



**TO:** Higher Education Committee  
**FROM:** John L. D'Agati *John L. D'Agati*  
**SUBJECT:** Permission to Operate: Hult International Business School  
**DATE:** August 29, 2012  
**AUTHORIZATION(S):** *John L. D'Agati*  
**SUMMARY**

### **Issue for Decision**

Should the Board of Regents give Hult International Business School permission to operate in New York State and to offer courses in New York City leading to the partial fulfillment of five master's degrees: Business Administration (MBA), Social Entrepreneurship (MSE), International Business (MIB), Finance (MFin), and International Marketing (MIM)?

### **Reason(s) for Consideration**

Required by State statute and State regulation.

### **Proposed Handling**

This question will come before the Higher Education Committee at its September 2012 meeting, where it will be voted on and action taken. It will then come before the full Board at its September 2012 meeting for final action.

### **Procedural History**

Education Law §224(1)(a) and §3.56 of the Regents Rules prohibit any operation by out-of-state higher education institutions in New York without prior permission of the Board.

### **Background Information**

Hult International Business School, an independent business school with branches in Boston, San Francisco, London, Dubai, and Shanghai, has applied to the Board of Regents for permission to operate in New York State. The School seeks

permission to offer courses in New York City leading to the partial fulfillment of five master's degrees: Business Administration (MBA), Social Entrepreneurship (MSE), International Business (MIB), Finance (MFin), and International Marketing (MIM). Degrees would be granted from Hult's main campus in Boston, Massachusetts under the aegis of its accreditation by the New England Association of Schools and Colleges.

Consistent with its master planning process, the Department conducted a canvass of all degree-granting institutions in the New York City region. The Department received responses from ten institutions. Four expressed support for the proposed program or indicated it would have no effect on their institution. Six institutions questioned the need for the program. More information about the canvass results appears in the *Information in Support of the Recommendation* section of this item.

### **Recommendation**

It is recommended that the Board of Regents grant permission to Hult International Business School to operate in New York State and offer courses in New York City leading to the partial fulfillment of five master's degrees: Business Administration (MBA), Social Entrepreneurship (MSE), International Business (MIB), Finance (MFin), and International Marketing (MIM).

### **Timetable for Implementation**

Regents approval would be effective immediately and extend through September 30, 2015.

## Information in Support of Recommendation

Hult International Business School, an independent business school with branches in Boston, San Francisco, London, Dubai, and Shanghai, has applied to the Board of Regents for permission to operate in New York State. The School seeks permission to offer courses in New York leading to the partial fulfillment of five master's degrees: Business Administration (MBA), Social Entrepreneurship (MSE), International Business (MIB), Finance (MFin), and International Marketing (MIM). Degrees would be granted from Hult's main campus in Boston, Massachusetts under the aegis of its accreditation by the New England Association of Schools and Colleges.

**Relationship to Hult's Mission and Existing Programs:** Hult states that the proposed New York campus would enhance the institution's mission to bring together the peoples, cultures, and ideas throughout the world and help students achieve success in a global economy. Central to Hult's curriculum is the Global Campus Rotation program, which provides students the opportunity to study at more than one Hult location.

**Curriculum:** In New York, students would be able to complete 46 of 58 credits toward the MBA; 32 of 39 credits toward the MIB; 31 of 39 credits toward the MSE; and 6 credits of 39 credits toward either the MFin or MIM. Courses taught in New York would be substantially identical to those taught at Hult's other global campuses.

- The principal objective of the Master of Business Administration program is to equip junior business managers with the skills and knowledge deemed necessary for internal promotion or career change. Students admitted to the MBA program typically have at least five years of work experience; exceptional candidates may be admitted with three years of work experience.
- The Master of International Business program is designed to acquaint students with the fundamentals of global business practice so that they may be eligible for entry-level positions. Typical students enrolled in this program have fewer than three years of work experience.
- The Master of Social Entrepreneurship program teaches students how to apply business skills in a socio-political context. Candidates are encouraged to think creatively toward deriving unconventional, yet practical solutions to global social problems.
- The Master of Finance program is oriented to the study of capital markets, with a focus on market microstructure, as opposed to commercial and investment banking.
- The Master of International Marketing program focuses on marketing strategy, sales, advertising, pricing, public relations, and new product development, with an emphasis on new media and digital marketing.

