

Proposal for Formal (Phase 3) Review  
Program Creation and Reorganization Review Committee  
October 9, 2017

**Part I.** *A detailed statement including all of the following elements, numbered as they are numbered below.*

1. *A description of the proposed program creation or reorganization and identification of the program(s) involved. The description should address changes in reporting relationships, organizational designators (e.g., school vs. department), and the location of faculty lines.*

The university proposes reorganizing the Maine Business School so that it will be comprised of two schools: the Graduate School of Business and the Undergraduate School of Business. Both academic units will be housed within the Maine Business School. The proposed Graduate School of Business will offer the MBA program in Portland and Orono and online. The Graduate School of Business will house all future graduate programs in Business developed by any University of Maine System university. The Graduate School of Business faculty will be made up of UMaine Business faculty members with graduate appointments and Business faculty from the University of Southern Maine with graduate appointments at UMaine. The Graduate School of Business will be led by a dean who will be located in Portland and who will report to the UMaine provost. The Undergraduate School of Business faculty will be made up of UMaine Business Faculty and will be led by a dean located in Orono who will report to the UMaine provost. Most faculty in the Maine Business School teach at both the undergraduate and graduate levels. Therefore, the graduate and undergraduate deans will work in close coordination.

The faculty of the Undergraduate School of Business will consist of those UMaine faculty members who teach at the undergraduate level only and those UMaine faculty members who teach at both the undergraduate and graduate level. The faculty of the Graduate School of Business will consist of the UMaine faculty members who teach at the undergraduate and graduate level, the USM faculty members with graduate appointments at UMaine, and the two new UMaine faculty members (see below) who will teach at the graduate level only (at least for the first three years of their appointments). The attached figure illustrates the organization of the faculty and the reporting lines for the faculty subgroups.

2. *A rationale for the proposed reorganization. The rationale should include concrete examples of expected benefits for students, faculty, the University, and the people of the State of Maine.*

Currently the University of Maine System offers two MBA program – one at USM and one at UMaine. There is competition between these two programs for students and enrollment in graduate Business degree programs at both universities has declined over the past decade.

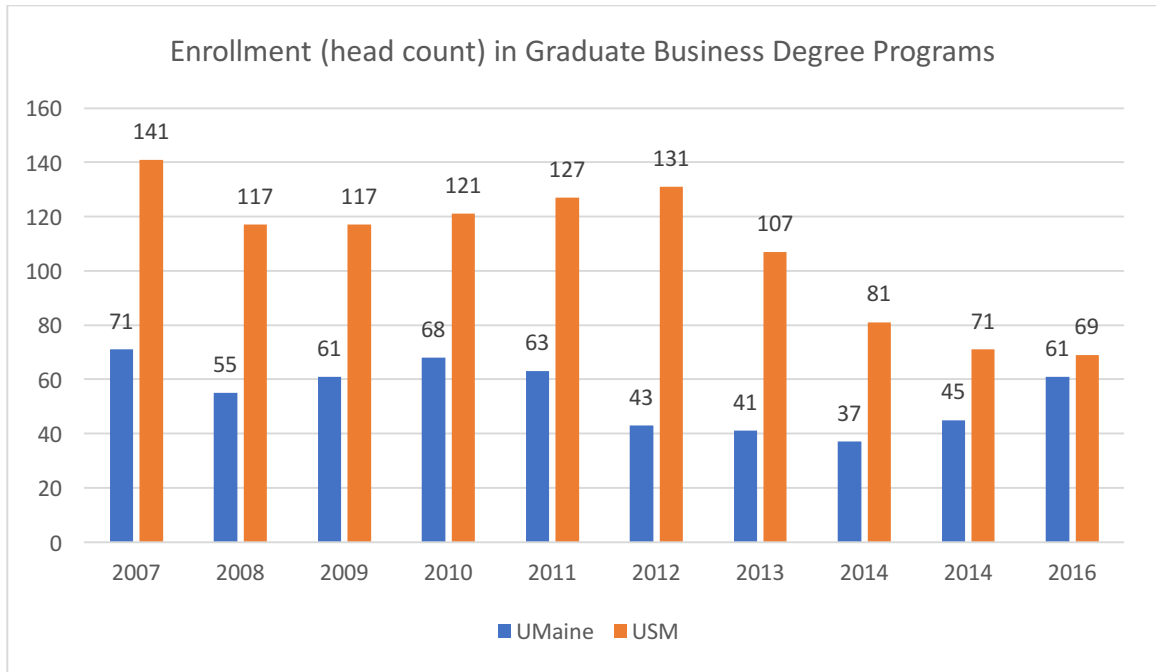


Figure 1. Graduate enrollment

The Graduate School of Business will house the single graduate faculty in business in the University of Maine System. With the appointment of qualified USM faculty to UMaine's graduate faculty in Business, and the addition of the three new hires (see below), the graduate business faculty will more than double in size. The larger faculty will allow for the development of curricular options, and delivery options, that are not available to either MBA program at this time. In addition, the larger faculty will create the potential to develop new graduate certificate and/or degree programs. Co-locating the UMaine MBA program in Portland and the Bangor area – two of the state's largest business centers – will create more opportunities for internships and other university-business collaborations.

