

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 19, 2012

TAB	DESCRIPTION	ACTION
4	FY 2014 BUDGET GUIDELINES – Line Items	Motion to approve
FY 2013 APPROPRIATIONS		
5	a. Information - Institutions & Agencies b. College & Universities c. Community Colleges d. Professional-Technical Education e. Promise A Scholarship f. Promise B Scholarship g. Opportunity Scholarship	Motion to approve
6	AMENDMENT TO BOARD POLICY Section V.R.3.a.iv. – Professional Fees – First Reading	Motion to approve
7	AMENDMENT TO BOARD POLICY Section V.R.3.a.v. – Self-Support Certificate and Program Fees – First Reading	Motion to approve
8	BOISE STATE UNIVERSITY Multi-Sport Product and Apparel Supply Contract with NIKE, Inc.	Motion to approve
9	UNIVERSITY of IDAHO Multi-Year Research & Marketing Agreement with Limagrain Cereal Seeds LLC	Information item
10	UNIVERSITY of IDAHO Capital Project Update - Integrated Research & Innovations Center	Information item

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BUSINESS AFFAIRS AND HUMAN RESOURCES
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SUBJECT

Discussion of FY 2014 Budget Request Process (Line Items)

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures Policy, Section V.B.1.

BACKGROUND/ DISCUSSION

Board-approved budget requests for FY 2014 must be submitted to the executive and legislative branches [Division of Financial Management (DFM) and Legislative Services Office (LSO)] on September 4, 2012. To meet this deadline, the Board has established a process for developing agency and institutional requests that will be finalized at the June 2012 Board meeting. Budget requests are developed in two parts as directed by the DFM Budget Development Manual: maintenance of current operations (MCO) items and line items.

MCO requests are calculated using state budget guidelines and Board policy. The Board's budget request guidelines have historically focused upon the development of line item requests, capital budget requests, special one-time requests (if any), and the timeframe for presenting and approving these requests.

An MCO request includes funding for Change in Employee Compensation (CEC) or other personnel cost increases, inflationary increases for operating expenses (including utilities), and central state agency cost areas (Treasurer, Controller, etc.). These items are calculated using rates established by DFM. Other MCO items include external non-discretionary adjustments such as enrollment workload adjustment (EWA) and health education contract adjustments.

An MCO budget is considered the minimum to maintain operations while line items are funded for new or expanded programs, occupancy costs, and other initiatives deemed important by the Board, institution/agency, Legislature or governor.

The capital building budget request is a separate process with funding provided by the Permanent Building Fund. Agencies and institutions seek funding for major capital projects and major maintenance projects through that process.

STAFF COMMENTS AND RECOMMENDATIONS

Under current economic conditions, it is estimated that state funding will continue to grow at a slow pace. While the increase in FY 2013 state appropriations was very helpful, a true MCO budget which fully funds CEC, health benefits, inflation, replacement capital and EWA would be a significant step in reinvesting in higher education. Staff also recommends the following line item categories for the college and universities:

- Complete College Idaho initiatives (including performance-based funding)
- research initiatives

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- occupancy costs
- unfunded EWA

Complete College Idaho

The Complete College Idaho plan identifies the following key strategies to help attain the Board's 60% goal:

- Transform Remediation – Secondary/Postsecondary Students
 - ❖ Provide needed alignment through the Common Core State Standards, which are built upon workforce and college-readiness expectations.
 - ❖ Develop a statewide framework for transformational models of remedial placement and support.
 - ❖ Develop strategies and goals to improve remediation.
- Demystify College – Postsecondary Students
 - ❖ Implement systemic advising linking education to careers.
 - ❖ Develop a state-level web portal to provide clear information about pathways to degrees and certificates.
 - ❖ Develop strong, guaranteed statewide articulation and credit transfer policies to provide postsecondary options for students and families.
 - ❖ Develop accelerated certificate and degree packages to reduce time to completion.
 - ❖ Employ statewide faculty leaders to develop continuous improvement strategies that promote student success.
 - ❖ Develop options for adult reintegration into postsecondary programs to concentrate on the large number of Idahoans that are near completion.
 - ❖ Develop community college options for cost effective delivery of postsecondary education in Eastern Idaho.
- Structure for Success – Postsecondary Students
 - ❖ Develop accelerated certificate and degree packages to reduce time to completion.
 - ❖ Employ statewide faculty leaders to develop continuous improvement strategies that promote student success.
 - ❖ Develop options for adult reintegration into postsecondary programs to concentrate on the large number of Idahoans that are near completion.
 - ❖ Develop community college options for cost effective delivery of postsecondary education in Eastern Idaho.

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- Reward Progress and Completion – Institutions
 - ❖ Generate reports from the statewide student longitudinal data system that will drive decision making by identifying progress and needs for improvement.
 - ❖ Implement performance funding to incentivize completion and attainment.

These key strategies provide a number of categories or initiatives under which institutions could develop line items to advance the 60% Goal. The performance-based funding initiative (PBFi) will be a critical component of these key strategies. How PBFi will be funded is yet to be determined, but the funding level must be meaningful to drive behavior and the fund source stable.

Research Initiatives

The ongoing funding for CAES and IGEM beginning in FY 2013 represents a significant state investment in applied research. The institutions may request funding targeted at collaborative and viable research projects with potential for a strong return on investment in the form of economic development.

Occupancy Costs

For FY 2013 the Legislature provided almost \$2.4M in ongoing funding for 10 of the 14 eligible facilities. This represents one of the single largest appropriations for occupancy costs in recent history. Nevertheless, there still remain several partially unfunded facilities, and at least one new facility will be coming online in FY 2013.

Unfunded EWA

\$6.6M in ongoing General Funds was appropriated for EWA for FY13. This funding is critical in order to keep pace with costs associated with enrollment growth. There remains over \$17M in prior-year unfunded EWA. As a result of not funding enrollment growth, Idaho's public investment per student is at a 25 year low.

(Note: Another possible funding request might be to target equity among the institutions. However, since the concept of "funding equity" is undefined, Board staff and the institutions are working on developing a definition of the standard(s) for equitable funding, which can be adopted by the Board. The goal is to have this work completed in time for the Board's June 2012 meeting.)

Finally, no state General Funds were provided for Opportunity Scholarship awards for FY 2013. The only funding available for Opportunity Scholarships will be from the corpus and interest earnings. Staff recommends a line item request of \$1,000,000 in ongoing General Funds for scholarship awards.

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The information included in the final budget request must include supporting documentation enough to enable the Board, Division of Financial Management, and the Legislative Budget Office to make an informed decision.

BOARD ACTION

A motion to direct the college and universities to use the following categories to develop FY 2014 Line Item budget requests:

1. Complete College Idaho (CCI) initiatives
2. Research Initiatives
3. Occupancy Costs
4. Unfunded EWA

Moved by_____ Seconded by_____ Carried Yes_____ No_____

A motion to direct Board staff to develop the FY 2014 Scholarships and Grants Line Item budget request to include the Opportunity Scholarship.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 19, 2012

SUBJECT

FY 2013 Appropriation Information – Institutions and Agencies of the State Board of Education

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.B.
Various Legislative Appropriation Bills

BACKGROUND/ DISCUSSION

The 2012 Legislature has passed appropriation bills for the agencies and institutions of the Board.

The table on tab 5a page 3 lists the FY 2013 appropriation bills related to the State Board of Education.

IMPACT

Appropriation bills provide spending authority for the agencies and institutions of the State Board of Education allowing them to offer programs and services to Idaho's citizens.

ATTACHMENTS

Attachment 1 – FY 2013 Appropriations List

Page 3

STAFF COMMENTS

Staff comments and recommendations are included for each specific institution and agency allocation.

BOARD ACTION

Motions are included for each specific institution and agency allocation.

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**BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 19, 2012**

ATTACHMENT 1

**State Board of Education
FY 2013 Appropriations of Interest to Institutions and Agencies**

	General Fund	% Δ From FY 2012	Total Fund
College and Universities	\$227,950,500	8.6%	\$446,362,200
Community Colleges	27,749,900	20.5%	28,349,900
Agricultural Research & Extension Service	23,604,100	4.6%	23,654,100
Health Education Programs	10,119,300	1.2%	10,925,200
Special Programs	8,712,500	0.9%	10,029,700

Agencies

Office of the State Board of Education	2,160,500	2.4%	4,508,300
Professional-Technical Education	48,259,600	3.8%	58,074,200
Public Broadcasting System	1,587,000	15.3%	2,552,700
Vocational Rehabilitation, Division	7,503,000	10.4%	25,277,700
State Department of Education	8,270,600	14.1%	46,389,900

Statewide Issues

Permanent Building Fund	major capital projects; alteration and repair projects
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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 18-19, 2012

SUBJECT

FY 2013 College and Universities Appropriation Allocation

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.C.1.d. and V.S.
House Bill 659 (2012)

BACKGROUND/DISCUSSION

The legislature appropriates to the State Board of Education and the Board of Regents monies for the general education programs at Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and system-wide needs. The Board allocates the lump-sum appropriation to the four institutions based on legislative intent and Board Policy, Section V.S.

According to Board policy, the allocation is made in the following order: 1) each institution shall be allocated its prior year base; 2) funds for the Enrollment Workload Adjustment; 3) funds for new occupancy costs; 4) funding of special allocations; and 5) a general allocation based on proportionate share to total budget request.

IMPACT

This action allocates the FY 2013 College and Universities lump-sum appropriation to the institutions for general education programs, and system-wide needs. The funds allocated along with revenue generated from potential fee increases will establish the operating budgets for the general education program for FY 2013. The FY 2013 Allocation, shown on page 3, consists of the lump-sum appropriation. The FY 2013 appropriation includes ongoing base funding for health insurance increases, a 2% increase in employee compensation, Enrollment Workload Adjustment (EWA), and occupancy costs. Also included is \$2M in ongoing General Funds for the IGEM initiative.

ATTACHMENTS

Attachment 1 - C&U FY 2013 Appropriation Allocation	Page 3
Attachment 2 - Appropriation bill (H659)	Page 5
Attachment 3 - Statement of Purpose/Fiscal Note	Page 9

STAFF COMMENTS

Staff recommends approval of the FY 2013 College and Universities allocation.

BOARD ACTION

I move to approve the allocation of the FY 2013 appropriation for Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and system-wide needs, as presented on Page 3.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

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FY 2013 College and University Allocation
Based on JFAC Action
February 28, 2012

1	Appropriation:	FY12 Appr	FY13 Appr	% Chge	Sys Needs:	FY12 Appr	FY13 Appr
2	General Educ Approp: Bill No. HB659				HERC	1,435,500	1,435,500
3	General Account	209,828,300	227,950,500	8.64%	Innovation	942,600	942,600
4	Endowment Funds	9,616,600	9,927,400	3.23%	Sys Nds	140,000	140,000
5	ARRA Funds	0	0		IGEM		2,000,000
6	Total Gen Acct & Endow Funds	219,444,900	237,877,900	8.40%	Total	2,518,100	4,518,100
7	Student Fees/Misc Revenue	177,262,700	208,484,300	17.61%			
8	One-time Student Fees:						
9	Total Gen Educ Approp	396,707,600	446,362,200	12.52%			
10							
11							
12	Allocation:	B.S.U.	I.S.U.	U.I.	L.C.S.C.	SYS-WIDE	TOTAL
13	FY12 General Account	67,631,800	57,150,200	71,007,400	11,520,800	2,518,100	209,828,300
14	FY12 ARRA Funds (one-time)	0	0	0	0	0	0
15	FY12 Endowment Funds	0	2,121,500	6,164,400	1,330,700	0	9,616,600
16	Remove one-time CAES funds	(530,400)	(530,400)	(530,400)	0	0	(1,591,200)
17	Base Rescission	0	0	0	0	0	0
18	Base Reduction	0	0	0	0	0	0
19	Restore Health Insurance Holiday	0	0	0	0	0	0
20	FY13 Budget Base	67,101,400	58,741,300	76,641,400	12,851,500	2,518,100	217,853,700
21	% Base Change	-0.78%	-0.89%	-0.69%	0.00%	0.00%	-0.73%
22							
23	Additional Funding for FY13:						
24	MCO Adjustments:						
25	Personnel Benefits	1,004,900	983,500	959,900	252,900		3,201,200
26	Inflation including Library B&P	0	0	0	0		0
27	Replacement Items: One-Time	0	0	0	0		0
28	CEC @ 2.0%	1,063,800	1,070,600	1,228,100	191,300		3,553,800
29	Endowment Fund Adjustments	0	(70,400)	153,200	4,300		87,100
29	Nonstandard Adjustments:						
30	Risk Mgmt/Controller/Treasurer	127,000	5,700	32,200	(8,400)		156,500
31	External Nonstandard Adjustments:						
32	Enrollment Workload Adjustment	3,512,200	1,924,200	870,400	348,400		6,655,200
33	Line Items CAES	666,700	666,700	666,600			2,000,000
34	Occupancy Costs	628,600	603,700	651,200	486,900		2,370,400
35	IGEM					2,000,000	2,000,000
36	Total Addl Funding	7,003,200	5,184,000	4,561,600	1,275,400	2,000,000	20,024,200
37							
38	FY13 Gen Acct & Endow Allocation	74,104,600	63,925,300	81,203,000	14,126,900	4,518,100	237,877,900
39	% Change From FY12 Adjusted Budget Base	10.44%	8.83%	5.95%	9.92%	79.42%	9.19%
40							
41							
42	FY13 Estimated Student Fee Revenue	72,384,700	55,637,600	68,350,800	12,111,200	0	208,484,300
43							
44	FY13 Operating Budget	146,489,300	119,562,900	149,553,800	26,238,100	4,518,100	446,362,200
45							

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LEGISLATURE OF THE STATE OF IDAHO
Sixty-first Legislature Second Regular Session - 2012