No single degree program would be offered in its entirety in New York. All MBA, MIB, and MSE students in New York would be required to rotate to at least one other Hult location during the course of their studies. Likewise, MFin and MIM students from

existing Hult campuses could rotate to New York during certain modules of the academic year.

**Requirements for Admission:** Admission to all degree programs requires an undergraduate degree with demonstrated academic success. For the MBA, admission requires a competitive GMAT score (this current year's incoming MBA class will average a GMAT score of 560). GRE scores for the other degree program classes are roughly equivalent to the 590-level GMAT, based on industry standard equivalency charts. All students are required to be fluent in English, as demonstrated by both (1) a suitable TOEFL score and (2) multiple interviews with Admissions staff.

**Prospective Student Body and Projected Enrollment:** Approximately 90 percent of Hult's current student body is made up of non-US nationals. This number is consistent across Hult's global campuses, and Hult states that it will maintain a similar demographic among students studying in New York. Total enrollment is projected to be 120 full-time students in Year 1, and 210 full-time students in Year 3.

**Faculty, Facilities, and Resources:** In New York, Hult plans to replicate its existing campus facilities. This includes auditorium-style lecture halls with LCD screens, breakout rooms for group work with LCD screens for presentations, and common space to encourage informal discussion and intellectual ferment among students, faculty and guests. Hult maintains a digital library system offering access to a wide variety of research databases and textbooks. Each student will be equipped with an iPad at the beginning of each academic year containing applications enabling scholarship, research and local navigation. The School has begun negotiations with the New York Public Library and Cooper Union to provide student access to additional library resources.

Hult's proposed New York campus will be staffed by a team of approximately 20 faculty members dedicated to teaching and to research that is practical in application. Virtually all of the faculty members in New York will hold full-time positions with the school and hold doctorates in their respective fields. Hult will also staff the proposed New York campus with professionals in student services, career services, corporate relations, and registrarial functions.

**Employment Prospects for Program Graduates:** Between 80-85 percent of Hult's students are employed within three months of graduation. MBA graduates have an average starting salary of \$90,000, and master-level graduates have an average starting salary of \$65,000. The vast majority of these students find work outside of the United States, typically in their home country. Hult students pay off their student debt, on average, within approximately 1.1 years of graduation. Graduates enter a variety of sectors, the best-represented being Telecoms, Financial Services, Manufacturing, and Consulting.

**Planning Review:** The Department conducted a canvass of all degree-granting institutions in the New York City region. The Department received responses from ten institutions. Four institutions expressed support for the proposed program or indicated their programs would not be affected. Six institutions expressed concerns about the need for the program and its impact on their institutions. The following table summarizes the comments of these six institutions and Hult's responses.

Institution and Comments	Hult Response
<p><b>SUNY at Binghamton</b> (Note: this institution has a “fast track” MBA in New York City)</p> <p>Hult is not accredited by either AACSB or EFMD (EQUIS accreditation), the two most widely recognized accrediting bodies for business programs.</p>	<p>The worldwide operations of Hult are accredited by the New England Association of Schools and Colleges (NEASC). The School gained accreditation from the Association of MBAs (AMBA), the most common business school accreditation in Europe, in 2006. This accreditation has been extended to each of the campuses that Hult has opened subsequently.</p>
<ul style="list-style-type: none"> <li>• The proposal does not provide any points of differentiation in comparison to existing programs in the NYC area.</li> <li>• There are already more than 35 MBA programs available to students in the New York metropolitan area.</li> </ul>	<p>Hult’s international focus pervades everything the School does. Unlike courses in most US business schools, Hult courses are not US-centric. The diverse student body adds to this international flavor. Because a normal Hult class has representatives from 40 different countries, the in-class discussion naturally covers the key differences in business, consumer demand and culture across different parts of the world.</p>
<p>It appears that this is entirely a branch campus offering (full program).</p>	<p>No student will be able to start and finish their degree program entirely within New York; all students will have to spend some period of time at another Hult campus.</p>
<p><b>SUNY Empire State College</b></p> <p>The College offers an MBA in Management that has capacity in New York City. Its facilities in Manhattan and Brooklyn support program faculty and provide ample meeting space for students. The College has the ability and capacity to support additional students.</p>	<p>The key differentiation in the Hult educational experience is its global campus reach and focus on international business. No other School enables students to pursue a consistent and methodical course of study in up to three global financial capitals. This international focus pervades everything the School does. Unlike courses in most US business schools, Hult courses are not US-centric. The diverse student body adds to this international flavor. Because a normal Hult class has representatives from 40 different countries, the in-class discussion naturally covers the key differences in business, consumer demand and culture across different parts of the world.</p>
<p>While Hult states that it will not recruit within New York, authorization of the institution and its MBA within New York would permit just such recruitment.</p>	<p>Hult has no intention of recruiting students extensively within the Greater New York area for its New York campus. Looking at the enrollments at Hult’s existing campuses, very few students are from the local area (taking the state of Massachusetts as local for the Boston campus, or California as local to the San Francisco campus). In Boston, 2 of 285</p>

