

New Academic Degree Program: Master of Science in Business (MSB)

BACKGROUND

Program Proposed Start Date

Fall 2018

Program Description

The new degree program proposed is a Master of Science in Business (MSB)

The full proposal is available at: <https://secure.oregonstate.edu/ap/cps/proposals/view/102135>

The College of Business (COB) proposes to offer a Master of Science degree in Business (MSB) with specializations in Financial Planning and Supply Chain Analytics. The MSB provides students a focused exploration of a specific business discipline or topic.

Financial Planning encompasses individual wealth management planning including such topics as tax planning, estate planning, insurance, retirement planning, and portfolio allocation. An MSB in Financial Planning will satisfy the academic course requirements for a candidate to earn a Certified Financial Planning designation.

An MSB in Supply Chain Analytics is a combination of the disciplines of Supply Chain and Logistics Management and Business Analytics. Supply Chain and Logistics Management (SCLM) develops a solid mastery of international operations, logistics, and supply chain management concepts and methods. Business Analytics leverages advances in software interoperability, data exchange mechanisms and data mining and visualization techniques to better understand their operations, customers, and markets enabling graduates to manage internal operations and global supply chains in the manufacturing and service sectors and in government agencies. The combination of these two disciplines into Supply Chain Analytics is a unique focus on the uses of data management and data analytics to explore the characteristics of supply chains and identify value-enhancing efficiencies.

Program Context

As part of the strategic initiatives of the college, we are working to expand access to all of educational programs, both undergraduate and graduate. We have diligently added new programs to meet market demand and are offering those programs across multiple locations (Corvallis, Portland, Bend) and modalities (on-campus face-to-face, fully asynchronous online, and hybrid formats that blend asynchronous and synchronous online and face-to-face formats).

The college is also attentive to increasing the efficiency of our program offerings. We gain efficiency by using the same course within multiple degree program offerings. That is, we can use the same course within our existing MBA program, the proposed MSB program, and the existing and proposed graduate certificates. This enables the MSB, graduate certificate in Business Fundamentals, and graduate certificate in Supply Chain and Logistics Management to bundle existing courses within the MBA program into alternative degree structures that enable us to extend our graduate education to additional students across locations and modalities.

The MBA degree program requires 60 credit hours of coursework: 15 credits (5 courses) of general business fundamentals knowledge (termed core-1 coursework), 27 credits (9 courses) of general management education found in most MBA programs (accounting, ethics, finance, management, marketing, statistics, etc.), and 18 credits (5-6 courses) specific to a desired specialization (business analytics, corporate finance, innovation management, marketing, organizational leadership, and supply chain and logistics management).

The proposed MSB degree is a subset of the MBA degree program that only requires 45 credit hours of existing coursework (no new courses are required). The curriculum includes the 15 credits of business fundamentals courses and 30 credits specific to the desired specializations. The MSB combines MBA specialization coursework to form a more specific focus of study. Supply Chain Analytics combines courses from the MBA specialization in Business Analytics and Supply Chain and Logistics Management. The Financial Planning coursework was originally developed as a Wealth Management option within the MBA program offered on campus. The Wealth Management option has been terminated, with the existing coursework now offered as the Financial Planning Graduate Certificate. The coursework in the Financial Planning Graduate Certificate is bundled within the MSB framework to create the specialization in Financial Planning.

Certificates are designed for audiences who want the specialization to advance their careers but do not want or need a graduate degree. As an example, the first group of individuals who enrolled in our Business Analytics certificate had already earned an MBA from Oregon State University. The certificate allowed them to receive a credentialed specialization independent of the graduate master's degree program.

The business fundamentals (core-1) courses are currently offered face-to-face in Corvallis and fully online (through Extended Campus). The MSB specialization in Financial Planning will be offered via Extended Campus as a hybrid program in Portland. The MSB specialization in Supply Chain Analytics will be offered on-campus in Corvallis and via Extended Campus as a fully asynchronous online program and as a hybrid program in Portland. Graduate coursework offered via Extended Campus in Portland via the "hybrid" format means 80 percent online and 20 percent face-to-face. We anticipate that the majority of Supply Chain Analytics students located in Corvallis will be full-time students completing the program within one year. Supply Chain Analytics and Financial Planning students completing the hybrid program in Portland will be part-time taking one to two online or hybrid courses per term.

Program Purpose/Relationship to University Mission and Strategic Plan

The MSB is most clearly relevant to the university's signature area of "Promoting Economic Growth and Social Progress" and "Advancing the Science of Sustainable Earth Ecosystems." The Supply Chain Analytics specialization targets the efficient allocation of resources marshalled for an economic purpose and to inform this process utilizing available business data. Increasingly, businesses, nonprofits, and other organizations are interested in better using available information in operations, tactical, and strategic decision making. The discipline of Business Analytics employs the combination of rapid growth of available data, both in organizations' data stores and through third parties, and the equally rapid development in software interoperability, data exchange mechanisms, and data mining and visualizations techniques allows organizations improved ability to extract and employ the value from this information to meet stakeholders' needs. The discipline of supply chain focuses on the oversight of materials and information from the supplier, manufacturer, wholesaler, retailer, and consumer, with the goal of meeting consumer needs as efficiently and timely as possible. Thus,

Supply Chain Analytics specifically stimulates economic growth and social progress through the optimization of processes throughout the supply chain based on the collection and analysis of substantial data. Further, devising the most economically efficient method of planning, manufacturing, and delivering of a good or service facilitates a sustainable ecosystem.