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 659

BY APPROPRIATIONS COMMITTEE

AN ACT

APPROPRIATING MONEYS TO THE STATE BOARD OF EDUCATION AND THE BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO FOR COLLEGE AND UNIVERSITIES AND THE OFFICE OF THE STATE BOARD OF EDUCATION FOR FISCAL YEAR 2013; PROVIDING NON-GENERAL FUND REAPPROPRIATION FOR FISCAL YEAR 2013; PROVIDING GUIDANCE FOR EMPLOYEE COMPENSATION AND BENEFITS; PROVIDING LEGISLATIVE INTENT FOR SYSTEMWIDE NEEDS; PROVIDING LEGISLATIVE INTENT FOR UNIVERSITY RESEARCH; PROVIDING LEGISLATIVE INTENT FOR REPORTING; AND EXEMPTING APPROPRIATION OBJECT AND PROGRAM TRANSFER LIMITATIONS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. There is hereby appropriated to the State Board of Education and the Board of Regents of the University of Idaho for college and universities, and the Office of the State Board of Education the following amounts to be expended according to the designated programs and expense classes, from the listed funds for the period July 1, 2012, through June 30, 2013:

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	FOR CAPITAL OUTLAY	FOR TRUSTEE AND BENEFIT PAYMENTS	TOTAL
I. BOISE STATE UNIVERSITY:					
FROM:					
General					
Fund	\$64,011,600	\$6,335,200	\$3,757,800		\$74,104,600
Unrestricted					
Fund	<u>55,095,000</u>	<u>15,904,700</u>	<u>1,385,000</u>		<u>72,384,700</u>
TOTAL	\$119,106,600	\$22,239,900	\$5,142,800		\$146,489,300
II. IDAHO STATE UNIVERSITY:					
FROM:					
General					
Fund	\$57,919,100	\$1,603,600	\$2,277,000		\$61,799,700
Charitable Institutions Endowment Income					
Fund	790,600				790,600
Normal School Endowment Income					
Fund	1,335,000				1,335,000

		FOR	FOR	FOR	FOR	
		PERSONNEL	OPERATING	CAPITAL	TRUSTEE AND	
		COSTS	EXPENDITURES	OUTLAY	BENEFIT	TOTAL
					PAYMENTS	
5	Unrestricted					
6	Fund	<u>30,137,900</u>	<u>21,758,000</u>	<u>3,741,700</u>		<u>55,637,600</u>
7	TOTAL	\$90,182,600	\$23,361,600	\$6,018,700		\$119,562,900
8	III. UNIVERSITY OF IDAHO:					
9	FROM:					
10	General					
11	Fund	\$65,319,500	\$5,944,600	\$3,472,100		\$74,736,200
12	Agricultural College Endowment Income					
13	Fund	654,000	45,500	217,300		916,800
14	Scientific School Endowment Income					
15	Fund	2,235,200		762,400		2,997,600
16	University Endowment Income					
17	Fund	1,790,700	166,700	595,000		2,552,400
18	Unrestricted					
19	Fund	<u>35,277,700</u>	<u>33,073,100</u>	<u>0</u>		<u>68,350,800</u>
20	TOTAL	\$105,277,100	\$39,229,900	\$5,046,800		\$149,553,800
21	IV. LEWIS-CLARK STATE COLLEGE:					
22	FROM:					
23	General					
24	Fund	\$11,276,200	\$1,084,000	\$431,700		\$12,791,900
25	Normal School Endowment Income					
26	Fund		1,335,000			1,335,000
27	Unrestricted					
28	Fund	<u>9,302,600</u>	<u>2,808,600</u>	<u>0</u>		<u>12,111,200</u>
29	TOTAL	\$20,578,800	\$5,227,600	\$431,700		\$26,238,100
30	V. SYSTEMWIDE:					
31	FROM:					
32	General					
33	Fund	\$1,400,000	\$1,160,100	\$525,000	\$1,433,000	\$4,518,100
34	GRAND TOTAL	\$336,545,100	\$91,219,100	\$17,165,000	\$1,433,000	\$446,362,200

SECTION 2. NON-GENERAL FUND REAPPROPRIATION AUTHORITY. There is hereby reappropriated to the State Board of Education and the Board of Regents of

1 the University of Idaho for college and universities any unexpended and
2 unencumbered balances of moneys categorized as dedicated funds and federal
3 funds as appropriated for fiscal year 2012, to be used for nonrecurring ex-
4 penditures, for the period July 1, 2012, through June 30, 2013.

5 SECTION 3. EMPLOYEE COMPENSATION AND BENEFITS. The Legislature rec-
6 ognizes and thanks all state workers for their dedication, professionalism
7 and for the personal sacrifices they make every day in the performance of
8 their duties to serve our citizens. In accordance with the provisions of
9 Section 67-5309C, Idaho Code, the Legislature supports the Governor's rec-
10 ommendation in not making changes in annual salaries and benefits for state
11 employees based upon labor markets or specific occupational inequities;
12 directs agencies and institutions that have excess personnel cost appro-
13 priations or salary savings due to turnover to use such funding for a merit
14 increase component, notwithstanding the provisions of Section 67-5309B(4),
15 Idaho Code, to recognize and reward permanent and temporary state employ-
16 ees; and does provide funding to agencies and institutions to provide a two
17 percent (2%) pay increase for all classified and nonclassified permanent
18 performing employees. Performing employees shall be all permanent employ-
19 ees, including adjunct faculty at colleges and universities, who have been
20 rated as "achieves" or better on a performance plan if required by Division
21 of Human Resources rule, including probationary permanent employees making
22 satisfactory progress. The Legislature supports the Governor's recommenda-
23 tion to fund increases in the cost of health insurance benefits and directs
24 the director of the Department of Administration, as the administrator of
25 the state insurance plan, to maintain the current benefit package to the ex-
26 tent possible, which may require a cost sharing on the part of employees for
27 the increased cost of the health insurance plan.

28 SECTION 4. LEGISLATIVE INTENT. It is the intent of the Legislature that
29 of the amount appropriated from the General Fund in Section 1, Subsection V.
30 of this act, the following amounts may be used as follows: (1) An amount not to
31 exceed \$140,000 may be used by the Office of the State Board of Education for
32 systemwide needs; (2) An amount of approximately \$1,435,500 may be used for
33 the mission and goals of the Higher Education Research Council as outlined
34 in State Board of Education policy III.W., which includes awards for infra-
35 structure, matching grants, and competitive grants through the Idaho Incu-
36 bation Fund program; and (3) An amount not to exceed \$942,600 may be used by
37 the State Board of Education for instructional projects designed to foster
38 innovative learning approaches using technology, to promote accountability
39 and information transfer throughout the higher education system including
40 longitudinal student-level data and program/course transferability, and to
41 promote the Idaho Electronic Campus.

42 SECTION 5. LEGISLATIVE INTENT. It is the intent of the Legislature that
43 of the amount appropriated from the General Fund in Section 1, Subsection
44 V. of this act, up to \$2,000,000 may be awarded for competitive state uni-
45 versity research under the direction of the Higher Education Research Coun-
46 cil to support the goals of the Idaho Global Entrepreneurial Mission (IGEM)
47 University Research Initiative. These funds are envisioned as seed funding

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STATEMENT OF PURPOSE

RS21495

This is the fiscal year 2013 appropriation to the State Board of Education for College and Universities and the Office of the State Board of Education in the amount of \$446,362,200.

FISCAL NOTE

	FTP	Gen	Ded	Fed	Total
FY 2012 Original Appropriation	3,833.30	209,828,300	186,879,300	0	396,707,600
Reappropriation	0.00	0	68,281,300	0	68,281,300
Other Appropriation Adjustments	0.00	0	0	0	0
FY 2012 Total Appropriation	3,833.30	209,828,300	255,160,600	0	464,988,900
Noncognizable Funds and Transfers	56.64	0	39,763,900	0	39,763,900
FY 2012 Estimated Expenditures	3,889.94	209,828,300	294,924,500	0	504,752,800
Removal of One-Time Expenditures	(11.90)	(1,591,200)	(83,039,000)	0	(84,630,200)
Base Adjustments	0.00	0	0	0	0
FY 2013 Base	3,878.04	208,237,100	211,885,500	0	420,122,600
Benefit Costs	0.00	3,100,100	2,170,300	0	5,270,400
Inflationary Adjustments	0.00	0	0	0	0
Replacement Items	0.00	0	1,897,400	0	1,897,400
Statewide Cost Allocation	0.00	156,500	0	0	156,500
Change in Employee Compensation	0.00	3,431,200	2,371,400	0	5,802,600
Nondiscretionary Adjustments	35.00	6,655,200	0	0	6,655,200
Endowment Adjustments	0.00	0	87,100	0	87,100
FY 2013 Program Maintenance	3,913.04	221,580,100	218,411,700	0	439,991,800
1. Previous 10-Year Unfunded					
Enrollment	0.00	0	0	0	0
2. Center Advanced Energy (CAES)	15.50	2,000,000	0	0	2,000,000
3. Occupancy Costs	10.44	2,370,400	0	0	2,370,400
4. Biomedical Research	0.00	0	0	0	0
5. Increase Retention/Graduation	0.00	0	0	0	0
6. IT Infrastructure	0.00	0	0	0	0
7. Unfunded Library Inflation	0.00	0	0	0	0
8. Gross Anatomy Lab	0.00	0	0	0	0
9. Strategic Initiatives	0.00	0	0	0	0
10. Higher Ed. Research Council	0.00	2,000,000	0	0	2,000,000
Lump Sum or Other Adjustments	0.00	0	0	0	0
FY 2013 Total	3,938.98	227,950,500	218,411,700	0	446,362,200
Chg from FY 2012 Orig Approp	105.68	18,122,200	31,532,400	0	49,654,600
% Chg from FY 2012 Orig Approp.	2.8%	8.6%	16.9%	0.0%	12.5%

Statement of Purpose / Fiscal Note

H0659

Contact:

Name: Paul Headlee

Office: Budget and Policy Analysis

Phone: (208) 334-4746



BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 18-19, 2012

SUBJECT

Community Colleges FY 2013 Appropriation Allocation

REFERENCE

June 2006 Board approved a process for allocating the FY 2007 State General Fund appropriation between the College of Southern Idaho (CSI) and North Idaho College (NIC).

APPLICABLE STATUTE, RULE, OR POLICY

Senate Bill 1397 (2012)

BACKGROUND/DISCUSSION

The Legislature makes an annual appropriation to the State Board of Education for community college support. The allocation to the colleges includes the current year (FY 2012) base allocation plus each college's respective share in any annual budget adjustments according to the normal budgeting process.

IMPACT

This action allocates the FY 2013 Community Colleges appropriation to the institutions. The funds allocated along with revenue generated from other non-appropriated sources will establish the operating budgets. The FY 2013 Allocation, shown on page 3, consists of the lump-sum appropriation.

The FY 2013 appropriation includes ongoing base funding for health insurance increases, a 2% increase in employee compensation, Enrollment Workload Adjustment (EWA), and occupancy costs. Also included is \$1M in ongoing General Funds for fund equity (as determined by the three colleges) for CWI.

ATTACHMENTS

Attachment 1 – FY 2013 CC Appropriations Allocation	Page 3
Attachment 2 – Appropriation bill (S1397)	Page 5
Attachment 3 – Statement of Purpose/Fiscal Note	Page 7

STAFF COMMENTS

Staff recommends approval of the FY 2013 Community College allocation.

BOARD ACTION

I move to approve the allocation of the FY 2013 appropriation for the College of Southern Idaho, College of Western Idaho and North Idaho College, as presented on Page 3.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

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**Idaho Community Colleges
FY 2013 Appropriation Allocation
29-Feb-12**

S1397 (2012)		CSI	CWI	NIC	Total
1	FY 12 Total Appropriation				
2	General Funds	10,243,000	4,047,100	8,742,900	23,033,000
3	ARRA Funds One-time	-	-	177,600	177,600
4	Dedicated Funds	200,000	200,000	200,000	600,000
5	Total FY12 Total Appropriation	10,443,000	4,247,100	9,120,500	23,810,600
6					-
7	Remove O/T Exp. ARRA	-	-	(177,600)	(177,600)
8					-
9	FY 13 Base				-
10	General Funds	10,243,000	4,047,100	8,742,900	23,033,000
11	ARRA Funds	-	-	-	-
12	Dedicated Funds	200,000	200,000	200,000	600,000
13	Total FY 11 Base	10,443,000	4,247,100	8,942,900	23,633,000
14					-
15	FY 13 Maintenance				-
16	General Funds	10,981,700	4,680,600	9,677,200	25,339,500
17	Dedicated Funds	200,000	200,000	200,000	600,000
18	Total FY 13 Maintenance	11,181,700	4,880,600	9,877,200	25,939,500
19					-
20	Fy 13 Line Items				-
21	Occupancy Costs	562,600	847,800	0	1,410,400
22	CWI Equity Adjustment	0	1,000,000	0	1,000,000
23					-
24	Fy 13 Total Appropriation				-
25	General Funds	11,544,300	6,528,400	9,677,200	27,749,900
26	Dedicated Funds	200,000	200,000	200,000	600,000
27	FY 13 Total Appropriation	11,744,300	6,728,400	9,877,200	28,349,900
28					
29					
30	GF Change from FY 12 Total	12.7%	61.3%	10.7%	20.5%

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LEGISLATURE OF THE STATE OF IDAHO
Sixty-first Legislature Second Regular Session - 2012

IN THE SENATE

SENATE BILL NO. 1397

BY FINANCE COMMITTEE

AN ACT

APPROPRIATING MONEYS TO THE STATE BOARD OF EDUCATION FOR COMMUNITY COLLEGES
FOR FISCAL YEAR 2013; PROVIDING GUIDANCE FOR EMPLOYEE COMPENSATION AND
BENEFITS; AND EXEMPTING APPROPRIATION OBJECT AND PROGRAM TRANSFER LIM-
ITATIONS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. There is hereby appropriated to the State Board of Educa-
tion for Community Colleges, the following amounts to be expended according
to the designated programs and expense classes, from the listed funds for the
period July 1, 2012, through June 30, 2013:

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	FOR CAPITAL OUTLAY	FOR TRUSTEE AND BENEFIT PAYMENTS	TOTAL
I. COLLEGE OF SOUTHERN IDAHO:					
FROM:					
General					
Fund	\$8,776,400	\$1,627,700	\$1,140,200		\$11,544,300
Community College					
Fund	<u>155,200</u>	<u>27,800</u>	<u>17,000</u>		<u>200,000</u>
TOTAL	\$8,931,600	\$1,655,500	\$1,157,200		\$11,744,300
II. NORTH IDAHO COLLEGE:					
FROM:					
General					
Fund	\$8,823,500	\$853,700			\$9,677,200
Community College					
Fund	<u>122,200</u>	<u>52,800</u>	<u>\$25,000</u>		<u>200,000</u>
TOTAL	\$8,945,700	\$906,500	\$25,000		\$9,877,200
III. COLLEGE OF WESTERN IDAHO:					
FROM:					
General					
Fund	\$3,209,300	\$2,319,100		\$1,000,000	\$6,528,400

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	FOR CAPITAL OUTLAY	FOR TRUSTEE AND BENEFIT PAYMENTS	TOTAL
Community College					
Fund	<u>0</u>	<u>200,000</u>		<u>0</u>	<u>200,000</u>
TOTAL	\$3,209,300	\$2,519,100		\$1,000,000	\$6,728,400
GRAND TOTAL	\$21,086,600	\$5,081,100	\$1,182,200	\$1,000,000	\$28,349,900

SECTION 2. EMPLOYEE COMPENSATION AND BENEFITS. The Legislature recognizes and thanks all state workers for their dedication, professionalism and for the personal sacrifices they make every day in the performance of their duties to serve our citizens. In accordance with the provisions of Section 67-5309C, Idaho Code, the Legislature supports the Governor's recommendation in not making changes in annual salaries and benefits for state employees based upon labor markets or specific occupational inequities; directs agencies and institutions that have excess personnel cost appropriations or salary savings due to turnover to use such funding for a merit increase component, notwithstanding the provisions of Section 67-5309B(4), Idaho Code, to recognize and reward permanent and temporary state employees; and does provide funding to agencies and institutions to provide a two percent (2%) pay increase for all classified and nonclassified permanent performing employees. Performing employees shall be all permanent employees, including adjunct faculty at colleges and universities, who have been rated as "achieves" or better on a performance plan if required by Division of Human Resources rule, including probationary permanent employees making satisfactory progress. The Legislature supports the Governor's recommendation to fund increases in the cost of health insurance benefits and directs the director of the Department of Administration, as the administrator of the state insurance plan, to maintain the current benefit package to the extent possible, which may require a cost sharing on the part of employees for the increased cost of the health insurance plan.

SECTION 3. EXEMPTIONS FROM OBJECT AND PROGRAM TRANSFER LIMITATIONS. For fiscal year 2013, the State Board of Education for Community Colleges is hereby exempted from the provisions of Section 67-3511(1), (2) and (3), Idaho Code, allowing unlimited transfers between object codes and between programs, for all moneys appropriated to it for the period July 1, 2012, through June 30, 2013. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

STATEMENT OF PURPOSE

RS21517

This is the FY 2013 appropriation for Community Colleges in the amount of \$28,349,900.

FISCAL NOTE

	FTP	Gen	Ded	Fed	Total
FY 2012 Original Appropriation	0.00	23,033,000	600,000	0	23,633,000
Reappropriation	0.00	0	177,600	0	177,600
FY 2012 Total Appropriation	0.00	23,033,000	777,600	0	23,810,600
Noncognizable Funds and Transfers	0.00	0	0	0	0
FY 2012 Estimated Expenditures	0.00	23,033,000	777,600	0	23,810,600
Removal of One-Time Expenditures	0.00	0	(177,600)	0	(177,600)
FY 2013 Base	0.00	23,033,000	600,000	0	23,633,000
Benefit Costs	0.00	277,200	0	0	277,200
Inflationary Adjustments	0.00	0	0	0	0
Replacement Items	0.00	0	0	0	0
Change in Employee Compensation	0.00	332,100	0	0	332,100
Nondiscretionary Adjustments	0.00	1,697,200	0	0	1,697,200
FY 2013 Program Maintenance	0.00	25,339,500	600,000	0	25,939,500
1. Previous Years Unfunded Enrollment	0.00	0	0	0	0
2. Occupancy Costs	0.00	1,410,400	0	0	1,410,400
3. STEM Initiative	0.00	0	0	0	0
4. Graduation Rate Improvement	0.00	0	0	0	0
5. Partnerships with School Districts	0.00	0	0	0	0
6. Physical Therapist Asst Program	0.00	0	0	0	0
7. Consolidate Student Services	0.00	0	0	0	0
8. Nursing Staff	0.00	0	0	0	0
9. Virtual One-Stop Student Services	0.00	0	0	0	0
10. CWI Equity Adjustment	0.00	1,000,000	0	0	1,000,000
Lump Sum or Other Adjustments	0.00	0	0	0	0
FY 2013 Total	0.00	27,749,900	600,000	0	28,349,900
Chg from FY 2012 Orig Approp	0.00	4,716,900	0	0	4,716,900
% Chg from FY 2012 Orig Approp.	0.0%	20.5%	0.0%	0.0%	20.0%

Contact:

Name: Paul Headlee

Office: Budget and Policy Analysis

Phone: (208) 334-4746

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SUBJECT

Allocation of the State Division of Professional-Technical Education Appropriation.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.C.d.

BACKGROUND/DISCUSSION

The Idaho Legislature appropriates funds for Professional-Technical Education to the Division of Professional-Technical Education in five designated programs: State Leadership and Technical Assistance, General Programs, Postsecondary Programs, Underprepared and Unprepared Adults/Displaced Homemakers, and Related Services.

The appropriation allocation is based on the level of funding in House Bill No. 600 and the provisions of the state plan for Professional-Technical Education. The State General Fund reflects an overall increase of 3.76% from the original FY2012 appropriation. The Legislature funded a 2% on-going change in employee compensation; employee benefit increases; maintenance level increases in the statewide cost allocation for the Division of Professional-Technical Education and EITC; and one-time funds for instructional equipment at the technical colleges.

IMPACT

Establish FY2013 operating budget.

STAFF COMMENTS AND RECOMMENDATIONS

The Division of Professional-Technical Education recommends approval of the allocation of the FY 2013 appropriated funds.

BOARD ACTION

I move to approve the request from the Division of Professional-Technical Education for the allocation of the FY 2013 appropriation detailed in Exhibit A.

Moved by _____ Seconded by _____ Yes ____ No ____

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DIVISION OF PROFESSIONAL-TECHNICAL EDUCATION
Allocation of State Division of Professional-Technical Education
FY 2013 Appropriation

Exhibit A

		FY12 Allocation	FY13 Allocation
1	Program 01 (State Leadership and Technical Assistance)		
2			
3	By Standard Class:		
4	Personnel Costs	\$ 1,793,900	\$ 1,874,300
5	Operating Expenses	376,800	342,300
6	Capital Outlay	0	0
7	Totals	<u>\$ 2,170,700</u>	<u>\$ 2,216,600</u>
8			
9	By Source of Revenue:		
10	General Funds	1,820,100	1,892,000
11	One-time General Funds	-	-
12	Federal Funds	350,600	324,600
13	Totals	<u>\$ 2,170,700</u>	<u>\$ 2,216,600</u>
14			
15	Program 02 (General Programs)		
16			
17	By Major Program Area:		
18	Secondary Formula	\$ 10,008,769	\$ 9,585,651
19	Professional-Technical School Added Cost	2,434,400	2,434,400
20	General Programs Leadership	213,200	210,600
21	Special Programs		
22	Federal Leadership	700,671	650,348
23	Advanced Learning Partnership	420,000	544,341
24	Adult/Retraining	766,440	766,440
25	Support and Improvement Services	805,920	805,920
26	Totals	<u>\$ 15,349,400</u>	<u>\$ 14,997,700</u>
27			
28	By Source of Revenue		
29	General Funds	\$ 10,492,800	\$ 10,490,200
30	One-time General Funds	-	-
31	Federal Funds	4,788,800	4,439,700
32	Dedicated Funds	67,800	67,800
33	Totals	<u>\$ 15,349,400</u>	<u>\$ 14,997,700</u>
34			
35	Program 03 (Postsecondary Programs)		
36			
37	By Technical College:		
38			
39	College of Southern Idaho	5,273,756	5,534,484
40	College of Western Idaho	6,289,712	6,596,614
41	Eastern Idaho Technical College	5,642,720	5,949,091
42	Idaho State University	9,113,325	9,516,798
43	Lewis-Clark State College	3,584,978	3,788,997
44	North Idaho College	3,848,609	4,066,816
45	Totals	<u>\$ 33,753,100</u>	<u>\$ 35,452,800</u>
46			
47	By Source of Revenue:		
48	General Funds	\$ 33,233,100	\$ 34,516,800
49	One-time General Funds	-	390,000
50	Unrestricted Funds	520,000	546,000
51	Totals	<u>\$ 33,753,100</u>	<u>\$ 35,452,800</u>

DIVISION OF PROFESSIONAL-TECHNICAL EDUCATION
Allocation of State Division of Professional-Technical Education
FY 2013 Appropriation

Exhibit A

	FY12 Allocation	FY13 Allocation
52 Program 04 (Underprepared Adults/Displaced Homemaker Program)		
53		
54 By Major Program:		
55 Postsecondary Formula	\$ 1,975,700	\$ 1,747,300
56 Displaced Homemaker Program	170,000	170,000
57		
58 Totals	\$ 2,145,700	\$ 1,917,300
59		
60 By Source of Revenue:		
61 General Funds	\$ -	\$ -
62 Federal Funds	1,975,700	1,747,300
63 Dedicated Funds	170,000	170,000
64 Totals	\$ 2,145,700	\$ 1,917,300
65		
66 Program 05 (Related Services)		
67		
68 By Standard Class:		
69 Personnel Costs	\$ 346,500	\$ 376,600
70 Operating Expenses	251,000	233,500
71 Trustee Payments	2,879,700	2,879,700
72 Totals	\$ 3,477,200	\$ 3,489,800
73		
74 By Source of Revenue:		
75 General Funds	965,600	970,600
76 One-Time General Funds	-	-
77 Federal Funds	2,136,800	2,136,500
78 Dedicated Funds	140,000	140,000
79 Miscellaneous Revenue	234,800	242,700
80 Totals	\$ 3,477,200	\$ 3,489,800
81		
82 By Source of Revenue:		
83 General Funds	\$ 46,511,600	\$ 47,869,600
84 One-time General Funds	-	390,000
85 Federal Funds	9,251,900	8,648,100
86 Dedicated Funds	377,800	377,800
87 Unrestricted Funds	520,000	546,000
88 Miscellaneous Revenue	234,800	242,700
89 Totals	\$ 56,896,100	\$ 58,074,200

LEGISLATURE OF THE STATE OF IDAHO
Sixty-first Legislature Second Regular Session - 2012

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 600

BY APPROPRIATIONS COMMITTEE

AN ACT

APPROPRIATING MONEYS TO THE DIVISION OF PROFESSIONAL-TECHNICAL EDUCATION
FOR FISCAL YEAR 2013; PROVIDING GUIDANCE FOR EMPLOYEE COMPENSATION AND
BENEFITS; AND REAPPROPRIATING CERTAIN UNEXPENDED AND UNENCUMBERED BAL-
ANCES.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. There is hereby appropriated to the Division of Profes-
sional-Technical Education, the following amounts to be expended according
to the designated programs and expense classes, from the listed funds for the
period July 1, 2012, through June 30, 2013:

	FOR PERSONNEL COSTS	FOR OPERATING EXPENDITURES	FOR TRUSTEE AND BENEFIT PAYMENTS	FOR LUMP SUM	TOTAL
I. STATE LEADERSHIP & TECHNICAL ASSISTANCE:					
FROM:					
General					
Fund	\$1,615,500	\$276,500			\$1,892,000
Federal Grant					
Fund	<u>258,800</u>	<u>65,800</u>			<u>324,600</u>
TOTAL	\$1,874,300	\$342,300			\$2,216,600
II. GENERAL PROGRAMS:					
FROM:					
General					
Fund	\$188,600	\$22,000	\$10,279,600		\$10,490,200
Hazardous Materials/Waste Enforcement					
Fund			67,800		67,800
Federal Grant					
Fund	<u>170,600</u>	<u>16,700</u>	<u>4,252,400</u>		<u>4,439,700</u>
TOTAL	\$359,200	\$38,700	\$14,599,800		\$14,997,700

			FOR		
	FOR	FOR	TRUSTEE AND	FOR	
	PERSONNEL	OPERATING	BENEFIT	LUMP	
	COSTS	EXPENDITURES	PAYMENTS	SUM	TOTAL
1					
2					
3					
4					
5	III. POSTSECONDARY PROGRAMS:				
6	FROM:				
7	General				
8	Fund			\$34,906,800	\$34,906,800
9	Unrestricted				
10	Fund			<u>546,000</u>	<u>546,000</u>
11	TOTAL			\$35,452,800	\$35,452,800
12	IV. UNDERPREPARED ADULTS/DISPLACED HOME MAKERS:				
13	FROM:				
14	Displaced Homemaker				
15	Fund		\$170,000		\$170,000
16	Federal Grant				
17	Fund		<u>1,747,300</u>		<u>1,747,300</u>
18	TOTAL		\$1,917,300		\$1,917,300
19	V. RELATED SERVICES:				
20	FROM:				
21	General				
22	Fund	\$119,000	\$10,700	\$840,900	\$970,600
23	Miscellaneous Revenue				
24	Fund	211,200	31,500		242,700
25	Seminars and Publications				
26	Fund		140,000		140,000
27	Federal Grant				
28	Fund	<u>46,400</u>	<u>51,300</u>	<u>2,038,800</u>	<u>2,136,500</u>
29	TOTAL	\$376,600	\$233,500	\$2,879,700	\$3,489,800
30	GRAND TOTAL	\$2,610,100	\$614,500	\$19,396,800	\$35,452,800
				\$35,452,800	\$58,074,200

SECTION 2. EMPLOYEE COMPENSATION AND BENEFITS. The Legislature recognizes and thanks all state workers for their dedication, professionalism and for the personal sacrifices they make every day in the performance of their duties to serve our citizens. In accordance with the provisions of Section 67-5309C, Idaho Code, the Legislature supports the Governor's recommendation in not making changes in annual salaries and benefits for state employees based upon labor markets or specific occupational inequities; directs agencies and institutions that have excess personnel cost appro-

1 priations or salary savings due to turnover to use such funding for a merit
2 increase component, notwithstanding the provisions of Section 67-5309B(4),
3 Idaho Code, to recognize and reward permanent and temporary state employ-
4 ees; and does provide funding to agencies and institutions to provide a two
5 percent (2%) pay increase for all classified and nonclassified permanent
6 performing employees. Performing employees shall be all permanent employ-
7 ees, including adjunct faculty at colleges and universities, who have been
8 rated as "achieves" or better on a performance plan if required by Division
9 of Human Resources rule, including probationary permanent employees making
10 satisfactory progress. The Legislature supports the Governor's recommenda-
11 tion to fund increases in the cost of health insurance benefits and directs
12 the director of the Department of Administration, as the administrator of
13 the state insurance plan, to maintain the current benefit package to the ex-
14 tent possible, which may require a cost sharing on the part of employees for
15 the increased cost of the health insurance plan.