The Graduate School of Business will be part of the Maine Center for Graduate and Professional Studies along with the University of Maine Law School degree programs and USM's Masters of Public Health and Masters of Public Policy & Management programs, creating increased opportunities for collaboration among these graduate programs. The Maine Center for Graduate and Professional Studies is not an academic unit but rather a collaboration among academic programs. The vision for the center is to promote collaboration among the graduate program partners to better serve students, businesses, and industry.

<sup>1</sup> UMaine enrollment figures include students in the MS in Accounting program that was discontinued in 2010. UMaine enrollment figures do not include head count of non-matriculated students enrolled in graduate certificate programs which ranged from 1 in 2011 to 11 in 2016.

Specific benefits for students, faculty, the university and the state of Maine include the following.

1. The creation of the Graduate School of Business will result in significant growth of the Business faculty in two ways. First, qualified Business faculty from USM will become members of UMaine's graduate Business faculty. Second, with the assistance of a private foundation, three faculty members (one of whom will serve as dean) will be added to UMaine's Business faculty. There are at least four benefits to expanding the UMaine Business faculty in this way.
  - a. Curricular innovation – given its increased depth and breadth, the faculty will be able to explore additional ways to innovate the MBA curriculum to better serve students.
  - b. Delivery innovation – the faculty will have the critical mass needed to develop alternate delivery methods to reach more students in flexible ways.
  - c. Research collaboration – closer collaboration between the USM and UMaine Business faculties, and the addition of faculty lines, will facilitate research collaborations among faculty members.
  - d. Program development – the larger graduate Business faculty, the proximity to Maine's business centers, and the collaboration with the Law School and Muskie School will create opportunities for faculty to develop new graduate certificate and/or degree programs.
2. Portland is the business center of Maine. More, and larger, companies are located in the greater Portland area than in any other part of Maine. Opportunities for student internships and faculty-industry collaborations will increase by expanding the footprint of Maine's MBA program into Portland. Furthermore, the greater Portland area is a rich market of potential students for the MBA program.
3. Co-locating the dean of the Graduate School of Business in Portland will facilitate collaboration among professional programs. Specifically, the University of Maine School of Law and the USM Masters of Public Policy and Management programs are located in Portland. There will be increased opportunities for curricular and research collaborations among these programs.
4. The Harold Alfond Foundation is Maine's largest private philanthropic foundation and is dedicated to improving the lives of Maine people. The Foundation values collaboration. The Alfond Foundation has been a partner in creating the vision for the Maine Center for Graduate and Professional Studies. The Foundation will provide the funding to hire the dean as well as two new faculty members and has signaled an interest in growing its support for the Center contingent upon the progress made in the coming years. (Outside of the Graduate Center, Alfond Foundation has been a strong supporter of UMaine athletics, recently gave a naming gift for the Alfond W<sup>2</sup> Ocean Engineering Laboratory as well as a gift to create the Stephen King Chair in Literature, and has supported the commercialization of UMaine intellectual property. It behooves the university to steward its relationship with the Alfond Foundation.)

5. The creation of the Graduate School of Business will result in financial support from the Alford Foundation to build two state of the art “smart” classrooms, one in Orono and one in Portland, that will allow for high quality teaching at multiple locations.
  6. Currently, there are two MBA programs offered in the University of Maine System, one at UMaine and one at USM. The Graduate School of Business will house UMaine’s MBA program and USM will suspend admissions to its program and phase it out. A single MBA program will eliminate competition between the two UMS programs, provide opportunities to improve UMaine’s MBA (see 1a and 1b above) and, consequently, better serve students and the state of Maine.
  7. The undergraduate enrollment in the Maine Business School has grown steadily over the past several years. In the past five years (fall 2012 through fall 2016), undergraduate enrollment has grown 22% (283 students). While the central administration has reallocated faculty lines into the Maine Business School to meet the demand, the investment has not kept pace with growth. The addition of faculty resources dedicated to graduate education should free up faculty to better meet the needs of the growing undergraduate enrollment.
3. *A list of potential impacts, including budget impacts. The discussion of budget impacts should identify the amount of E&G budget to be transferred between units, the magnitude of any additional expenses that the receiving unit will be expected to bear as a result of the restructuring, and the number of budgeted positions to be transferred between units. The response should also project the number of faculty positions the reorganized unit is expected to have budgeted to it three years and five years after the reorganization is implemented. To the extent possible, the narrative should identify expected changes in the support budget of the reorganized unit three and five years hence.*

