATE: October 28, 2010

BOARD DATE: November 4, 2010

**APPLICATION OF NEW ENGLAND COLLEGE OF BUSINESS AND FINANCE
TO AWARD THE MASTER OF BUSINESS ADMINISTRATION**

MOVED: The Board hereby approves the application of **New England College of Business and Finance** to offer the **Master of Business Administration**.

Authority: Massachusetts General Laws Chapter 69, Section 30 et seq.

Contact: Dr. Francesca Purcell, Associate Commissioner for Academic and P-16 Policy

INTENT

New England College of Business and Finance (N.E.C.B.F.), a New England Association of Schools and Colleges-accredited, independent institution located in Boston, Massachusetts, filed articles of amendment to offer the Master of Business Administration (M.B.A.). The proposed M.B.A. is designed for individuals interested in and aspiring to careers in general management as well as those looking for fundamental knowledge in the area of finance in anticipation of interfacing with finance professionals in their managerial positions. The proposed M.B.A. program may also be of interest to consultants and professionals looking to advance into upper-level administrative positions in a variety of fields. The entire proposed program will be delivered on-line and would be the institution's third on-line program if approved (following the Master of Science in Business Ethics and Compliance, and Master of Science in Finance).

While there are many M.B.A. programs in the higher education marketplace, demand from students and employers remains high. Nationally, jobs in marketing, finance, and management are expected to grow at faster-than-average rates over the next decade, according to the fall 2008 Occupational Outlook Quarterly. According to the results of a 2009 Human Capital Institute survey of 105 Boston-area companies representing 10,000 employees, 92% of employers seek to hire staff with educational backgrounds in business administration, management and operations, and 80% seek individuals with educational backgrounds in finance and financial management services.

N.E.C.B.F.'s M.B.A. will be differentiated by its curriculum, which stresses application, analysis, synthesis and evaluation; on-line delivery, integration with over 150 corporate partners, and affordability. Graduates will be prepared to take positions in business administration and other related occupations.

INSTITUTIONAL OVERVIEW

Established in 1909 as an association of "bankers training bankers," N.E.C.B.F. has a history of business education and training within the financial services sector. As it evolved from a training facility to an associate degree-granting institution in 1985, the college retained its membership model whereby dozens of banking and financial institutions paid annual dues in exchange for reduced tuition and industry-specific benefits such as seminars and customized certificate programs. By 2005, the college was acquired by the Whitney International University System and evolved to a baccalaureate and master degree-granting institution offering an Associate in Science in Business Administration, a Bachelor of Science in Business Administration, a Master of Science in Finance, and a Master of Science in Business Ethics and Compliance. To align with its strategic growth initiatives, N.E.C.B.F.'s marketing model evolved from one of membership of a select few financial institutions to one of partnership within the general business sector. Corporate partners, regardless of industry, no longer

pay dues. In exchange for lower tuition rates, they assist N.E.C.B.F. with marketing degree programs directly to employees through a variety of corporate-approved methods. Currently, over 150 organizations are partnering with N.E.C.B.F. as a means of providing employees with access to business education. Most recently, in spring 2010, the name of N.E.C.B.F.'s holding company located in Delaware was changed from Whitney University to New England University in order to distinguish it from the Latin American universities also owned by Whitney International University System.

ACADEMIC AND RELATED MATTERS

Admission Requirements

The target population for the proposed M.B.A. program will be N.E.C.B.F. graduates and employees of N.E.C.B.F.'s partner institutions.

Admission criteria:

- Bachelor's degree from a regionally accredited college with a 2.7 G.P.A. or higher, or foreign credential equivalent established by a third party evaluation agency
- Essay describing how the M.B.A. will help student achieve personal and professional goals
- Current resume
- Official copies of all university-level transcripts
- Non-refundable application fee of \$75
- Personal interview

Projected Enrollments

The College anticipates a first-year total enrollment of 40 full-time students, growing to 76 by the fifth year of enrollment.