16 SECTION 3. NON-GENERAL FUND REAPPROPRIATION AUTHORITY. There is hereby
17 reappropriated to the Division of Professional-Technical Education any un-
18 expended and unencumbered balances of moneys categorized as dedicated funds
19 and federal funds as appropriated for fiscal year 2012, to be used for nonre-
20 curring expenditures, for the period July 1, 2012, through June 30, 2013.

STATEMENT OF PURPOSE

RS21378

This is the fiscal year 2013 appropriation to the Division of Professional-Technical Education.

FISCAL NOTE

	FTP	Gen	Ded	Fed	Total
FY 2012 Original Appropriation	521.19	46,511,600	1,132,600	9,251,900	56,896,100
Reappropriation	0.00	0	429,000	348,900	777,900
FY 2012 Total Appropriation	521.19	46,511,600	1,561,600	9,600,800	57,674,000
Noncognizable Funds and Transfers	7.99	0	0	(601,300)	(601,300)
FY 2012 Estimated Expenditures	529.18	46,511,600	1,561,600	8,999,500	57,072,700
Removal of One-Time Expenditures	0.00	0	(429,000)	(348,900)	(777,900)
Base Adjustments	0.00	0	26,000	0	26,000
FY 2013 Base	529.18	46,511,600	1,158,600	8,650,600	56,320,800
Benefit Costs	0.00	771,200	4,700	(2,500)	773,400
Inflationary Adjustments	0.00	0	0	0	0
Replacement Items	0.00	390,000	0	0	390,000
Statewide Cost Allocation	0.00	19,900	0	0	19,900
Change in Employee Compensation	0.00	566,900	3,200	0	570,100
FY 2013 Program Maintenance	529.18	48,259,600	1,166,500	8,648,100	58,074,200
1. Instructional Equipment	0.00	0	0	0	0
Lump Sum or Other Adjustments	0.00	0	0	0	0
FY 2013 Total	529.18	48,259,600	1,166,500	8,648,100	58,074,200
Chg from FY 2012 Orig Approp	7.99	1,748,000	33,900	(603,800)	1,178,100
% Chg from FY 2012 Orig Approp.	1.5%	3.8%	3.0%	(6.5%)	2.1%

Contact:

Name: Paul Headlee

Office: Budget and Policy Analysis

Phone: (208) 334-4746

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 19, 2012

SUBJECT

Idaho Robert R. Lee Promise Scholarship – Approve Category A Award.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho Code §§ 33-4305(2), 33-4307(2)(a)

Idaho Administrative Procedures Act (IDAPA) 08.01.05

BACKGROUND/DISCUSSION

The intent of the Idaho Robert R. Lee Promise Scholarship Category A award is to encourage the best and brightest Idaho students to attend an Idaho college or university. Applicants are ranked based on academic and professional-technical high school records, and ACT or COMPASS scores. The provisions of Idaho Code §33-4307(2)(a), require the State Board of Education to annually set the amount of the award. The amount of the award has been \$3,000 per year (\$1,500 per semester) since the fall 2001 semester.

The FY 2013 appropriation will fund approximately 105 total scholarships. Seventy five percent of the new scholarships are awarded to students pursuing academic programs and twenty five percent are awarded to professional-technical students.

IMPACT

The Joint Finance and Appropriations Committee (JFAC) approves scholarships and grants funding at an aggregate level. The Office of the State Board of Education (OSBE), as the administering agency, then allocates the funding among the scholarships and grants. The Category A Scholarship Program will be allocated \$317,048 for the 2012-2013 academic year.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of the Promise Category A scholarship in the amount of \$3,000 per year (\$1,500 per semester).

BOARD ACTION

I move to approve the amount of the Idaho Promise Scholarship, Category A, at \$3,000 per year (\$1,500 per semester) for those applicants who are selected to receive or renew the Idaho Robert R. Lee Promise Category A scholarship for the 2012-2013 academic year.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 19, 2012

SUBJECT

Idaho Promise Scholarship – Approve Category B Award.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho Code §§ 33-4305 and 33-4308

Idaho Administrative Procedures Act (IDAPA) 08.01.05

BACKGROUND/ DISCUSSION

The Idaho Promise Scholarship Category B award is available for all Idaho students attending college for the first time and who have a high school grade point average of at least 3.0 or an ACT score of 20 or above. This scholarship is limited to two years and to students younger than 22 years of age. Students must maintain at least a 2.5 GPA while taking an average of 12 credits to remain eligible for the scholarship. State law requires the State Board of Education to annually set the amount of the award based on the legislative appropriation and the number of eligible students.

Statute permits the State Board of Education to set the annual individual amount up to \$600 and the total award up to \$1,200. If actual awards are different than projected for the fall 2012 semester, the Board may choose to increase or decrease the amount of the award for the spring 2013 semester.

IMPACT

The FY 2013 legislative appropriation will provide \$3,634,525 for the Promise Category B Scholarship. Based upon participation during FY 2012, Board staff has estimated the number of eligible students in academic year 2012-2013 to be approximately 8,050 students. With the award set at \$450 per student per year, the total amount awarded to all eligible students would be \$3,622,500.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of the Promise Category B scholarship in the amount of \$225 per semester (\$450 annually).

BOARD ACTION

I move to approve the amount of the Idaho Promise Scholarship, Category B, at \$225 per semester per student (\$450 annually) for those current recipients who maintain eligibility and for qualified first-year entering students under the age of 22 in academic year 2012-2013, and to delegate to the Executive Director the authority to approve adjustments to the amount as necessary resulting from any enrollment changes or holdbacks that may be ordered by the Governor during FY 2013.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

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BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 19, 2012

SUBJECT

FY 2013 Idaho Opportunity Scholarship

APPLICABLE STATUTE, RULE, OR POLICY

Idaho Code § 33-5605

IDAPA 08.01.13.010.01 and 08.01.13.300.02.a

H383 (2012)

BACKGROUND/ DISCUSSION

The intent of the Idaho Opportunity Scholarship is to provide financial resources to Idaho students who are economically disadvantaged, to close the gap between the estimated cost of attending an eligible Idaho institution of higher education and the expected student and family contribution toward such educational costs, and to encourage the educational development of such students in eligible Idaho postsecondary educational institutions. Rules require the State Board of Education annually establish the maximum amount of the award, the cost of attendance for purposes of this award determination, and the amount of the expected family contribution. Authorized administrative costs up to a maximum of \$50,000 of the annual interest earnings are permitted.

In fiscal years 2008 and 2009, the Legislature appropriated a total of \$20M to fund an endowment for this scholarship program. In addition, during those same years JFAC appropriated \$1,925,000 to fund current year awards. The corpus and interest earnings from the Opportunity Scholarship Account were used during FY 2010 through FY 2012 to help fund the Opportunity Scholarship program.

The maximum award amount for FY 2012 was \$3,000 per year (\$1,500 per semester); the student contribution for FY 2012 was set by the Board at \$5,000; and the standard cost of attendance for award determination purposes was \$16,500 for the FY 2012 award year. Staff awarded 357 renewals and new scholarships for FY 2012 in the amount of \$992,900.

Staff recommends maintaining the maximum award amount set for the FY 2013 academic year at \$3,000. The majority of full-year student recipients were eligible for the maximum \$3,000 award. The scholarship methodology provides "last dollars." Using this model, not all students will receive full awards.

The Board is responsible for setting the cost of attendance (COA) which is used in the formula to determine the amount of a student's award and the maximum amount of the scholarship award. For purposes of the formula, the staff recommendation is to use a maximum of \$18,600 as the COA to determine scholarship awards for students at 4-year institutions. Staff recommends using a maximum of \$12,700 as the COA for students attending 2-year institutions. This recommendation is based upon the increase in the COA for all students.

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 19, 2012

Eligible students are expected to share in the cost of their education and will be required to contribute an amount determined by the Board. Board staff recommends that the amount of the student contribution for students attending 4-year institutions be increased by \$1,500 to \$6,500. Board staff also recommends that the student contribution for students attending 2-year institutions be decreased by \$500 to \$4,500. These changes are requested to reflect the increase in student wages due to the federal minimum wage increase. In addition, the ratio of 4-year student contribution to 4-year COA was applied to the 2-year institution model to ensure that students attending 2-year institutions have the same proportional opportunity to benefit from this program. Finally, it is recommended that the Board continue to accept student-initiated scholarships and gifts from non-federal and non-institutional sources as part of the student contribution.

IMPACT

No new state General Funds were provided for Opportunity scholarships for FY 2013. The only funding available for Opportunity Scholarships will be from the corpus and interest earnings. Staff estimates approximately \$157,000 in interest will be available to fund scholarships for FY 2013. Funds from the corpus will be used to fund new awards and renewals not funded by the interest earnings. We will be able to award renewal scholarships for all returning students.

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of the Opportunity Scholarship in the amount of \$3,000 per year (\$1,500 per semester).

Staff recommends the FY13 Cost of Attendance for the Opportunity scholarship award formula to be set at \$18,600 for students attending 4-year institutions.

Staff recommends the FY13 Cost of Attendance for the Opportunity scholarship award formula to be set at \$12,700 for students attending 2-year institutions.

Staff recommends that the FY13 student contribution be set at \$6,500 for students attending 4-year institutions and \$4,500 for students attending 2-year institutions, and to accept student-initiated scholarships and non-institutional and non-federal aid as part of the student contribution.

Staff further recommends that in cases where further clarification is needed to determine whether aid counts towards the student responsibility the Board delegate to the Executive Director or his designee authority to make these determinations on behalf of the Board.

Staff recommends the Board limit the total amount spent annually for scholarship awards and administrative costs to \$1,000,000 to ensure the corpus is not drawn down too quickly.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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BOARD ACTION

I move to approve the maximum amount of the Idaho Opportunity Scholarship, to be \$3,000 per year (\$1,500/semester) for those applicants who are selected to receive or renew the Idaho Opportunity Scholarship for the fiscal year 2013.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

I move to set the Cost of Attendance to be used in the formula that determines the award for the Opportunity Scholarship at a maximum of \$18,600 4-year institutions and at a maximum of \$12,700 for 2-year institutions for the fiscal year 2013.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

I move to set the student contribution for the fiscal year 2013 at \$6,500 for students at 4-year institutions and at \$4,500 for students at 2-year institutions, and to accept student-initiated scholarships and non-institutional and non-federal aid as part of the student contribution. In cases where further clarification is needed to determine whether aid counts towards the student responsibility, the Board delegates to the Executive Director or his designee authority to make these determinations on its behalf.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

I move to direct Board staff to spend up to \$1,000,000 in annual interest earnings, private contributions, and funds from the corpus of the Opportunity Scholarship Account in fiscal year 2013 to fund renewals and new scholarship awards.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

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BUSINESS AFFAIRS & HUMAN RESOURCES
APRIL 19, 2012

SUBJECT

Board Policy V.R. – Professional Fees – first reading

REFERENCE

December 2010	Board approved first reading of changes to Self-Support Fee policy
February 2011	Second reading pulled from agenda and returned to CAAP for further review
December 2011	Board approved first reading of changes to Professional Fee and Self-Support Fee policy
February 2012	Second reading sent back to BAHHR for revisions

APPLICABLE STATUTES, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.R.3.a.iv.

BACKGROUND / DISCUSSION

Staff and institutions have found that the policy on professional fees and self-support fees lacks clarity, such that a proposed program could seemingly fit under either fee structure, which is clearly not the intent. The following areas of the current Professional Fees policy have been identified as problematic:

- As it currently reads, the policy states this fee may be assessed for a program that qualifies graduates to practice a “professional service.” However, “professional service” is an undefined term and is used nowhere else in policy. Staff is unsure what exactly it meant by the term and therefore cannot provide clear guidance to institutions.
- The criterion for “extraordinary program costs” is somewhat vague with regard to what an institution must demonstrate.

Proposed amendments to Board Policy V.R.3.a.v. will be submitted as a separate agenda item.

IMPACT

The proposed revisions establish a clear process for program approval. Any subsequent increase in a professional fee shall require prior approval by the Board.

ATTACHMENTS

Attachment 1- Board Policy Section V.R.3.a.iv.

Page 3

Attachment 2 – Professional Fee Programs List

Page 11

STAFF COMMENTS AND RECOMMENDATIONS

The proposed revisions seek to clarify which types of academic programs are eligible for a professional fee and the process an institution must follow to request such a program fee.