The budget impacts of the proposed reorganization are best understood in phases. The initial phase of the reorganization will require no new E&G investment. Funding for the new positions (the dean of the proposed Graduate School of Business and two faculty lines) will come from the Harold Alford Foundation. There is adequate funding in the HAF gift to fund these positions for three years. Operating funds and funds for support staff will also be covered by the HAF gift for the first three years. The USM Business faculty will be appointed to the graduate faculty of the UMaine MBS but their salary lines will continue to reside at USM.

The salary line for the Dean of the Graduate School of Business will move to E&G in fiscal year 2022 and the salary lines the two faculty positions will move to E&G base funding in fiscal year 2023 (see #4 “*The timing for implementation...*” below). The estimated E&G investments into the Maine Business School to cover the salary and benefits for these positions are \$270,000 in fiscal year 2022 and \$450,000 in fiscal year 2023.

The following factors justify the administration’s commitment to invest these funds into the Maine Business School.

- 1) *Growth of undergraduate enrollment.* As indicated above, the enrollment in the Maine Business School has been steadily increasing over the past several years. The university will need to make investments in the school to assure that students continue to receive a high-quality education. As described above, investments in the faculty resources directed at graduate education will free up resources to direct toward undergraduate education.
- 2) *Growth in graduate enrollment.* As Figure 1 above illustrates, enrollment in graduate programs at UMaine has rebounded, with fall 2017 graduate enrollment continuing the trend seen in 2015 and 2016. The resurgence in graduate enrollment at UMaine is due to the creation of an on-line option for the MBA degree and the development of graduate certificate programs.
- 3) *Enrollment potential.* The creation of the Graduate School of Business will create the opportunity to develop new curricula, new certificate and degree programs, innovative pedagogies, and new delivery methods (see above). These innovations, along with an aggressive marketing campaign, has the potential to significantly impact enrollment in graduate Business programs.
- 4) *Additional support from the Harold Alford Foundation.* The HAF is invested in the Maine Center for Professional Graduate Studies and is committed to its success. UMaine will seek additional support when the current commitment from the Foundation expires. If successful, this support may reduce the E&G investment required for the dean and faculty positions (i.e., we intend to request funds to endow one or more of these positions).

#### 4. *The timing for implementation of any decisions*

The following timetable is a best estimate of the points at which important benchmarks will be met.

November 15, 2017 - Faculty Senate makes recommendation to President Hunter regarding the reorganization of the Maine Business School.

December 1, 2017	President approves reorganization of the Maine Business School. Search for Dean of the Graduate School of Business begins.
December 15, 2017	Submit letter notifying AACSB of substantive change. Submit letter notifying NEASC of substantive change.
January, 2018	UMaine and USM Business faculties begin discussion of curricula, pedagogy, and delivery innovation.
September, 2018	Search for HAF-funded faculty positions begin. USM begins teach-out of MBA program; USM MBA students have choice between USM teach-out curriculum and UMaine MBA curriculum.
September 1, 2019	HAF-funded faculty members start.

- July 1, 2021                      Dean of Graduate School of Business line move to E&G.
- September 1, 2022            HAF-funded faculty lines move to E&G.

5. *Any other information that the proposer wishes the Committee to examine in its deliberations.*

None at this time.

**Part II.** *Below are two lists of considerations (supportive and not supportive) that may be pertinent to an evaluation of the desirability of the proposed reorganization. The proposer should identify those items (e.g., 1a, 2b, etc.) that pertain to the proposal under consideration and include a statement explaining the relevance of each checked item.*

1. *Criteria Supporting Reorganization:*

- a. *On a national or international level, the profession or discipline has changed.*

The options for students interested in obtaining a graduate business degree are expanding. The number of online MBA programs have grown. Many programs have developed niche options within their MBA programs. The creation of the Graduate School of Business will create opportunities for the faculty to develop curricular options, pedagogical innovations, new degree programs, and alternative delivery options.

- b. *Reorganization will better serve the strategic focus of The University of Maine.*

The strategic vision for the University of Maine System is guided by the “One University” concept. While not clearly defined, key aspects of the One University concept are a decrease in competition and increase in collaboration among UMS universities. As the Flagship campus of the University of Maine System, it is to UMaine’s strategic advantage to take a leadership role in advancing the One University concept. The creation of the University of Maine’s Graduate School of Business comes with a commitment from the University of Maine System that all graduate Business programs offered by UMS will be housed within UMaine’s Graduate School of Business. The creation of the Graduate School of Business, therefore, will strengthen UMaine’s position as the leader of graduate education in Maine.

