

BOARD OF HIGHER EDUCATION
REQUEST FOR COMMITTEE AND BOARD ACTION

COMMITTEE: Academic Affairs

NO.: AAC 18-36

COMMITTEE DATE: June 12, 2018

BOARD DATE: June 19, 2018

REVOCATION OF THE DEGREE GRANTING AUTHORITY OF THE NATIONAL GRADUATE SCHOOL OF QUALITY MANAGEMENT, INC.

MOVED: The Board hereby revokes the legal authority of **The National Graduate School of Quality Management, Inc.** to operate and grant degrees in the Commonwealth of Massachusetts retroactive to May 31, 2018.

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

Contact: Patricia A. Marshall, Ph.D., Deputy Commissioner for Academic Affairs and Student Success
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Background

The National Graduate School of Quality Management, Inc. (NGS) is a private, non-profit college with a primary location in Falmouth, MA. NGS was founded in 1994 as Total Quality Management The Master's Degree, became The Falmouth Institute of Quality Systems Management, Inc. in 1997, and adopted the NGS name in 1998. In November 1997, the school was granted the authority by the Board of Higher Education to offer a master's degree.

NGS had additional campus locations in California, Texas, Florida, and Virginia, and for a time it operated in other states exclusively on military bases. It received approval from those other states to offer a bachelor's degree and a doctoral degree, but NGS was only authorized to grant a master's degree in Massachusetts. NGS's programs in Massachusetts were almost exclusively conducted via online education.

In April 2012, reports surfaced in the press alleging possible excessive compensation of NGS's then-president, Robert Gee, and potential improper use of charitable funds on personal extravagances. The Massachusetts Attorney General's Office launched an investigation into the governance and spending of NGS, and while President Gee stepped down in September 2012, the allegations in the media and the ongoing nature of the Attorney General's investigation severely damaged NGS's enrollment. In 2014, NGS's board of directors was entirely reconstituted with new members, and the new leadership believed that it could gradually repair NGS's reputation, increase enrollment, and stabilize its finances such that the institution would be able to continue operating. However, by mid-2017, NGS determined that "school operations causing financial losses have deteriorated net asset value of the institution. The institution lacks sufficient capital resources to continue stand-alone operations of the degree programs."

NGS decided to merge with the New England College of Business and Finance, LLC (NECB), a Boston-based private, for-profit institution of higher education whose student body and programmatic offerings are similar to NGS. The merger entailed the wholesale transition of NGS's programs from NGS to NECB and the subsequent closure of NGS as a separate institution. BHE staff was notified of the proposed merger with NECB and closure of NGS through informal meetings during the spring and summer of 2017, and received formal notification of the closure on December 1, 2017. At that time, NGS enrolled 154 students total, with 52 in the BHE-approved master's degree program.

As part of the merger, NECB requested and received authority from the BHE, via the expedited program approval process for private institutions, to grant the NGS bachelor's and master's degrees, and students were transitioned seamlessly to NECB; the curriculum, faculty, and cohorts remained the same. NECB also received approval from the state of Florida to offer NGS's doctoral program, and those students were transitioned smoothly as well. The merger was completed, and all students transitioned, by May 31, 2018.

Throughout the closure process, NGS worked closely with BHE staff to ensure compliance with state requirements related to the closure of the school. The required Letter of Intent and the complete Notice of Closure documentation was submitted to BHE staff on December 1, 2017. Staff requested some follow-up information, which was willingly and timely provided. All submissions have been deemed thorough and complete.

In compliance with M.G.L., c. 69, §30A and 610 CMR 2.10, a public hearing regarding the closure of NGS was held on April 3, 2018 at the Department of Higher Education, Room 1401, One Ashburton Place, Boston, MA 02108.

Staff Recommendation

Staff recommends that the Board revoke the authority of The National Graduate School of Quality Management, Inc. to operate and grant degrees in the Commonwealth of Massachusetts retroactive to May 31, 2018.