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- A professional fee may be assessed for an academic professional program if graduates of the program obtain a specialized higher education degree that qualifies them to practice a profession for which credentialing or licensing is required.
- The program must be accredited (or actively seeking accreditation if a new program) by a specialized or professional accrediting agency.
- For purposes of this fee, “academic” means a systematic, usually sequential, grouping of courses that provide the student with the knowledge and competencies required for a baccalaureate, master’s, specialist or doctoral degree.
- The program must be consistent with traditional academic offerings of the institution by serving a population that accesses the same activities, services, and features as regular full-time, tuition-paying students.
- Upon the approval and establishment of a professional fee, course fees associated with the same program are prohibited.

All current Board-approved professional fees would be grandfathered in under this policy.

Staff recommends approval.

BOARD ACTION

I move to approve the first reading of proposed amendments to Board Policy Section V.R.3.a.iv. Professional Fees, as presented in Attachment 1.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

1. Board Policy on Student Tuition and Fees

Consistent with the Statewide Plan for Higher Education in Idaho, the institutions shall maintain tuition and fees that provide for quality education and maintain access to educational programs for Idaho citizens. In setting fees, the Board will consider recommended fees as compared to fees at peer institutions, percent fee increases compared to inflationary factors, fees as a percent of per capita income and/or household income, and the share students pay of their education costs. Other criteria may be considered as is deemed appropriate at the time of a fee change. An institution cannot request more than a ten percent (10%) increase in the total full-time student fee unless otherwise authorized by the Board.

2. Tuition and Fee Setting Process – Board Approved Tuition and Fees

a. Initial Notice

A proposal to alter student tuition and fees covered by Subsection V.R.3. shall be formalized by initial notice of the chief executive officer of the institution at least six (6) weeks prior to the Board meeting at which a final decision is to be made.

Notice will consist of transmittal, in writing, to the student body president and to the recognized student newspaper during the months of publication of the proposal contained in the initial notice. The proposal will describe the amount of change, statement of purpose, and the amount of revenues to be collected.

The initial notice must include an invitation to the students to present oral or written testimony at the public hearing held by the institution to discuss the fee proposal. A record of the public hearing as well as a copy of the initial notice shall be made available to the Board.

b. Board Approval

Board approval for fees will be considered when appropriate or necessary. This approval will be timed to provide the institutions with sufficient time to prepare the subsequent fiscal year operating budget.

c. Effective Date

Any change in the rate of tuition and fees becomes effective on the date approved by the Board unless otherwise specified.

3. Definitions and Types of Tuition and Fees

The following definitions are applicable to tuition and fees charged to students at all of the state colleges and universities, except where limited to a particular institution or institutions.

a. General and Professional-Technical Education Tuition and Fees

Tuition and fees approved by the State Board of Education. Revenues from these fees are deposited as required by Section V, Subsection Q.

i. Tuition fees– Boise State University, Idaho State University, Lewis-Clark State College, University of Idaho

Tuition fees are the fees charged for any and all educational costs at Boise State University, Idaho State University, Lewis Clark State College and University of Idaho. Tuition fees include, but are not limited to, costs associated with academic services; instruction; the construction, maintenance, and operation of buildings and facilities; student services; or institutional support.

ii. Professional-Technical Education Fee

Professional-Technical Education fee is defined as the fee charged for educational costs for students enrolled in Professional-Technical Education pre-employment, preparatory programs.

iii. Part-time Credit Hour Fee

Part-time credit hour fee is defined as the fee per credit hour charged for educational costs for part-time students enrolled in any degree program.

iv. Graduate Fee

Graduate fee is defined as the additional fee charged for educational costs for full-time and part-time students enrolled in any post- baccalaureate degree-granting program.

v. Western Undergraduate Exchange (WUE) Fee

Western Undergraduate Exchange fee is defined as the additional fee for full-time students participating in this program and shall be equal to fifty percent (50%) of the total of the tuition fee, matriculation fee, facility fee, and activity fee.

vi. Employee/Spouse Fee

The fee for eligible participants shall be a registration fee of twenty dollars (\$20.00) plus five dollars (\$5.00) per credit hour. Eligibility shall be determined by each institution. Employees at institutions and agencies under the jurisdiction of the Board may be eligible for this fee. Special course fees may also be charged.

vii. Senior Citizen Fee

The fee for Idaho residents who are 60 years of age or older shall be a registration fee of twenty dollars (\$20.00) plus five dollars (\$5.00) per credit hour. This fee is for courses on a space available basis only. Special course fees may also be charged.

viii. In-Service Teacher Education Fee

The fee shall not exceed one-third of the average part-time undergraduate credit hour fee or one-third of the average graduate credit hour fee. This special fee shall be applicable only to approved teacher education courses. The following guidelines will determine if a course or individual qualifies for this special fee.

- (1) The student must be an Idaho certified teacher or other professional employee at an Idaho elementary or secondary school.
- (2) The costs of instruction are paid by an entity other than an institution.
- (3) The course must be approved by the appropriate academic unit(s) at the institution.
- (4) The credit awarded is for professional development and cannot be applied towards a degree program.

ix. Workforce Training Credit Fee

This fee is defined as a fee charged students enrolled in a qualified Workforce Training course where the student elects to receive credit. The fee is charged for processing and transcribing the credit. The cost of delivering Workforce Training courses, which typically are for noncredit, is an additional fee since Workforce Training courses are self-supporting. The fees for delivering the courses are retained by the technical colleges. The Workforce Training fee shall be \$10.00 per credit.

b. Institutional Local Fees – Approved by the Board

Institutional local fees are both full-time and part-time student fees that are approved by the State Board of Education and deposited into local institutional accounts. Local fees shall be expended for the purposes for which they were collected.

The facilities, activity and technology fees shall be displayed with the institution's tuition and fees when the Board approves tuition and fees.

i. Facilities Fee

Facilities fee is defined as the fee charged for capital improvement and building projects and for debt service required by these projects. Revenues collected from this fee may not be expended on the operating costs of the general education facilities.

ii. Activity Fee

Activity fee is defined as the fee charged for such activities as intercollegiate athletics, student health center, student union operations, the associated student body, financial aid, intramural and recreation, and other activities which directly benefit and involve students. The activity fee shall not be charged for educational costs or major capital improvement or building projects. Each institution shall develop a detailed definition and allocation proposal for each activity for internal management purposes.

iii. Technology Fee

Technology fee is defined as the fee charged for campus technology enhancements and operations.

iv. Professional Fees

To designate a professional fee for a Board approved academic program, *all* of the following criteria must be met:

1) Credentialing or Licensure Requirement:

- a) A professional fee may be assessed for an academic professional program if graduates of the professional program obtain a specialized higher education degree that qualifies them to practice a professional service or to be eligible for profession involving expert and specialized knowledge for which credentialing or licensing to practice a professional service is required. For purposes of this fee, "academic" means a systematic, usually sequential, grouping of courses that

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provide the student with the knowledge and competencies required for a baccalaureate, master's, specialist or doctoral degree.

- b) The program leads to a degree that where the degree is at least the minimum required for entry to the practice of a profession.
- 2) Accreditation Requirement—~~(if applicable):~~ The program ~~meets the requirements of~~ is accredited (or is actively seeking accreditation if a new program) by a national/regional or specialized/professional accrediting agency as defined by the State Board of Education.
- 3) Extraordinary Program Costs: Institutions will propose professional fees for Board approval based on the costs to deliver the program. The An institution must provide clear and convincing documentation that the cost of the professional program significantly exceeds the cost to deliver of non-professional programs at the institution. Institutions will be required to provide documentation to support the reported cost of the program. A reduction in appropriated funding in support of an existing program is not a sufficient basis alone upon which to make a claim of extraordinary program costs.
- 4) The program may include support from appropriated funds.
- 5) The program is consistent with traditional academic offerings of the institution by serving a population that accesses the same activities, services, and features as regular full-time, tuition-paying students.
- 6) Upon the approval and establishment of a professional fee, course fees associated with the same program shall be prohibited.
- 7) Once a professional fee is initially approved by the Board, any subsequent increase in a professional fee shall require prior approval by the Board at the same meeting institutions submit proposals for tuition and fees.

~~Institutions will propose professional fees for Board approval based on the costs to deliver the program.~~

v. Self-Support Certificate and Program Fees

Self-support certificates and programs are a defined set of specific courses that must all be successfully completed in order to earn the certificate. Such programs must be encapsulated, separate and distinct from the regular courses of the institution. Institutions may offer self-support certificates and programs if the fees assessed cover all costs of the program and no appropriated funds are used to support the program. In addition,

students pay a fee for the entire program and may not enroll for program courses on an individual course-by-course basis. Students enrolled in the self-support programs may take courses outside of the program as long as they pay the required tuition and fees for those courses. Institutions will establish such fees on an individual program basis according to anticipated expenditures. Self-support certificate and program fees are retained by the institution.

vi. Contracts and Grants

Special fee arrangements are authorized by the Board for instructional programs provided by an institution pursuant to a grant or contract approved by the Board.

vii. Student Health Insurance Premiums or Room and Board Rates

Fees for student health insurance premiums paid either as part of the uniform student fee or separately by individual students, or charges for room and board at the dormitories or family housing units of the institutions. Changes in insurance premiums or room and board rates or family housing charges shall be approved by the Board no later than three (3) months prior to the semester the change is to become effective. The Board may delegate the approval of these premiums and rates to the chief executive officer.

c. Institutional Local Fees and Charges Approved by Chief Executive Officer

These local fees and charges are assessed to support specific activities and are only charged to students that engage in these particular activities. Local fees and charges are deposited into local institutional accounts and shall only be expended for the purposes for which they were collected.

i. Continuing Education

Continuing education fee is defined as the additional fee to part-time students which is charged on a per credit hour basis to support the costs of continuing education.

ii. Course Overload Fee

This fee may be charged to full-time students with excessive course loads as determined by each institution.

iii. Special Course Fees or Assessments

A special course fee is a fee required for a specific course or special activity and, therefore, not required of all students enrolled at the institution. Fees such as penalty assessments, library fines, continuing education fees, parking fines, laboratory fees, breakage fees, fees for video outreach courses, late registration fees, and fees for special courses offered for such purposes as remedial education credit that do not count toward meeting degree requirements are considered special course fees. All special course fees or penalty assessments, or changes to such fees or assessments, are established and become effective in the amount and at the time specified by the chief executive officer of the institution. The chief executive officer is responsible for reporting these fees to the Board upon request.

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Professional Fee Programs

Institution	Program Title	Degree Level/Certificate	Options/Minors/Emphases	Location(s)	Program Support
BSU	Nursing	B.S.		Boise	Professional Fee
ISU	Audiology (first 2 years)	AuD	Options	ISU Campus	Professional Fee
ISU	Audiology (second 2 years)	AuD	Options	ISU-Meridian Ctr	Professional Fee
ISU	Dental Hygiene	BS, MS	N/A	ISU Campus	Professional Fee
ISU	Counseling	Graduate		ISU Campus	Professional Fee
ISU	Idaho Dental Education Program	Coop. Trans.	N/A	ISU Campus	Professional Fee
ISU	MBA/PharmD	MBA, Pharm D	N/A	ISU Campus	Professional Fee
ISU	Medical Laboratory Science	BS, MS	N/A	ISU-Meridian Ctr	Professional Fee
ISU	Medical Laboratory Science (*1)	BS, MS	N/A	ISU Campus	Professional Fee
ISU	Nursing	BS, MS, PM Cert	Options	ISU Campus	Professional Fee
ISU	Nursing	MS, PM Cert	Options	ISU-Meridian Ctr	Professional Fee
ISU	Nursing	BS	Options	University Place	Professional Fee
ISU	Nursing (BSRN Completion)	BS	Options	CSI Campus	Professional Fee
ISU	Nursing (BSRN Completion)	BS	Options	ISU-Meridian Ctr	Professional Fee
ISU	Nursing (Fast-track)	BS	Options	ISU-Meridian Ctr	Professional Fee
ISU	Nursing: Education Option	MS Option	Options	LCSC Campus	Professional Fee
ISU	Nursing: Education Option	MS Option	Options	NICHE	Professional Fee
ISU	Nursing: Nurse Practitioner Option	MS Option	Options	LCSC Campus	Professional Fee
ISU	Nursing: Nurse Practitioner Option	MS Option	Options	NICHE	Professional Fee
ISU	Occupational Therapy	MOT	N/A	ISU Campus	Professional Fee
ISU	Paramedic	AS	N/A	ISU Campus	Professional Fee
ISU	Pharmacy (1st-4th years)	Pharm D	Tracks	ISU Campus	Professional Fee
ISU	Pharmacy (3rd & 4th years)	Pharm D	Tracks	ISU-Meridian Ctr	Professional Fee
ISU	Pharmacy: Non-Traditional Pharm.D.	Pharm D	Division of Health Sciences	Statewide	Professional Fee
ISU	Physician Assistant Studies	MPAS	Division of Health Sciences	ISU Campus	Professional Fee
ISU	Physician Assistant Studies	MPAS	Division of Health Sciences	ISU-Meridian Ctr	Professional Fee
ISU	Physical Therapy	DPT	N/A	ISU Campus	Professional Fee
ISU	Radiographic Science	AAS, BS	N/A	ISU Campus	Professional Fee
ISU	Speech-Language Pathology		Emphases	ISU Campus	Pre-Professional
ISU	Speech-Language Pathology (Fully Online w/clinicals on-site)	MS	Emphases	ISU Campus	Professional Fee
ISU	Speech-Language Pathology (Fully Online w/clinicals on-site)	MS	Emphases	ISU-Meridian Ctr	Professional Fee

Professional Fee Programs

Institution	Program Title	Degree Level/Certificate	Options/Minors/Emphases	Location(s)	Program Support
ISU	Social Work	BA	N/A	ISU Campus	Professional Fee
UI	Architecture	Baccalaureate	Minor	Moscow	Pre-professional
UI	Architecture	Graduate		Moscow/Boise	Professional Fee
UI	Art	Baccalaureate	Minor	Moscow	Professional Fee
UI	Art	Graduate		Moscow	Professional Fee
UI	Art Education	Baccalaureate		Moscow	Professional Fee
UI	Bioregional Planning and Community Design	Graduate & Graduate Certificate		Moscow, Boise	Professional Fee
UI	Education	Graduate		Moscow	Preprofessional (E.D. Professional Practices only)
UI	Interior Design	Baccalaureate	Minor	Moscow	Professional Fee
UI	Landscape Architecture	Baccalaureate	Minor	Moscow	Professional Fee
UI	Landscape Architecture	Graduate		Moscow	Professional Fee
UI	Law	Graduate	Litigation and Alternate Dispute Emphasis	Moscow, Boise	Professional Fee
UI			Natural Resources and Environmental Law Emphasis	Moscow, Boise	Professional Fee
UI			Native American Law Emphasis	Moscow	Professional Fee
UI	Studio Art	Baccalaureate		Moscow	Professional Fee
UI	Virtual Technology and Design	Baccalaureate		Moscow Campus	Professional Fee

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 19, 2012

SUBJECT

Board Policy V.R. - Self-Support Certificate and Program Fees – first reading

REFERENCE

December 2010	Board approved first reading of changes to Self-Support Fee policy
February 2011	Second reading pulled from agenda and returned to CAAP for further review
December 2011	Board approved first reading of changes to Professional Fee and Self-Support Fee policy
February 2012	Second reading sent back to BAHHR for revisions

APPLICABLE STATUTES, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.R.3.a.v.