- c. *The proposed reorganization provides a competitive advantage to the unit.*

The proposed reorganization will result in UMaine’s MBA program being the only AACSB accredited graduate business program in Maine. The opportunities for curricular and pedagogical innovation associated with the expansion of the graduate faculty has the potential to give the Graduate School of Business a competitive advantage in the graduate Business education market.

- d. *The viability of the unit is at risk without refocus of direction.*

- e. *The program's scope is too narrowly focused and needs broader, perhaps interdisciplinary, focus or conversely the program scope is too broadly focused and needs tighter focus.*
- f. *Two or more programs have a substantial similarity or affinity of objectives such that economics of operation or improvement in quality may reasonably be expected from their consolidation.*
- g. *The clarity of the program's identity and function will be increased by transfer to or consolidation with another program.*
- h. *The program's contribution to The University of Maine missions of teaching, research, and service does not justify maintenance of its present size.*
- i. *The program is one that if reduced will not substantially impair the viability or quality of other university programs.*
- j. *Budgetary constraints require reorganization of a program within a department, school, or college.*

## 2. Criteria Contraindicating Reorganization:

- a. *The reorganization is sufficiently uncommon within higher education so as to render difficulty in recruitment and retention of quality students and faculty.*

The proposed reorganization is indeed uncommon. Of the 400+ universities with Association to Advance Collegiate Schools of Business (AACSB) accreditation in the United States, none is organized into undergraduate and graduate schools with separate deans reporting to a provost. There are five AACSB accredited programs outside of the United States that are structured in a similar fashion (i.e., distinct graduate and undergraduate organizations under a single accreditation). By and large these are at universities much larger than the University of Maine with much larger Business faculties and much higher enrollments.

The point has been made that the reorganization will make it difficult to recruit and retain quality faculty members. The premise underlying this concern is that the creation of the Graduate School of Business with a dean located in Portland will diminish involvement of the UMaine faculty in graduate education. Involvement in graduate education is an important professional activity for many faculty in the Maine Business School. Should their involvement in graduate education decrease, they may be more likely to leave UMaine. Similarly, it may prove more difficult to recruit high quality faculty to UMaine if the potential faculty members perceive that opportunities for involvement with graduate education are limited. (There is no plan to reduce the involvement of UMaine Business faculty located in Orono in the MBA program. On the contrary, the expanded Business faculty will create the opportunity to develop additional graduate degree programs. As indicated above, one of the reasons for creating the Graduate School of Business is to create more opportunities for graduate education through expanded curricula and delivery options as well as new graduate programs. Furthermore, Eastern Maine business leaders have made clear to the UMaine administration that they want a “live” MBA in Orono for their employees. Finally, there are student populations that want to pursue their MBA at UMaine’s home campus (e.g., students in 4+1 programs; students employed in the greater Bangor area).

*b. The reorganization would endanger the quality and/or accreditation status, where applicable, of one or more of the programs affected.*

The Maine Business School is AACSB accredited. Concerns about the impact on accreditation status have been raised by MBS Dean Manev and by the MBS faculty. The accreditation issue is extremely important. A conference call with the Manager and the Senior Director of the AACSB Accreditation Services took place on July 10, 2017. Prior to the call, the Maine Business School Dean and faculty were invited to submit questions (as were the dean and faculty from USM). These questions were submitted to AACSB ahead of time and were discussed during the call. The questions, notes from the conference call, and copies of follow-up emails can be found in Appendix A. Key take-away points from the call include: 1) accreditation can be at the institutional level with two units (Graduate School and Undergraduate School) reporting under one accreditation. 2) It is important that the mission of the Maine Business School encompasses the activities of the Graduate and Undergraduate schools. 3) There will be one “voting member” for UMaine who will need to represent both the Graduate and Undergraduate schools. 4) UMaine will need to submit a Substantive Change request if the plan moves forward.

*c. The programs, though dealing with similar subject matter, are substantially different in orientation, objective, or clientele.*

*d. The cost reduction of reorganization would be so modest as to make such reorganization rather pointless if cost savings is the primary objective.*

*e. The program's reorganization would have a substantially negative impact on education and societal concerns to Maine.*

*f. The program's reorganization would have a substantially negative impact on strategic goals of The University of Maine.*

*g. The program's reorganization would result in substantial loss of revenue currently derived from grants, contracts, endowments or gifts.*