

New Program Proposal
Master of Business Administration– Concentrations in
Agribusiness and Entrepreneurship,
South Carolina State University

Summary

South Carolina State University requests approval to offer a program leading to the Master of Business Administration, to be implemented in Fall 2005. The proposed program will offer concentrations in agribusiness and entrepreneurship.

The program was approved by the S.C. State Board of Trustees at its meeting in May 2004. It was submitted for Commission review on August 15, 2004, and reviewed and voted upon favorably by the Advisory Committee on Academic Programs (ACAP) at its meeting on September 30, 2004. The single substantive comment was a concern that the proposed program will draw students away from the existing program leading to the Masters of Science in Agribusiness. Representatives of the institution acknowledged the concern but did not feel that there would be a significant impact on the agribusiness program. Clemson University, in the ACAP meeting of July 15, 2004, mentioned that S.C. State is, under the desegregation agreement between the State and the Federal Office of Civil Rights crafted in the early eighties, the only public institution in the state that can offer agribusiness programs. They further stated that they supported the program and saw potential for cooperation with S.C. State in this area.

The purpose of the program is to prepare students to enter a variety of employment areas, including agribusiness, finance, real estate, and commodities trading. The proposal focuses on the relatively low numbers of minorities in agribusiness-related fields, with only 14 African-American students receiving master's degrees in agribusiness/agricultural economics fields out of 330 awarded nationally in 2001-2002. The proposal states that data from the U.S. Department of Agriculture indicates that the demand for agribusiness graduates will exceed the supply by approximately 13%.

The proposal states that the entrepreneurship concentration will prepare graduates for entrepreneurial and small business careers as well as employment in related business and government agency positions. It will also support the state's efforts to promote entrepreneurship as part of the state's business development efforts. The program's students will collaborate with the Small Business Development Center located on S.C. State campus for experiential learning opportunities.

The curriculum for each concentration consists of 36 credit hours. Of these, 15 are in MBA core business courses common to both concentrations, 15 are either required agribusiness or entrepreneurship courses, and six are either agribusiness or entrepreneurship elective credits. Four new courses will be developed for the core curriculum required for both concentrations.

Clemson University is the only other institution in the state offering agribusiness related graduate courses. According to the proposal, these courses are focused toward agricultural economics, are oriented more toward research, and do not duplicate the proposed program.

The program will require two new faculty members in each of the areas of concentration, for a total of four new faculty. Two of these will be hired in the first year (1.5 FTE) and two (2.0 FTE) in the second. One of the faculty hired in the first year will serve as the director of the MBA program (.5 FTE). In addition, six existing faculty (1.5 FTE) will have their duties realigned to support the program in the first year. In the second and subsequent years, there will be 10 headcount (5 FTE) faculty. One new staff member (.5 FTE) will be hired in the first year.

Enrollment in the proposed program is estimated to begin at 20 headcount (15 FTE) in Fall 2004 and increase to 50 headcount (37.5 FTE) in Fall 2009. This is based on recruiting experience in the M.S. in Agribusiness program and on surveys taken of S.C. State juniors and seniors who meet the GPA requirement for the program. S.C. State estimates that 59 % of the students in the program would come from graduates of S.C. State, 20% from graduates of other institutions in the state, and 21% from graduates of out-of-state institutions.

The AACSB International currently accredits the College of Business at S.C. State. According to the proposal, the implementation of the proposed program will raise the requirements for the institution to remain accredited. AACSB requires faculty that are either “academically” or “professionally” qualified. Although the proposal outlines AACSB qualifications for faculty in the areas of academic qualifications, publications, and preparation for teaching, it does not specify how the standards will be raised except for an anticipation that the percentage of “academically qualified” faculty required to maintain program accreditation will be greater than the 50% required for undergraduate programs. It should be noted that S.C. State has requested \$89,365 new dollars in below-the-line budget appropriations to support AACSB accreditation in addition to the \$410,635 in recurring dollars that they currently receive. While the proposed program is not mentioned in the rationale for the increase, any increased funding for accreditation purposes will almost certainly be to the benefit of the program.

The existing facilities in Belcher Hall are adequate to handle the program. There are no new equipment needs for the program. However, the University indicates that the current library holdings, while adequate to support the program, need augmentation because many are out of date. Existing holdings will be augmented through acquisition of electronic source material and replacement of outdated texts. The librarian has recommended a replacement schedule for over 4,000 volumes over the first five years of the program. The cost to replace these volumes, \$118,200 per year, is included in the program costs.

New costs for the program are estimated to begin at \$317,450 in year one and include program administration (\$48,750), faculty salaries (\$117,500), graduate assistants (\$18,000), clerical support (\$12,500), supplies and materials (\$2,500), and library resources (\$118,200). Estimated costs increase to \$486,812 in the second year, with the primary increase being in faculty salaries (\$275,525). By the fifth year, the annual costs are \$528,212 and include program administration (\$54,896), faculty salaries (\$301,074), graduate assistants (\$36,000), clerical support (\$14,069), supplies and materials (\$4,000), and library resources (\$118,200). The total estimated new cost is \$2,356,878 for the program's first five years.

Shown below are the estimated Mission Resource Requirement (MRR) costs to the state and new costs not funded by the MRR associated with implementation of the proposed program for its first five years. Also shown are the estimated revenues projected under the MRR and the Resource Allocation Plan as well as student tuition.

| Year | Estimated MRR Cost for Proposed Program | Extraordinary (Non-MRR) Costs for Proposed Program | Total Costs | State Appropriation | Tuition | Total Revenue |
|--------|---|--|------------------|---------------------|-----------|------------------|
| Year 1 | \$205,980 | | \$205,980 | \$0 | \$85,662 | \$85,662 |
| Year 2 | \$432,558 | | \$432,558 | 82,779 | \$180,207 | \$262,986 |
| Year 3 | \$484,053 | | \$484,053 | 173,647 | \$201,344 | \$374,991 |
| Year 4 | \$494,352 | | \$494,352 | 194,062 | \$205,800 | \$399,862 |
| Year 5 | \$514,950 | | \$514,950 | 198,544 | \$214,683 | \$413,227 |

These data demonstrate that if South Carolina State University can meet the projected student enrollments and contain costs as they are shown in the proposal, the program will not be able to cover new costs with revenues it generates by the fifth year of its implementation.

In summary, S.C. State is proposing a program leading to the Masters of Business Administration with concentrations in Agribusiness and Entrepreneurship to begin in the Fall of 2005. The program will prepare graduates to work in a number of fields related to agribusiness management and entrepreneurship, with an emphasis on small business areas. Students will primarily be drawn from S.C. State's own graduates (59%), with the rest coming from other South Carolina institutions and out-of-state institutions.

Recommendation

The Committee on Academic Affairs and Licensing recommends that the Commission approve South Carolina State University's proposed program leading to the Masters of Business Administration with concentrations in Agribusiness and Entrepreneurship for implementation in Fall 2005, provided that no "unique cost" or other special state funding is requested or required.