BACKGROUND / DISCUSSION

Staff and institutions have found that the policy on professional fees and self-support fees lacks clarity, such that a proposed program could seemingly fit under either fee structure, which is clearly not the intent. The following areas of the current Self-support policy have been identified as problematic:

- The policy only contemplates certificate programs, but the Board has approved self-support degree programs. In addition, policy as written is not limited to academic programs. Professional-technical education (PTE) programs should not be eligible for Self-support fees because, the PTE postsecondary programs appropriation is intended to fund 100% of the direct costs at the technical colleges.
- There is general ambiguity about which programs are eligible to utilize the self-support funding model.
- The current policy requires a student to pay for an entire program and not on a course-by-course basis. Requiring a student to pay for an entire program rather than on a course-by-course basis discriminates against students who might be eligible to satisfy some requirements by transferring courses already taken.

IMPACT

The proposed revisions help distinguish self-support fees from professional fees, and establish a clear process for program approval.

ATTACHMENTS

Attachment 1- Board Policy Section V.R. 3.a.v.

Page 3

Attachment 2 – Self-Support Fee Programs List

Page 11

BUSINESS AFFAIRS AND HUMAN RESOURCES
APRIL 19, 2012

STAFF COMMENTS AND RECOMMENDATIONS

The proposed policy changes clarify that academic certificate or degree programs are eligible. For purposes of this fee, "academic" means a systematic, usually sequential, grouping of courses that provide the student with the knowledge and competencies required for an academic certificate, baccalaureate, master's, specialist or doctoral degree.

The policy still requires programs to demonstrate financial self-sufficiency, and as a control measure the policy stipulates that all revenue generated from these fees must be tracked and accounted for separately.

If a Self-support program fee is requested for a new program, an institution may front program start-up costs with appropriated or local funds, but all such funding must be repaid from program revenue within three years of program start-up.

Upon Board approval of a Self-support fee, any subsequent fee increases require prior Board approval.

The policy also recognizes that a one-size-fits-all tuition model which covers the costs of a wide range of educational opportunities and services (including student activities, use of facilities, etc.) is not always relevant or suitable for programs specifically designed to: (1) address the educational needs of distinctly different student populations; or (2) utilize alternative instructional delivery models. The proposed policy revisions would enable institutions to utilize an alternate funding model that better suits these types of alternate programs, and enable institutions to still charge on a course-by-course basis.

Finally, Self-support programs would not be eligible for enrollment workload adjustment (EWA). If the proposed amendments to Self-support are ultimately adopted by the Board, staff will bring forward a corresponding revision to policy V.S. wherein the EWA methodology is defined.

All current Board-approved Self-support programs would be grandfathered in under this policy.

Staff recommends approval.

BOARD ACTION

I move to approve the first reading of proposed amendments to Board Policy Section V.R.3.a.v. Self-Support Certificate and Program Fees, as presented in Attachment 1.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

1. Board Policy on Student Tuition and Fees

Consistent with the Statewide Plan for Higher Education in Idaho, the institutions shall maintain tuition and fees that provide for quality education and maintain access to educational programs for Idaho citizens. In setting fees, the Board will consider recommended fees as compared to fees at peer institutions, percent fee increases compared to inflationary factors, fees as a percent of per capita income and/or household income, and the share students pay of their education costs. Other criteria may be considered as is deemed appropriate at the time of a fee change. An institution cannot request more than a ten percent (10%) increase in the total full-time student fee unless otherwise authorized by the Board.

2. Tuition and Fee Setting Process – Board Approved Tuition and Fees

a. Initial Notice

A proposal to alter student tuition and fees covered by Subsection V.R.3. shall be formalized by initial notice of the chief executive officer of the institution at least six (6) weeks prior to the Board meeting at which a final decision is to be made.

Notice will consist of transmittal, in writing, to the student body president and to the recognized student newspaper during the months of publication of the proposal contained in the initial notice. The proposal will describe the amount of change, statement of purpose, and the amount of revenues to be collected.

The initial notice must include an invitation to the students to present oral or written testimony at the public hearing held by the institution to discuss the fee proposal. A record of the public hearing as well as a copy of the initial notice shall be made available to the Board.

b. Board Approval

Board approval for fees will be considered when appropriate or necessary. This approval will be timed to provide the institutions with sufficient time to prepare the subsequent fiscal year operating budget.

c. Effective Date

Any change in the rate of tuition and fees becomes effective on the date approved by the Board unless otherwise specified.

3. Definitions and Types of Tuition and Fees

The following definitions are applicable to tuition and fees charged to students at all of the state colleges and universities, except where limited to a particular institution or institutions.

a. General and Professional-Technical Education Tuition and Fees

Tuition and fees approved by the State Board of Education. Revenues from these fees are deposited as required by Section V, Subsection Q.

i. Tuition fees– Boise State University, Idaho State University, Lewis-Clark State College, University of Idaho

Tuition fees are the fees charged for any and all educational costs at Boise State University, Idaho State University, Lewis Clark State College and University of Idaho. Tuition fees include, but are not limited to, costs associated with academic services; instruction; the construction, maintenance, and operation of buildings and facilities; student services; or institutional support.

ii. Professional-Technical Education Fee

Professional-Technical Education fee is defined as the fee charged for educational costs for students enrolled in Professional-Technical Education pre-employment, preparatory programs.

iii. Part-time Credit Hour Fee

Part-time credit hour fee is defined as the fee per credit hour charged for educational costs for part-time students enrolled in any degree program.

iv. Graduate Fee

Graduate fee is defined as the additional fee charged for educational costs for full-time and part-time students enrolled in any post- baccalaureate degree-granting program.

v. Western Undergraduate Exchange (WUE) Fee

Western Undergraduate Exchange fee is defined as the additional fee for full-time students participating in this program and shall be equal to fifty percent (50%) of the total of the tuition fee, matriculation fee, facility fee, and activity fee.

vi. Employee/Spouse Fee

The fee for eligible participants shall be a registration fee of twenty dollars (\$20.00) plus five dollars (\$5.00) per credit hour. Eligibility shall be determined by each institution. Employees at institutions and agencies under the jurisdiction of the Board may be eligible for this fee. Special course fees may also be charged.

vii. Senior Citizen Fee

The fee for Idaho residents who are 60 years of age or older shall be a registration fee of twenty dollars (\$20.00) plus five dollars (\$5.00) per credit hour. This fee is for courses on a space available basis only. Special course fees may also be charged.

viii. In-Service Teacher Education Fee

The fee shall not exceed one-third of the average part-time undergraduate credit hour fee or one-third of the average graduate credit hour fee. This special fee shall be applicable only to approved teacher education courses. The following guidelines will determine if a course or individual qualifies for this special fee.

- 1) The student must be an Idaho certified teacher or other professional employee at an Idaho elementary or secondary school.
- 2) The costs of instruction are paid by an entity other than an institution.
- 3) The course must be approved by the appropriate academic unit(s) at the institution.
- 4) The credit awarded is for professional development and cannot be applied towards a degree program.

ix. Workforce Training Credit Fee

This fee is defined as a fee charged students enrolled in a qualified Workforce Training course where the student elects to receive credit. The fee is charged for processing and transcribing the credit. The cost of delivering Workforce Training courses, which typically are for noncredit, is an additional fee since Workforce Training courses are self-supporting. The fees for delivering the courses are retained by the technical colleges. The Workforce Training fee shall be \$10.00 per credit.

b. Institutional Local Fees – Approved by the Board

Institutional local fees are both full-time and part-time student fees that are approved by the State Board of Education and deposited into local institutional accounts. Local fees shall be expended for the purposes for which they were collected.

The facilities, activity and technology fees shall be displayed with the institution's tuition and fees when the Board approves tuition and fees.

i. Facilities Fee

Facilities fee is defined as the fee charged for capital improvement and building projects and for debt service required by these projects. Revenues collected from this fee may not be expended on the operating costs of the general education facilities.

ii. Activity Fee

Activity fee is defined as the fee charged for such activities as intercollegiate athletics, student health center, student union operations, the associated student body, financial aid, intramural and recreation, and other activities which directly benefit and involve students. The activity fee shall not be charged for educational costs or major capital improvement or building projects. Each institution shall develop a detailed definition and allocation proposal for each activity for internal management purposes.

iii. Technology Fee

Technology fee is defined as the fee charged for campus technology enhancements and operations.

iv. Professional Fees

To designate a professional fee for a Board approved program, *all* of the following criteria must be met:

1) Credentialing Requirement:

- a) A professional fee may be assessed if graduates of the professional program obtain a specialized higher education degree that qualifies them to practice a professional service or to be eligible for credentialing or licensing to practice a professional service.

- b) The program leads to a degree that is at least the minimum required for entry to the practice of a profession.
- 2) Accreditation Requirement (if applicable): The program meets the requirements of national/specialized/professional accrediting agencies as defined by the State Board of Education.
- 3) Extraordinary Program Costs: The cost of the professional program significantly exceeds the cost of nonprofessional programs at the institution. Institutions will be required to provide documentation to support the reported cost of the program.

Institutions will propose professional fees for Board approval based on the costs to deliver the program.

v. Self-Support ~~Certificate and Academic~~ Program Fees

~~Self-support certificates and programs are a defined set of specific courses that must all be successfully completed in order to earn the certificate. Such programs must be encapsulated, separate and distinct from the regular courses of the institution. Institutions may offer self-support certificates and programs if the fees assessed cover all costs of the program and no appropriated funds are used to support the program. In addition, students pay a fee for the entire program and may not enroll for program courses on an individual course-by-course basis. Students enrolled in the self-support programs may take courses outside of the program as long as they pay the required tuition and fees for those courses. Institutions will establish such fees on an individual program basis according to anticipated expenditures. Self-support certificate and program fees are retained by the institution.~~

1) Self-support programs are academic degrees or certificates for which students are charged program fees, in lieu of tuition. For purposes of this fee, "academic" means a systematic, usually sequential, grouping of courses that provide the student with the knowledge and competencies required for an academic certificate, baccalaureate, master's, specialist or doctoral degree. To bring a Self-support program fee to the Board for approval, the following criteria must be met:

- a) An institution shall follow the program approval guidelines set forth in policy III.G.
- b) The Self-support program shall be a defined set of specific courses that once successfully completed result in the awarding of an academic certificate or degree.
- c) The Self-support program shall be distinct from the traditional offerings of the institution by serving a population that does not

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

ATTACHMENT 1

SECTION: V. FINANCIAL AFFAIRS

Subsection: R. Establishment of Fees

February-June 20142

- access the same activities, services and features as full-time, tuition paying students, such as programs designed specifically for working professionals, programs offered off-campus, or programs delivered completely online.
- d) No appropriated funds may be used in support of Self-support programs. Self-support program fee revenue shall cover all direct costs of the program. In addition, Self-support program fee revenue shall cover all indirect costs of the program within two years of program start-up.
- e) Self-support program fees shall be segregated, tracked and accounted for separately from all other programs of the institution.
- 2) If a Self-support program fee is requested for a new program, an institution may fund program start-up costs with appropriated or local funds, but all such funding shall be repaid to the institution from program revenue within a period not to exceed three years from program start-up.
- 3) Once a Self-support program fee is initially approved by the Board, any subsequent increase in a Self-support program fee shall require prior approval by the Board at the same meeting institutions submit proposals for tuition and fees.
- 4) Institutions shall annually audit Self-support academic programs to ensure that program revenue is paying for all program costs, direct and indirect, and that no appropriated funds are supporting the program.
- 5) Students enrolled in self-support programs may take courses outside of the program so long as they pay the required tuition and fees for those courses.

vi. **Contracts and Grants**

Special fee arrangements are authorized by the Board for instructional programs provided by an institution pursuant to a grant or contract approved by the Board.

vii. **Student Health Insurance Premiums or Room and Board Rates**

Fees for student health insurance premiums paid either as part of the uniform student fee or separately by individual students, or charges for room and board at the dormitories or family housing units of the institutions. Changes in insurance premiums or room and board rates or family housing charges shall be approved by the Board no later than three (3) months prior to the semester the change is to become effective. The Board may delegate the approval of these premiums and rates to the chief executive officer.

c. Institutional Local Fees and Charges Approved by Chief Executive Officer

These local fees and charges are assessed to support specific activities and are only charged to students that engage in these particular activities. Local fees and charges are deposited into local institutional accounts and shall only be expended for the purposes for which they were collected.

i. Continuing Education

Continuing education fee is defined as the additional fee to part-time students which is charged on a per credit hour basis to support the costs of continuing education.

ii. Course Overload Fee

This fee may be charged to full-time students with excessive course loads as determined by each institution.

iii. Special Course Fees or Assessments

A special course fee is a fee required for a specific course or special activity and, therefore, not required of all students enrolled at the institution. Fees such as penalty assessments, library fines, continuing education fees, parking fines, laboratory fees, breakage fees, fees for video outreach courses, late registration fees, and fees for special courses offered for such purposes as remedial education credit that do not count toward meeting degree requirements are considered special course fees. All special course fees or penalty assessments, or changes to such fees or assessments, are established and become effective in the amount and at the time specified by the chief executive officer of the institution. The chief executive officer is responsible for reporting these fees to the Board upon request.