Institution and Comments	Hult Response
	full-time students are “local,” while in San Francisco 3 of 625 full-time students are “local.”
The complete program would be available, and the site would be available for students rotating from other campuses.	No student will be able to start and finish their degree program entirely within New York; all students will have to spend some period of time at another Hult campus.
<p><b>Monroe College</b>            If they wish to “bring together the peoples, cultures, and ideas throughout the world,” they would be better positioned to achieve their goal if they entered into articulation agreements with one or more of the pre-eminent universities in the City of New York with both world-recognized graduate business programs and diverse populations.</p>	<i>(No response specific to this observation.)</i>
The Hult proposal indicates students would complete a significant number of credits in New York, leaving few courses to be taken at other Hult locations to promote cultural diversity.	The best-represented states in Hult’s student body, largely following population and GDP patterns, are India, China, and Germany, each contributing in any given year between 10% and 15% of the School’s students. For the upcoming academic year, 9% of the total Hult student population are US nationals. Since the core value proposition of the school is launching international careers, the representation of US nationals in the US campuses is lower than in other campuses. In the upcoming year US nationals will represent only 8% of the student population in Boston and San Francisco. Students studying at a proposed New York campus would not differ significantly from this makeup.
The proposal does not further the Regents goal of improving access, quality and performance of higher education. The proposed program would benefit foreign students, not New Yorkers. It would benefit Hult, not the New York higher education community. It would establish a precedent whereby institutions from outside the state would provide programs to a distinct group of students without benefiting either New York State or its population.	<p>Hult will add value to the local community by creating knowledge and serving as a hub and initiator of positive social, cultural and economic activity, should its application be approved.</p> <p>Looking at the <i>Financial Times</i> and <i>Economist</i> rankings (the two rankings most commonly used by international students) only two New York-based institutions rank in the top 100 business schools in the world: Columbia and NYU. Both schools are normally placed in the top 15. No other New York-based schools appear in either ranking (both publications rank 100 institutions). As a mid-ranked institution Hult believes it can fill a gap in the</p>

Institution and Comments	Hult Response
	<p>market: students who cannot gain admission to Columbia (<i>Economist</i> #7; <i>FT</i> #5) or NYU (<i>Economist</i> #12; <i>FT</i> #17) but wish to study in New York at a top 100 school. The management of Hult (<i>Economist</i> #29; <i>FT</i> #65) believes that many students who would like to study in New York are currently choosing institutions in Boston and other locations because of the lack of a mid-ranked institution in New York. As such Hult believes it will bring new students to New York who would otherwise study elsewhere.</p>
<p><b>Pace University</b>  Hult's mission is not sufficiently different from that of Pace. A key component of the Hult mission is a clear desire to attract students to New York City as a destination. Pace also does this as do other schools in New York City. Hult's decision to not recruit locally does not significantly lessen its impact on the recruiting efforts of schools like Pace who recruit many students globally and have done so successfully for many years. About 65% of our nearly 1,200 students in graduate business programs are non-US nationals, many from developing nations.</p>	<p>The key differentiation in the Hult educational experience is its global campus reach and focus on international business. No other School enables students to pursue a consistent and methodical course of study in up to three global financial capitals.</p>
<p>We would like assurance that Hult New York students must participate in the global rotation program.</p>	<p>No student will be able to start and finish their degree program entirely within New York; all students will have to spend some period of time at another Hult campus.</p>
<p>Will the degrees be listed as New York registered programs?</p>	<p><b>SED response:</b> No. Approval of the proposal would <b>not</b> authorize Hult to award degrees in New York.</p>
<p>Hult's emphasis on experiential learning does not distinguish it from Pace. In addition, we offer one-year M.S. programs in business subjects like financial risk management and mobile marketing and social media.</p>	<p>It is Hult's understanding that Pace does not offer a one-year MBA program and therefore is unlikely to recruit from the same pool of students as Hult.</p>
<p>We understand the business value of Hult's New York strategy but are not convinced it is in the best interest of existing schools or local domestic students. The global market is already served in New York City by local schools, including Pace, and Hult's entry is more likely to be detrimental than neutral.</p>	<p>Looking at the <i>Financial Times</i> and <i>Economist</i> rankings (the two rankings most commonly used by international students) only two New York City-based institutions rank in the top 100 business schools in the world: Columbia and NYU. Both schools are normally placed in the top 15. As a mid-ranked institution Hult believes it can fill a gap in the market: students who cannot gain admission to</p>