	2011	2012	2013	2014	2015
New Full Time Enrollment Projections	40	48	58	69	76

Current Tuition and Fee Charges

Tuition and fees charged for the proposed M.B.A. are \$19,600. Employees of partner institutions are generally eligible for scholarships, reducing tuition further.

Curriculum (Attachment A)

The proposed M.B.A. program consists of twelve required courses for a total of 36 credits. The pedagogical approach for this program is rooted in an applied knowledge/skill set philosophy. A six-credit capstone course is included as a means of assessing program learning outcomes. Students are expected to complete the degree in 18 months. Courses are delivered in five-week modules with one week off in between each course. The curriculum is delivered totally on-line.

RESOURCES

Faculty and Staff

Two full-time faculty members from the business and finance department, a recently hired program chair, and five adjuncts will teach the majority of the proposed M.B.A. courses. The college anticipates hiring an additional full-time faculty member in year two of the program, and adjuncts as needed.

Facilities and Library and Information Technologies

No additional resources are needed in the areas of library and information technologies to mount the proposed program. M.B.A. students will have access to N.E.C.B.F.'s on-line library. The budget provides for annual database subscriptions and resource enhancements. No additional information technology is needed to support the addition of M.B.A. students.

The program curriculum is designed to be delivered totally on-line. N.E.C.B.F. uses a proprietary learning management system called EPIC. The EPIC platform is provided to N.E.C.B.F. by the parent company, Whitney International University Systems, for no or little cost and is supported and hosted by Whitney University at an off-site location. Institutional resources dedicated to support and enhance the on-line modality of the M.B.A. curriculum include the Vice President of eLearning and a Graduate Program Instructional Designer.

Fiscal (Attachment B)

The College has detailed enrollment projection income and dedicated program expenses for the first four years of the program for the worst and average case enrollment projections.

EVALUATION

An external visiting committee comprised of Clara Munson, Albertus Magnus College; Robert Lussier, Springfield College; and Michael Mooiman, Franklin Pierce University, conducted a site visit May 13-15, 2010. The visiting committee stated that N.E.C.B.F. is well-positioned to “provide advanced learning of business theory and practice, but also to offer advanced study and research in the on-line format.” The committee, however, also felt that the college needed to develop a more explicitly developed M.B.A. before this aspiration could be achieved, and made several suggestions for improvement. These included the following: greater clarification of graduate level standards and evaluation, and further planning of the proposed degree, such as developing a specific mission statement; identifying external challenges; planning for less than and greater than ideal enrollment; developing a course delivery sketch; revising the curriculum; and requiring more prerequisites. The committee also requested that the college reconsider its previous budget in order to reflect less than ideal enrollment projections and make clear its financial relationship with Whitney International University System, the college’s parent institution. Furthermore, the committee recommended that the college plan for faculty recruitment in the near future to include only those with doctorate degrees.

In response to committee suggestions, N.E.C.B.F. made a number of changes to the proposed program. The college commissioned a focused marketing study to more specifically plan and project M.B.A. enrollment; revised each course syllabus to more definitively address graduate level theory and application; recruited and appointed a new M.B.A. Program Chair who holds a Doctorate in Business Administration; obtained specific correspondence from the Chair of Whitney International University System documenting the on-going financial support available for the M.B.A. program and the institution in general; and adopted a specific M.B.A. mission statement which distinguishes the program from N.E.C.B.F.’s Bachelor of Science in Business Administration degree, and from other M.B.A. programs. The college also included Legal Issues in Business and Managerial Accounting in the curriculum per the advice of the committee and now requires as prerequisites Principles of Management; Accounting I; Macro- and Microeconomics; and Statistics. The committee reviewed the college’s response, noting that it was substantive, and commented that the overall quality of the proposed program had greatly improved.

PUBLIC HEARING

The required public hearing was held on September 15, 2010 at the Department of Higher Education, located at One Ashburton Place in Boston, Massachusetts. No comment was offered in opposition to the proposed program.