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Self-Support Programs

Institution	Program Title	Degree Level/Certificate	Options/Minors/Emphases	Location(s)	Program Support
BSU	Bilingual Education	M.Ed.	Education/Bilingual Education	Meridian	Self-Support
BSU	Business Administration (Executive)	M.B.A.	Business & Economics/ Graduate Business Programs	Boise	Self-Support
BSU	Conflict Management	Graduate Certificate	Soc Sci & Public Affairs/ Public Policy and Administration	Boise	Self-Support
BSU	Educational Technology	M.S., M.E.T., Ed.D.	Education/Educational Technology	Boise	Self-Support
BSU	English as a Second Language	M.Ed.	Education/Bilingual Education	Meridian	Self-Support
BSU	Human Performance Technology	Graduate	Engineering/Instructional & Perf Tech	Boise	Self-Support
BSU	Literacy	M.A.	Education/Literacy	Treasure Valley	Self-Support
BSU	Nursing	B.S. completion	Health Sciences/Nursing	Boise	Self-Support
BSU	Online Teaching	Graduate	Education/Educational Technology	Boise	Self-Support
BSU	Respiratory Care	B.S. completion	Health Sciences/Respiratory Care	Boise	Self-Support
BSU	School Technology Coordination	Graduate	Education/Educational Technology	Boise	Self-Support
BSU	Social Work	M.S.W.	Soc Sci & Public Affairs/School of Social Work	Lewiston, Coeur d'Alene, Twin Falls	Self-Support
BSU	Technology Integration Specialist	Graduate	Education/Educational Technology	Boise	Self-Support
BSU	Workplace E-Learning and Performance	Graduate	Engineering/Instructional & Perf Tech	Boise	Self-Support
BSU	Workplace Instructional Design	Graduate	Engineering/Instructional & Perf Tech	Boise	Self-Support
UI	Athletic Training	MS, Doctorate		Moscow	Self-Support
UI	General Management (EMBA)	Graduate		Coeur d'Alene	Self-Support

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BUSINESS AFFAIRS & HUMAN RESOURCES
APRIL 19, 2012

BOISE STATE UNIVERSITY

SUBJECT

Multi-Sport Product and Apparel Supply Contract with NIKE, Inc.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.3.a

BACKGROUND/DISCUSSION

This contract will make Boise State University Athletics an all NIKE program. The continuity of NIKE as the exclusive uniform, equipment and side-line apparel provider for the Athletics program is a compliment to the program and is considered a major recruiting tool for student-athletes. NIKE has previously provided product (e.g. uniforms and other equipment required by the varsity teams and coaches) and Athletics department monetary compensation under three separate agreements (football, men's basketball and the remaining varsity sports, respectively). The current NIKE contracts were due to expire at varying times between July 2011 and January 2012, but have been extended until the attached multi-sport contract is approved and executed.

This multi-sport contract will bring all varsity sports together under one contract, applying the same terms to all teams, under which Nike will provide equipment and apparel for all varsity sports, coaches and the Athletics department.

IMPACT

Boise State Athletics will receive a total of \$6,000,000 in product and equipment as follows:

Year 1 (2011-2012)	\$850,000
Year 2 (2012-2013)	\$850,000
Year 3 (2013-2014)	\$1,000,000
Year 4 (2014-2015)	\$1,000,000
Year 5 (2015-2016)	\$1,150,000
Year 6 (2016-2017)	<u>\$1,150,000</u>
Total (6 years)	\$6,000,000

Additionally, this yearly product allowance will be increased by \$75,000 per year, when the Boise State Football program joins the Big East conference in 2013.

The University will also receive cash compensation as follows:

Year 1 (2011-2012)	\$30,000
Year 2 (2012-2013)	\$30,000

BUSINESS AFFAIRS & HUMAN RESOURCES
APRIL 19, 2012

Year 3 (2013-2014)	\$40,000
Year 4 (2014-2015)	\$40,000
Year 5 (2015-2016)	\$50,000
Year 6 (2016-2017)	<u>\$50,000</u>
Total (6 years)	\$240,000

The consideration under the proposed contract averages \$1 million per year in product/equipment and cash. Currently under the three existing NIKE contracts, Athletics receives approximately \$280,000 per year in cash and product.

Additional performance bonuses are payable upon achievement of certain events, such as the football team participating in and/or winning a BCS Bowl Game or BCS National Championship, and men's or women's basketball participating in and/or winning conference and/or NCAA Championships.

In consideration for the rights granted, NIKE will receive sponsorship benefits as the "exclusive athletic footwear, apparel and accessories sponsor" of the Boise State Broncos. The teams, coaches and staff will be required to wear NIKE product in association with Athletic games and events, consistent with current agreements.

In the event that NIKE is unable to provide certain footwear, apparel and/or accessories, the University has the right to use an alternate supplier, upon notice to NIKE. In addition, certain products have been excluded from this contract where NIKE is unable to provide such equipment, for example Louisville Slugger products for softball.

If approved, the current contracts will be terminated and the terms of the attached contract shall be applied retroactively as of August 1, 2011 through June 30, 2017, unless terminated earlier in accordance with the contract terms. Upon expiration of the contract, NIKE has a right of first refusal and a matching right. The "Exclusive Negotiation Period" expires in 2016 in order to allow University time to find an alternate product and equipment supplier.

ATTACHMENTS

Attachment 1 – Proposed Contract

Page 5

STAFF COMMENTS AND RECOMMENDATIONS

This is an exclusive all-sport product and apparel supply agreement with NIKE. Except as otherwise specifically provided in the agreement, BSU team members, coaches and staff would be required to use and wear NIKE products during games, practices, exhibitions, events and public appearances in which they appear as official representative(s) of the university.

BUSINESS AFFAIRS & HUMAN RESOURCES

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The cash compensation referenced above under "Impact" may be reduced by NIKE if there is a change in BSU's football coach. The performance bonuses also referenced above are as follows:

Football Bonuses*

Plays in a non-BCS "Tier I" Bowl Game**	\$10,000
Plays in a BCS Bowl Game	\$25,000
Wins National Championship	\$25,000

Men's Basketball Bonuses*

Wins Regular Season Mountain West Championship	\$ 5,000
Wins Mountain West Tournament	\$ 5,000
Plays in NCAA Sweet Sixteen	\$10,000
Plays in NCAA Final Four	\$25,000
Wins NCAA Championship	\$25,000

Women's Basketball Bonuses*

Wins Regular Season Mountain West Championship	\$ 2,500
Wins Mountain West Tournament	\$ 2,500
Plays in NCAA Sweet Sixteen	\$ 5,000
Plays in NCAA Final Four	\$10,000
Wins NCAA Championship	\$15,000

* Bonuses shall be cumulative, i.e., if men's basketball achieves all of the above performances, BSU would earn \$70,000 in bonuses.

** A Tier I bowl shall be deemed any bowl having a team payout of \$1.9 million or more.

In consideration of the products, apparel, and cash compensation specified in this agreement, BSU would agree to provide NIKE specified sponsor benefits including a specified number of season tickets to home games and tournament/championship/bowl games (if applicable) for all sports.

BOARD ACTION

I move to approve the request by Boise State University to enter into a Multi-Sport Product Supply and Sponsorship Agreement with NIKE Inc. for the period August 1, 2011 to June 30, 2017, and to authorize the Vice President for Finance and Administration to execute the Agreement.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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BOISE STATE UNIVERSITY – NIKE ALL-SPORT AGREEMENT

THIS IS AN AGREEMENT made and entered into by and between Boise State University, having its principal administrative office at 1910 University Drive, MS 1020, Boise, ID 83725 ("UNIVERSITY"), and NIKE USA, Inc. (a wholly-owned subsidiary of NIKE, Inc.), an Oregon corporation having its principal offices at One Bowerman Drive, Beaverton, Oregon 97005-6453 ("NIKE").

W I T N E S S E T H

WHEREAS, UNIVERSITY, from and on its Boise State Campus, fields and maintains nationally recognized intercollegiate athletic teams (and retains the coaches and staff in connection therewith) and owns names, nicknames, mascots, trademarks, service marks, logographics, UNIVERSITY colors when used in combination with other identifiable UNIVERSITY indicia and/or symbols, and other recognized reference to UNIVERSITY or its intercollegiate athletic programs; and

WHEREAS, NIKE is a sports and fitness company engaged in the manufacture, distribution and sale of athletic and athleisure footwear, apparel and related accessories, and desires to support UNIVERSITY and its intercollegiate athletic programs (as described below).

NOW, THEREFORE, in consideration of the mutual promises, terms and conditions set forth herein, it is agreed as follows:

1. **DEFINITIONS.**

As used in this Agreement, the terms set forth below shall be defined as follows:

- (a) "Athletic Department" or "Department of Athletics" shall mean UNIVERSITY's Boise State Campus ("Campus") Athletic Department.
- (b) "Athletics Web Sites" shall mean <http://www.broncosports.com/> or any successor web site thereto and any other now existing or hereafter created official web site owned and/or controlled by the Athletic Department but specifically excluding, without limitation, www.boisestate.edu or any successor web site thereto.
- (c) "Coach" shall mean an individual in the employ of, and while employed by, UNIVERSITY during the term of this Agreement to act as a head coach of a Covered Program.
- (d) "Coach Properties" shall mean the Coach's name, nickname, initials, autograph, facsimile signature, voice, video or film portrayals, photographs, likeness and image or facsimile image, and any other means of identification used by such Coach in connection with the promotion of the UNIVERSITY-NIKE sponsorship and in accordance with the terms of this Agreement.
- (e) "Conference" shall mean the Mountain West Conference and such other intercollegiate athletic conferences of which UNIVERSITY is a member and in which a Covered Program competes.
- (f) "Contract Year" shall mean each consecutive twelve (12) month period from August 1 through July 31 during the Term of this Agreement; except that the Sixth Contract Year shall be the period from August 1, 2016 until June 30, 2017.
- (g) "Covered Program(s)" shall mean any and all NCAA Division I varsity intercollegiate athletic teams that are fielded by UNIVERSITY during the Term from and on the Campus which, as of the date of this Agreement, include: football; basketball (men's and women's); cross country (men's and women's); golf (men's and women's); softball; soccer (women's); swimming & diving (women's);

wrestling; track & field (men's and women's); gymnastics (women's); tennis (men's and women's); and volleyball (women's), and such other varsity programs as may be added by UNIVERSITY during the term of this Agreement. For purposes of this Agreement, the term shall also include the UNIVERSITY's official cheer and dance squads.

- (i) "Internet" shall mean a global network of interconnected computer networks or other devices which is used to transmit Internet Content that is directly or indirectly delivered to a computer or other device for display to a user thereof, whether such Internet Content is delivered through on-line browsers, off-line browsers, "push" technology, electronic mail, broadband distribution (whether cable, DSL or otherwise), satellite, telephony, wireless or any other means whether now known or hereafter created.
- (j) "Internet Content" shall mean text, graphics, photographs, film, video, audio and/or other data or information associated with the Internet.
- (k) "Athletic Department-controlled Content" shall mean text, graphics, photographs, film, video, audio and/or any other data, materials or information (e.g., statistics, biographical profiles, archival materials, etc.) of a public nature and relating to any and all Covered Programs to the extent or owned and controlled by Athletic Department.
- (l) "NCAA" shall mean the National Collegiate Athletic Association.
- (m) "NIKE Group" shall mean NIKE USA, Inc., NIKE Retail Services, Inc. (d/b/a NikeTown), their parent company NIKE, Inc., their licensees, distributors, subsidiaries and any successor company.
- (n) "Products" shall mean:
 - (1) all athletic and athletically inspired or derived footwear that members of any of Team, Coaches and/or Staff wear while participating in a Covered Program Activity;
 - (2) authentic competition apparel consisting of uniforms, sideline or courtside jackets and sweaters, game-day warm-ups, basketball shooting shirts, football player capes, wool and fitted caps, windsuits, rainsuits, sideline or courtside pants, shorts and shirts, "base-layer" apparel (i.e., compression/tight gear including padded and non-padded compression products) and similar apparel, activewear, thermal wear, and performance undergarments (collectively, "Authentic Competition Apparel") that members of any Team, Coaches and/or Staff wear while participating in a Covered Program Activity;
 - (3) all other apparel articles of an athletic nature including but not limited to polo shirts, golf shirts, tank-tops, T-shirts, sweatsuits, separates and other body coverings, and accessories of an athletic nature, including but not limited to headwear (other than protective headwear), headbands, wristbands, carrying and equipment bags, socks, hand-towels (e.g., quarterback on-field hand-towel), receiver's and linemen's gloves, weight training gloves, golf gloves, sleeves (e.g., single or double arm protective sleeves), batting gloves, weight training gloves, elbow and knee pads that members of any Team, Coaches and/or Staff wear or use while participating in a Covered Program Activity;
 - (4) footballs, men's basketballs, women's basketballs, soccer balls, volleyballs, and golf balls;