Institution and Comments	Hult Response
	<p>Columbia (<i>Economist #7; FT #5</i>) or NYU (<i>Economist #12; FT #17</i>) but wish to study in New York at a top 100 school. The management of Hult (<i>Economist #29; FT #65</i>) believes that many students who would like to study in New York are currently choosing institutions in Boston and other locations because of the lack of a mid-ranked institution in New York. As such Hult believes it will bring new students to New York who would otherwise study elsewhere.</p>
<p><b>St. John's University</b>  Final approval of Hult's request should be contingent on Hult securing appropriate facilities and library resources that will satisfy State Education Department requirements.</p>	<p>Hult cannot secure a physical site for its operations until it has permission to operate from the Board of Regents. The School has been actively looking at real estate options. At this stage the most attractive location is to take the bottom two floors of 51 Astor Place (the former location of the Cooper Union). This would provide Hult with about 56,000 square feet designated for education use. Floor plans for this space have been drawn up and key terms have been agreed to with the owner.</p> <p>As a NEASC accredited school, Hult has to provide suitable library facilities to all its students wherever they are in the world. The focus of Hult's library provision is online access to leading research databases. This is because most research today is undertaken online, and online databases can be more easily kept up-to-date and consistent across Hult campuses. The digital focus of our library resources is a point of strength and a key factor in the School's efforts to provide the most complete support possible to its students. All Hult students wherever they are in the world have access to an online virtual library which is accessed through Hult's Academic Gateway (online course management system).</p> <p>Physical library resources at other Hult campuses are provided through partnerships with local universities and through public institutions. For instance, in Boston Hult has a partnership with Suffolk University and in London the University College London. Hult believes that the texts available through the</p>



Institution and Comments	Hult Response
	Cooper Union and through the New York Public Library will be sufficient to support students in their research and learning.
It is not clear how Hult can offer 46 credits in New York unless there is an intent to establish a “home campus” in New York.	<p>No student will be able to start and finish their degree program entirely within New York; all students will have to spend some period of time at another Hult campus.</p> <p><b>SED note:</b> the proposed location would not be considered as a main or branch campus, since students would not be able to complete a full program at the location.</p>
The long-term recruitment goals regarding the composition of the student population are unclear. St. John’s and numerous other New York City-based institutions offer many equivalent opportunities in graduate-level business education that enable non-US nationals to study within the City and have substantial enrollments of such individuals in these programs. It is not evident from the materials provided that there is a demonstrated need or demand for Hult’s programs within the City.	We do not envisage the student population in New York will be significantly different from our other US campuses: 50+ nationalities, with US-nationals taking up between 5-8% of the total population.
<b>CUNY College of Staten Island</b> New York capacity	Hult cannot secure a physical site for its operations until it has permission to operate from the Board of Regents. Therefore, definitive figures on total capacity cannot be given at this time. At this stage the most attractive location is to take the bottom two floors of 51 Astor Place (the former location of the Cooper Union). At this location, the total capacity would be about 270 students.
Undergraduate programs	The focus of Hult International Business School is predominantly postgraduate education. Hult only offers an undergraduate program in its London campus. At this time the School has no intention of launching undergraduate programs in the United States. Moreover, the permission currently sought would not allow Hult to offer undergraduate programs in New York.
Faculty	Hult does not anticipate having a significant effect on the market for business and management faculty in the New York area. The School has already identified and submitted to the New York SED a complete

Institution and Comments	Hult Response
	<p>roster of individuals from its current 250-strong global faculty who would be called upon to teach the New York programs. This plan is in keeping with the faculty's history of traveling within the School's global campus network to deliver instruction where needed. Moreover, the proposed New York offerings fit well within Hult's long-term growth rates and therefore should not be expected to require any significant changes in faculty hiring.</p>