STAFF ANALYSIS AND RECOMMENDATION

The staff has thoroughly evaluated all materials submitted by N.E.C.B.F. and finds that the proposal meets the requirements for N.E.A.S.C.-accredited institutions outlined in 610 CMR 2.08. Recommendation is for approval of the college's petition to offer the Master of Business Administration.

Attachment A: Curriculum Outline

Master of Business Administration

Required (Core) Courses in the Major (Total # courses required = 12)		
Course Number	Course Title	Credit Hours
MBA 501	Strategic Leadership and Management	3
MBA 502	Applied Quantitative Methods for Business	3
MBA 505	Managerial Accounting	2
MBA 510	Ethics and Organizational Behavior	3
MBA 515	Management Information Systems	3
MBA 520	Operations Management	3
MBA 525	Managerial Economics	3
MBA 545-2	Capstone: Strategic Planning & Decision Making (Section Two – Develop Strategic Action Plan)	2
MBA 530	Legal issues in Business	3
MBA 535	Strategic Marketing Management	3
MBA 540	Global Marketing	3
MBA 545	Capstone I: Strategic Planning & Decision Making	3
MBA 546	Capstone II: Strategic Planning & Decision Making	3
	Sub-total Required Credits	36
Curriculum Summary		
Total number of courses required for the M.B.A.		12
Total credit hours required for degree		36

Program pre-requisites: The following undergraduate business courses must be completed prior to acceptance into the Master of Business program:

Principles of Management	Accounting	Microeconomics
Statistics	Macroeconomics	

Attachment B: Budgets (Worst and Average Case Scenarios)

Enrollment Projection and Budget					
Worst Case Scenario					
	# of Students	# of Students	# of Students	# of Students	
	Year 1	Year 2	Year 3	Year 4	
	2011	2012	2013	2014	
New Students	32	38	46	56	
	2011	2012	2013	2014	Four Year Total
Revenue					
Term 1	\$13,680	\$53,010	\$63,270	\$87,210	\$217,170
Term 2	\$11,970	\$47,880	\$46,170	\$54,720	\$160,740
Term 3	\$10,260	\$42,750	\$41,040	\$49,590	\$143,640
Term 4	\$8,550	\$29,070	\$37,620	\$32,490	\$107,730
Term 5	\$20,520	\$41,040	\$54,720	\$53,010	\$169,290
Term 6	\$18,810	\$37,620	\$49,590	\$47,880	\$153,900
Term 7	\$44,460	\$66,690	\$44,460	\$42,750	\$198,360
Term 8	\$39,330	\$49,590	\$70,110	\$75,240	\$234,270
Total Program Revenue	\$167,580	\$367,650	\$406,980	\$442,890	\$1,385,100
Expenses					
Program Chair (full time faculty)	\$85,000	\$85,000	\$90,000	\$90,000	\$350,000
Full-Time Faculty	\$30,000	\$60,000	\$150,000	\$150,000	\$390,000
Adjunct Faculty	\$18,000	\$34,100	\$25,600	\$39,600	\$117,300
Faculty Research Stipends	\$2,500	\$2,500	\$2,500	\$2,500	\$10,000
Library Additions	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000
Space	\$0	\$0	\$0	\$0	\$0
Admin. & Student Serv.	\$16,666	\$17,166	\$17,681	\$18,211	\$69,724
Online Course Dev.	\$80,000	\$50,000	\$10,000	\$0	\$140,000
Bad Debt Expense	\$5,027	\$11,030	\$12,209	\$13,287	\$41,553
Online Seat Fees	\$1,232	\$2,686	\$2,954	\$2,646	\$9,518
Marketing	\$100,000	\$103,000	\$106,090	\$109,273	\$418,363
Total Program Expenses	\$343,425	\$370,481	\$422,034	\$430,517	\$1,566,458
Net Income	(\$175,845)	(\$2,831)	(\$15,054)	\$12,373	(\$181,358)
*Faculty Expense Detail					
Courses per Year	12	24	27	31	
Dr. Patalano Course Load	3	6	6	6	
Dr. Chris Weir Course Load	1	3	4	4	
Deborah Sementa Course Load	2	4	3	3	
Full-Time Faculty Course Load	0	0	6	6	
Adjunct Faculty Course Load	6	11	8	12	
Dr. Patalano Salary	\$85,000	\$85,000	\$90,000	\$90,000	
Dr. Chris Weir Salary	\$10,000	\$30,000	\$40,000	\$40,000	
Deborah Sementa Salary	\$20,000	\$30,000	\$30,000	\$30,000	
Full-Time Faculty Salary	\$0	\$0	\$80,000	\$80,000	
Adjunct Faculty Expense	\$18,000	\$34,100	\$25,600	\$39,600	
Total Faculty Expense	\$133,000	\$179,100	\$265,600	\$279,600	
Adjunct Faculty Expense	Increases by \$100.00 per course per year				