The specialization of Financial Planning focuses more on the individual and the discipline around wealth management, tax, estate, retirement, and insurance planning. The role of the financial planner is to both understand the goals and resources of a client and to plan and communicate options for the client to achieve these goals. At many levels, the financial planner is tasked with aiding clients to form a realistic understanding of their economic condition and prospects and to aid in maintaining and building their clients' economic standing.

Need for the Program

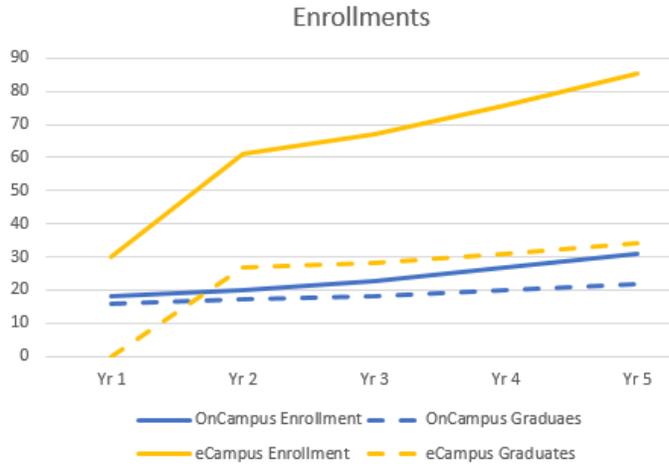
The Graduate Management Admissions Council (GMAC) reports that between 2013-2016, the West (defined as California, Alaska, Hawaii, Nevada, Utah, Idaho, Wyoming, Montana, Washington, and Oregon) experienced the largest increase in the number and the highest total number of GMAT test takers compared to the other five regions of the U.S. Indeed, only the Southwest and West regions experienced an increase in the number of test-takers with the West growing by 1.7% and the Southwest by 0.3%. The GMAT is specifically targeted for graduate business programs, thus suggesting an increasing demand for graduate business degrees both in the state and the region.

Further, GMAC indicates that 51% of GMAT takers are specifically interested in non-MBA business master's or both (MBA/non-MBA) types of programs. Specific to an MSB-type of program, 15% of test-takers reported exclusive interest in an MSB in 2009 compared to 23% in 2016. Business master's programs are especially of interest to women, as only 34% of MBA applicants are women compared to 53% of business master's programs. Among GMAT test-takers targeting master's programs, 23% were considering Finance, of which Financial Planning is a subfield, and 32% were considering either Supply Chain, Data Analytics, or Global Management, which are three dimensions of the Supply Chain Analytics specialization.

The Bureau of Labor Statistics (BLS) predicts an increased demand for Personal Financial Advisors of 73,900 between 2014 and 2024, which represents a "Much Faster than Average" growth of 30%. BLS statistics identify the Portland/Vancouver and Bend areas as having higher than national average shares of employment opportunities in this field. Similarly, positions for Operations Research Analysts are expected to increase by 27,600 between 2014-2024, which is a 30% growth rate and "Much Faster than Average" rate, with the Portland/Vancouver market experiencing above-national-average growth.

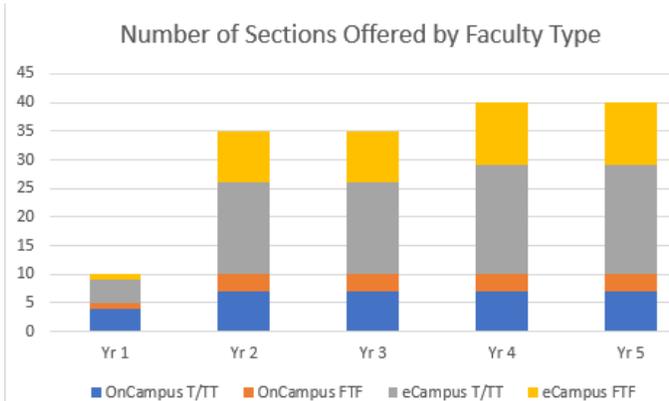
Program Financials

Projected Enrollments: On-campus enrollments are based on current projections of international students that will complete the MBA INTO-OSU Pathway program and progress to pursue a graduate degree in business. There are currently 30 students in the pathway, and we estimate that 60 percent will progress to the MSB. We expect the majority of these students to complete the MSB in 9 months since it only requires 30 additional credits beyond the pathway coursework (graduation rate is assumed to be 90 percent of those who are admitted to the MSB). We projected 10 percent growth in enrollments into the MBA INTO-OSU Pathway program after year one.



