

COMMISSION FOR HIGHER EDUCATION

Friday, June 11, 2010

DECISION ITEM A-1:

Master of Business Administration To Be Offered by Indiana State University in Hendricks County

Staff Recommendation

That the Commission for Higher Education approve the Master of Business Administration to be offered by Indiana State University in Hendricks County, in accordance with the background discussion in this agenda item and the *Abstract*, May 28, 2010; and

That the Commission recommend no new state funds, in accordance with the supporting document, *New Academic Degree Program Proposal Summary*, May 28, 2010.

Background

At its September 2009 meeting, the Commission for Higher Education discussed, but did not act upon, the proposed program. The University re-started discussions with Commission staff earlier this year, resulting in new information about the program and its rationale.

Indiana State University currently offers an evening, fully classroom-based Master of Business Administration (MBA) on its Terre Haute campus. This program is relatively small and experienced a decline in enrollments between FY2004-FY2008, with headcount and FTE enrollment going from 87 to 69 and 53 to 44, respectively. However, FY2009 enrollment is almost at FY2004 levels: 83 (headcount) and 48 (FTE). In FY2009, the program had 27 graduates.

The market to be served by the proposed program is Hendricks and Boone Counties. ISU will utilize one of two possible locations to offer the classroom-based instruction: the Plainfield Community School Corporation's Transportation Facility in Plainfield Industrial Park or the Fire Territory Building in Brownsburg. Approximately 60 percent of the program is classroom-based, with the remainder utilizing information technologies in support of projects and assignments of significant duration. To complete the program, students will take two classes during each of six, consecutive ten-week long semesters, with an individual class requiring 5-6 face-to-face meetings. Classes will be taught almost exclusively by tenured or tenure-track full-time faculty based in Terre Haute.

Three groups of students comprise the clientele to be served by the program: (1) junior professionals who aspire to rise within their companies to the executive ranks; (2) underemployed individuals, who have dead-end jobs and need to switch

employers and/or positions to be in a career ladder that leads somewhere; and (3) people who want to return to the workforce, after a voluntary absence or being laid off. The University is particularly targeting the first group, who are expected to comprise about three-quarters of the students.

The proposed MBA will cost a student about \$22,000 to complete, which is more than double what the on-campus program costs (see attached table). Indiana State offers several explanations for this: (1) the University does not differentiate graduate programs by tuition, a practice followed by some institutions to better align program revenue with actual cost; if ISU did differentiate fees by program – and such a policy is now being considered – the tuition for the on-campus MBA would increase, perhaps by 50 percent, thus narrowing the gap between the on- and off-campus programs; (2) the off-campus fees are still favorable prices compared to other MBA programs (see attached table); (3) the off-campus program entails additional expenses, such as lease of the facility and travel expenses for faculty; (4) the fees for the off-campus include all books and ancillary course materials, which are not reflected in the on-campus fees or the fees of programs offered by other institutions.

Enrollment targets for the program are expected to be met because the University indicates there are many students who still seek an MBA for career advancement and who are quite capable, with GMAT that are high, but not high enough for the most selective programs. In addition, the principal clientele to be served (aspiring junior professionals) typically have access to tuition reimbursement programs, such as those available to employees of Duke Energy, Hendricks Health, and FedEx – three companies that support the program and expect to enroll students.

At this point, Indiana State does not have any plans to propose additional off-campus degree programs for the central Indiana region.

Supporting Documents

- (1) *Abstract – Master of Business Administration To Be Offered by Indiana State University in Hendricks County, May 28, 2010.*
- (2) *New Academic Degree Program Proposal Summary – MBA, May 28, 2010.*
- (3) *Comparison of Tuition and Fees – MBA Programs in Central Indiana, June 2, 2010*

Abstract

Master of Business Administration
To Be Offered by
Indiana State University in Hendricks County

May 28, 2010

Objectives: To offer a ten-week, compacted term Professional Master of Business Administration (MBA) at an off-campus site

Clientele to be Served: Students who have five or more years of professional experience.

Curriculum: A minimum of 33-36 semester credit hours are required to complete the program, distributed as follows:

Introductory Course (3 credit hours)

- Advance Management Practices

Core Courses (12 credit hours)

- Managing the Strategic Workforce (3)
- Strategic Financial Decisions (3)
- Strategic Supply Chain and Operating Decisions (3)
- Strategic Marketing Management (3)

Business Tools (9 credit hours)

- Quantitative Problem Solving (3)
- Management Accounting (3)
- Management Information Systems (3)

Culminating Experience (3 credit hours)

- Dynamic Strategy: An Integrated Approach (3)

Electives (15 credit hours)

- Non-Concentration Option (two courses; 6) **or**
- Concentration Option (three courses; 9)

Employment Possibilities: Graduates can expect to obtain general and operational manager positions in a variety of occupational fields.

NEW ACADEMIC DEGREE PROGRAM PROPOSAL SUMMARY

May 28, 2010

I. Prepared by Institution

Institution/Location: Indiana State University to be offered in Hendricks County
 Program: MBA

	Year 1 FY2010	Year 2 FY2011	Year 3 FY2012	Year 4 FY2013	Year 5 FY2014
Enrollment Projections (Headcount)					
Full-Time	0	0	0	0	0
Part-Time	27	49	49	49	49
Total	27	49	49	49	49
Enrollment Projections (FTE)					
Full-Time	0	0	0	0	0
Part-Time	18	33	33	33	33
Total	18	33	33	33	33
Degree Completions Projection	0	22	22	22	22
New State Funds Requested (Actual) *	-0-	-0-	-0-	-0-	-0-
New State Funds Requested (Increases) *	-0-	-0-	-0-	-0-	-0-

II. Prepared by CHE

New State Funds To Be Considered For Recommendation (Actual) *	-0-	-0-	-0-	-0-	-0-
New State Funds To Be Considered For Recommendation (Increases) *	-0-	-0-	-0-	-0-	-0-

CHE Code: 09-19
 Campus Code: 9563
 County: Marion
 Degree Level: 07
 CIP Code: Federal – 520201; State – 520201

* Excludes new state dollars that may be provided through enrollment change funding.

COMPARISON OF TUITION AND FEES FOR ENTIRE PROGRAM - MBA PROGRAMS IN CENTRAL INDIANA (2008-2009)

Graduate Program	Type	Tuition and Fees*	Per Credit Hour	AACSB
Ball State Miller	Full-time/Part-time	22,344.00	620	Yes
Butler	Full-time/Part-time	25,800.00	717	Yes
Indiana State Scott (on-campus)	FT/PT Evening	10,494.00	318	Yes
Indiana State Off-campus (proposed)	Part-time Professional	22,248.00	618	Yes
Indiana Wesleyan	On-line	24,168.00		No
IU Kelley	Full-time	50,996.00		Yes
IU Kelley	On-line	~40-42,000.00	995	Yes
IU Kelley	Executive	~66,000.00		Yes
Purdue Krannert	Full-time	39,328.00	1092	Yes
Purdue Krannert	Weekend	43,500.00	1208	Yes
Purdue Krannert	Executive	75,000.00		Yes
University of Indianapolis	Executive	25,480.00		No
University of Indianapolis	Evening	19,125.00	531	No
University of Phoenix	Indianapolis campus	29,700.00	550	Yes
University of Phoenix	On-line	40,230.00	745	Yes

* These data were obtained through searches of the program web sites, the University Bursar's websites, and other publicly available information.