Enrollment Projection and Budget				
Average Case Scenario				
	# of Students	# of Students	# of Students	# of Students
	Year 1	Year 2	Year 3	Year 4
	2011	2012	2013	2014
New Students	40	48	58	69
	2011	2012	2013	2014
Revenue				
Term 1	\$17,100	\$66,690	\$85,500	\$112,860
Term 2	\$15,390	\$59,850	\$66,690	\$76,950
Term 3	\$13,680	\$53,010	\$59,850	\$68,400
Term 4	\$11,970	\$37,620	\$53,010	\$49,590
Term 5	\$27,360	\$54,720	\$71,820	\$73,530
Term 6	\$23,940	\$49,590	\$64,980	\$66,690
Term 7	\$56,430	\$85,500	\$58,140	\$59,850
Term 8	\$51,300	\$66,690	\$94,050	\$102,600
Total Program Revenue	\$217,170	\$473,670	\$554,040	\$610,470
Expenses				
Program Chair (full time faculty)	\$85,000	\$85,000	\$90,000	\$90,000
Other Full-Time Faculty	\$30,000	\$116,500	\$123,075	\$129,729
Adjunct Faculty	\$18,000	\$26,000	\$28,000	\$52,500
Faculty Research Stipends	\$6,500	\$6,500	\$6,500	\$6,500
Library Additions	\$10,000	\$10,000	\$10,000	\$10,000
Space	\$0	\$0	\$0	\$0
Admin. & Student Serv.	\$16,666	\$17,166	\$17,681	\$18,211
Online Course Dev.	\$80,000	\$50,000	\$10,000	\$0
Bad Debt Expense	\$6,515	\$14,210	\$16,621	\$18,314
Online Seat Fees	\$1,576	\$3,434	\$3,950	\$3,626
Marketing	\$100,000	\$103,000	\$106,090	\$109,273
Total Program Expenses	\$354,257	\$431,810	\$411,917	\$438,153
Net Income	(\$137,087)	\$41,860	\$142,123	\$172,317
*Faculty Expense Detail				
Courses per Year	12	26	28	33
Dr. Patalano Course Load	3	5	6	5
Dr. Chris Weir Course Load	1	4	4	4
Deborah Sementa Course Load	2	3	3	3
Full-Time Faculty Course Load	0	6	7	7
Adjunct Faculty Course Load	6	8	8	14
Dr. Patalano Salary	\$85,000	\$85,000	\$90,000	\$90,000
Dr. Chris Weir Salary	\$10,000	\$10,500	\$11,025	\$11,576
Deborah Sementa Salary	\$20,000	\$21,000	\$22,050	\$23,153
Full-Time Faculty Salary	\$0	\$85,000	\$90,000	\$95,000
Adjunct Faculty Expense	\$18,000	\$26,000	\$28,000	\$52,500
Total Faculty Expense	\$133,000	\$227,500	\$241,075	\$272,229