Our Extended Campus projections are based on current interest in our Portland hybrid graduate options in Business Analytics, Supply Chain and Logistic Management, and our graduate certificate in Financial Planning. Initially, students in the MSB will be in the same classes as students pursuing the MBA options. As enrollment increases, additional sections of the courses will be offered. We expect the Extended Campus Portland students to be part-time, taking two years to complete the program. We estimate 30 students will begin the MSB program through Extended Campus, with 90 percent graduating after 2 years. We will continue to recruit 30 students per year, which results in 60 enrolled students in year 2.

Instructional Faculty Requirements: Our AACSB accreditation requires that a minimum of 60 percent of our courses be delivered by academically qualified faculty, which typically means Tenure and Tenure Track (T/TT). The remaining 40 percent can be delivered by fixed-term faculty (FTF).

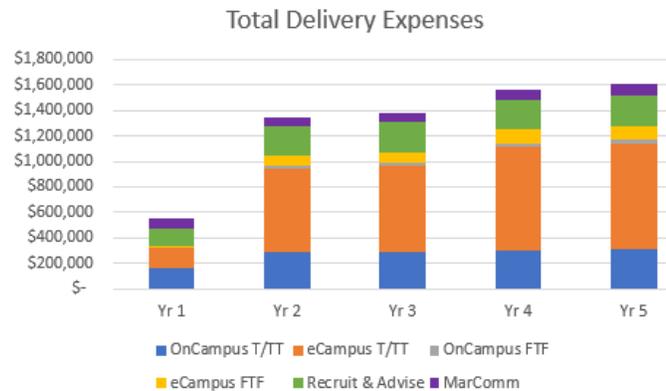


For the on-campus program, five of the required fifteen classes will be delivered within the MBA Pathway, the other ten courses will be delivered by faculty from the COB. We expect relatively steady demand for the on-campus programs. Note that in year one, students can be absorbed into existing SCLM courses that are offered as part of the MBA program.

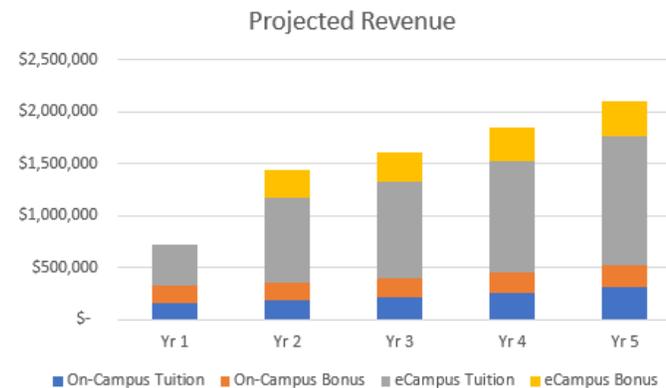
For Extended Campus, all 45 credit hours required for the degree options will be delivered by the COB, with five common core courses serving both specializations and ten courses serving each specialization. With part-time students taking a maximum of two classes per quarter, we will only offer eight sections in the first year. Again, students pursuing the Supply Chain Analytics option will be absorbed into existing courses offered as part of the SCLM option within

the MBA program. In year two, we will offer the five common core classes plus offer ten classes for each specialization. In year four, we will add additional sections of the common core courses.

Cost to Deliver the Program: Faculty salaries are the major expenses for delivering the MSB program. We calculated the average salary plus OPE per course delivered as \$39,785 for tenure/tenure-track and \$11,677 for our instructional faculty. After the first year, we will add an additional academic advisor to handle the projected increase in student enrollment. We have programmed \$75,000 for salary and OPE per year (inflation adjusted in years 2-5) for marketing and promotional materials.



Revenue: There are three sources of revenue to support the program: tuition, differential tuition, and completion bonuses. Using the new proposed budget model, the on-campus program will generate \$74 per student credit hour (SCH) in tuition and \$224 per SCH in differential tuition (there is a 10% tax on the \$249 per SCH differential tuition), for total tuition of \$298 per SCH. We expect on-campus students to complete 30 credit hours in the first year.



For Extended Campus, tuition is \$323 per SCH plus the \$224 differential for a total of \$547 per SCH. The Extended Campus students will typically complete 24 credits per year.

The completion bonus for the college is \$10,034 per graduate, and approximately 90% of the students who enroll in the program will graduate. There is no completion bonus in the first year for Extended Campus since we presume all students will take two years to graduate.

We projected tuition to increase at three percent per year. We held the differential tuition constant (based on the fact that differential tuition does not automatically increase with tuition), and we held the completion bonus constant (it has not been specified how parameters in the new budget model will change in future years). This is the most conservative approach to revenue generation.

Breakeven Analysis: We project positive cashflows in year 1, and income should grow after year 2 with increased enrollments and expanded course offerings.

RECOMMENDATION

All appropriate university committees and the OSU Faculty Senate have positively reviewed the proposed program. The Provost recommends that the Academic Strategies Committee approve the establishment of a Master of Science in Business, effective summer 2018, pending the support of the Statewide Provosts Council and the approval of Higher Education Coordinating Commission.