- (5) batting helmets, softball equipment bags (subject to Paragraph 8(a));
 - (6) golf bags, golf travel bags, golf clubs, and club head covers (subject to Paragraph 8(a));
 - (7) protective eyewear as may be worn during Covered Program Activities (e.g., football face mask eyeshields), eyewear with performance attributes and sunglasses;
 - (8) Dynamic Athletic Training equipment (e.g., parachutes, power bands, agility webs, speed ladders, power and quick react balls, etc.) and such other sports equipment as NIKE may add to its Product lines at any time during the term of this Agreement and subject to the provisions of Paragraph 16 below; provided, however, that the UNIVERSITY'S Covered Programs may continue to use such equipment in its possession upon the effective date of this Agreement;
 - (9) body-worn (or handheld) activity tracking/monitoring devices (e.g., heart rate monitors, pedometers, etc.) and/or performance or fitness improvement and/or activity enhancing electronic or digital devices including, but not limited to, watches (GPS and non-GPS enabled) and performance tracking monitors (collectively, "Fitness Devices"), subject to Paragraph 28(a)(5); and
 - (10) other sports equipment as NIKE may add to its Product lines at any time during the Term of this Agreement as further described herein.
- (o) "NIKE Products" shall mean all Products in connection with which, or upon which, the NIKE name, the Swoosh Design, the NIKE AIR Design, the Basketball Player Silhouette ("Jumpman") Design or any other trademarks or brands (e.g., Brand Jordan, Converse, Umbro, SPARQ) now or hereafter owned and/or controlled by NIKE (collectively, "NIKE Marks") appear.
 - (p) "NIKE Web Sites" shall mean www.nike.com, www.nikebiz.com or any successor web site thereto and any other now existing or hereafter created web site owned and/or controlled by a NIKE Group.
 - (q) "Staff" shall mean, collectively, all assistant coaches and strength coaches, equipment managers, trainers and any on-field/courtside staff (e.g., ball persons, etc.) employed by UNIVERSITY during the Term of this Agreement to provide services to any Covered Program.
 - (r) "Team" shall mean that group of athletes attending the Boise State Campus of UNIVERSITY during the Term of this Agreement and then comprising the roster of each Covered Program.
 - (s) "UNIVERSITY Marks" shall mean the identifications Boise State University, the nickname "Broncos" (as it relates to the University) and those marks set forth on Exhibit A attached hereto and incorporated herein by reference and which may be amended from time-to-time as mutually agreed.
 - (t) "Covered Program Activity" shall mean the official games, practices, exhibitions, events and public appearances of a Covered Program, in which a Team member, Coach and/or Staff member appears as an official representative of the UNIVERSITY.
 - (u) "Digital Features" shall mean digital content or applications whether or not used in conjunction with a NIKE Product (e.g., an add-on Nike+ or a mobile device

application), designed to improve, encourage, support or inspire performance, fitness and/or activity.

- (v) "Activity Based Information" shall mean performance and/or activity information/data digitally collected from the Teams or Team members during competition, training or other activities, including, but not limited to, speed, distance, vertical leap height, maximum time aloft, shot attempts, ball possession, heart rate, running route, etc.
- (w) "Dynamic Athletic Rating" shall mean any rating, testing, system or other method (including without limitation applications (e.g., on the Apple OS platform or Android platform operated devices) and video) of measuring, assessing or comparing athletic performance, athletic ability or athleticism (including without limitation athletic sensory performance such as vision).
- (x) "Dynamic Athletic Training" shall mean training programs, exercises, systems or other training methods designed to develop or improve an individual's athletic ability, athletic performance or athleticism (including without limitation athletic sensory performance such as vision).
- (y) "Celebration Apparel" shall mean a product (e.g., T-shirts or caps) bearing UNIVERSITY Marks which is designed to commemorate the UNIVERSITY's victory in an applicable championship (e.g., victory in a bowl game, tournament or national championship) which is commonly worn by Team members, Coaches and Staff immediately following the event on-field/on-court, in the locker room, and/or at a UNIVERSITY-sponsored celebration of the championship, and also includes any replica item of apparel which thereafter is made available for sale to the public.

2. TERM.

This Agreement shall remain in full force and effect for a period of six (6) Contract Years, from August 1, 2011 through June 30, 2017, unless sooner terminated in accordance with the terms of this Agreement (the "Term").

3. GRANT OF SPONSORSHIP RIGHTS, PRE-EXISTING AGREEMENTS.

In consideration of the Products to be supplied, and favorable pricing and purchase credit offered to UNIVERSITY as an educational institutional benefit by NIKE under this Agreement:

- (a) UNIVERSITY hereby grants to NIKE, and NIKE hereby accepts, (i) the designation as "the exclusive athletic footwear, apparel and accessories sponsor of Boise State University Athletics", "the official athletic footwear and apparel sponsor of (each Covered Program)", the "official athletic footwear sponsor of (each Covered Program)" and/or such similar designations as the parties may agree upon in writing (collectively, the "Designations"); and (ii) the non-exclusive right to utilize (subject to the approval and other provisions of Paragraph 13 and Paragraph 14 below) the UNIVERSITY Marks, the Coach Properties, the Designations and/or Activity Based Information in Digital Features, worldwide, in any media now known or hereafter created (including, without limitation, the Internet and mobile technologies) in connection with the manufacture, advertising, marketing, promotion and sale of NIKE Products and Digital Features, provided that such Digital Features branded with UNIVERSITY Marks may require a separate licensing agreement between NIKE and UNIVERSITY or its designated licensing agent. Such rights shall specifically include, but shall not be limited to, the following:

- (1) The exclusive right to supply Products for the Covered Programs and to use the Designations as described herein;
 - (2) The non-exclusive right to design, manufacture, market, and sell Products and Digital Features bearing or incorporating UNIVERSITY Marks (subject to Paragraph 4 below), and, with the prior written approval of the UNIVERSITY, to conduct promotions with and through NIKE retail accounts and over the Internet.
- (b) NIKE acknowledges that UNIVERSITY is a party to pre-existing contracts with respect to product supply as set forth on Schedule A.

UNIVERSITY represents that set forth on Schedule A hereto is, to the knowledge of the UNIVERSITY's Athletic Director, a true and complete listing of the supplied product and the expiration date of such contract. The parties hereto agree that upon the expiration date of such contract, the subject Products, program (and any Coach thereof, subject to expiration of any relevant personal services agreement) shall be deemed subject to all terms and conditions of this Agreement for the balance of the Term provided NIKE matches the complimentary product quantities and qualities that UNIVERSITY had then been receiving under the scheduled pre-existing contracts.

- (c) Celebration Apparel. The license rights granted by the UNIVERSITY to NIKE do not extend to the manufacture and/or sale of Celebration Apparel. Upon learning of the need for Celebration Apparel for a Covered Program in a given Contract Year, the UNIVERSITY shall inform NIKE of its need for such Celebration Apparel. If NIKE does not agree to supply the Celebration Apparel for the Covered Program in that Contract Year as specified by the UNIVERSITY within five (5) business days after receiving the notice from UNIVERSITY, UNIVERSITY may enter into an agreement with a third-party to supply such Celebration Apparel provided (i) such third-party is not also engaged in the manufacture or sale of athletic footwear, and (ii) UNIVERSITY shall use its best efforts to ensure that any Celebration Apparel provided to Team members, Coaches or Staff for their immediate post-game wear or use (or for any official victory celebration either immediately post-game or upon return to the UNIVERSITY campus) shall not bear any camera-visible brand or manufacturer identification incorporated within either the garments graphic design, labels, hangtags or otherwise. If NIKE agrees to provide the Celebration Apparel, it shall have the exclusive right to be the official supplier of the Celebration Apparel for that Covered Program in that Contract Year and the non-exclusive right and license to manufacture and sell such Celebration Apparel. In the event that any Celebration Apparel is controlled by the NCAA, Conference or a bowl sponsor/organizer and the UNIVERSITY's use of such Celebration Apparel is made a condition of participation in a bowl game or other event or is made a material part of any agreement to participate in the bowl game or other event, then the UNIVERSITY shall have the right to use such Celebration Apparel. To the extent possible, UNIVERSITY agrees to use its best efforts to ensure that any Celebration Apparel required by the NCAA, Conference or event sponsor/organizer shall not bear the marks of any Competitor.

4. RETAIL LICENSING RIGHTS.

UNIVERSITY (or its designated licensing agent, currently the Collegiate Licensing Company "CLC"), and NIKE shall enter into and maintain in full force and effect during the Term, a manufacturers and sale license (on the UNIVERSITY's standard terms and conditions except as expressly described below to the contrary):

- (a) Extending to NIKE (and its brands, e.g., Brand Jordan, Converse and Umbro), coterminous with this Agreement, the exclusive right (subject to pre-existing contracts) to use the UNIVERSITY Marks to manufacture and sell domestically at retail, and in any and all channels, all jersey silhouettes (e.g., authentic, alternative jerseys, replica jerseys, throwback jerseys, etc.) for all Covered Programs (e.g., football, basketball, etc.) at a fixed royalty rate of fourteen percent (14%), and such minimum royalty guarantees to be agreed upon by the parties, if any. If at any time during the Term, NIKE (or its licensee), (i) fails or ceases to manufacture any of the foregoing Licensed Product (as defined below) categories, or (ii) is unable to timely supply any of the foregoing Licensed Product categories (e.g., "hot market"), then UNIVERSITY shall have the right, subject to prior approval by NIKE, not to be unreasonably withheld or delayed, to grant an alternative licensee the right to manufacture and distribute such applicable Licensed Product(s) that do not bear any externally visible manufacturer/maker identification and provided they are not sourced from any manufacturer of athletic footwear and provided further that UNIVERSITY shall cease utilizing such alternative licensee(s) upon written notice from NIKE that it is willing and able to manufacture and distribute the applicable Licensed Product categories. Notwithstanding the exclusivity described in this Paragraph, UNIVERSITY shall be permitted to continue its existing non-exclusive license with Tiedman and Formby for the right to make throwback jerseys featuring UNIVERSITY Marks, provided that any throwback jerseys produced by Tiedman and Formby (i) shall not depict NIKE branding or any manufacturer's branding, and (ii) shall be substantially different in construction, fabrication and decoration from the jersey silhouettes produced by NIKE. The parties agree that the throwback jerseys featuring UNIVERSITY Marks currently distributed by Tiedman and Formby are substantially different from the jersey silhouettes that will be manufactured by NIKE, and that future throwback jerseys manufactured by Tiedman and Formby will be at least as different from the jersey silhouettes produced by NIKE as the current throwback jerseys permitted hereunder are.
- (b) Extending to NIKE (and its brands, e.g., Brand Jordan, Converse and Umbro), the non-exclusive right to use the UNIVERSITY Marks to manufacture and sell at retail, and in any and all channels, polo shirts, golf shirts, T-shirts, fleece tops and separates and such other Products as NIKE may from time-to-time reasonably request be added under the license, at a fixed royalty rate of ten percent (10%), or the then-current royalty rate as apply to other licensees on a most favored nation basis, and such minimum royalty guarantees as may be agreed upon by the parties, if any.

The Products licensed for retail sale pursuant to this Paragraph 4, collectively, "Licensed Products", and the retail license UNIVERSITY causes to be extended hereunder, the "Retail License".

If necessary, UNIVERSITY agrees to take any necessary steps to ensure that the terms of the contract between UNIVERSITY and CLC are consistent with the terms of this Agreement. In the event of any conflict, however, the terms and conditions of this Agreement shall control and prevail over the terms and conditions of the UNIVERSITY's contract with CLC. The termination or expiration of the UNIVERSITY's contract with CLC will have no effect upon this Agreement.

5. INTERNET RIGHTS.

Each Contract Year, UNIVERSITY shall, and without limiting any other rights granted hereunder, provide NIKE with the following benefits in connection with the Internet:

- (a) Such sponsor acknowledgement rights or benefits with regard to the Athletics Web Site as are consistent with those that UNIVERSITY has granted to other top tier commercial, UNIVERSITY sponsors or licensees, and UNIVERSITY represents that with regard to the Athletics Web Site, it shall not treat NIKE less favorably than any other top tier commercial sponsor or commercial entity to which UNIVERSITY has granted any sponsor acknowledgement rights with respect to the Athletics Web Site, subject to any agreements entered into by the then Conference(s) of UNIVERSITY.
- (b) In addition to the foregoing, if requested, NIKE will receive the opportunity, as is consistent with those that UNIVERSITY has granted to other commercial UNIVERSITY sponsors or licensees, to create a link from the Athletics Web Site to a NIKE Web Site. The appearance, location and size of the acknowledgement and the link shall be subject to final determination by UNIVERSITY and in accordance with UNIVERSITY policy, and any applicable Conference policies.
- (c) The UNIVERSITY reserves the right to de-link at any time when it determines in its sole discretion that the site to which the link is connected violates UNIVERSITY policy, mission, or goals.

6. NIKE'S PRODUCT CONSIDERATION.

In partial consideration for the rights granted under this Agreement:

- (a) Each Contract Year, UNIVERSITY shall be entitled to order directly from NIKE, and receive, the below-indicated amounts of NIKE Product for use by (or in connection with) the Covered Programs, clinics, camps, Coaches, Staff and such other purposes as UNIVERSITY and/or the Director of Athletics may deem appropriate to support the relationship between the parties. The aggregate retail value of supplied product that Athletic Department may order for each Contract Year shall be as set forth in the table below (each, an "Annual Product Allotment"). Such NIKE Products shall include, but shall not be limited to, game and practice uniforms, competition balls, and footwear for use by the Covered Programs.

1st Contract Year (2011-12)	\$ 850,000
2nd Contract Year (2012-13)	\$ 850,000
3rd Contract Year (2013-14)	\$1,000,000
4th Contract Year (2014-15)	\$1,000,000
5th Contract Year (2015-16)	\$1,150,000
6th Contract Year (2016-17)	\$1,150,000

Notwithstanding the above-stated annual product commitments, (1) UNIVERSITY shall be permitted a maximum carry-over of Two Hundred Thousand Dollars (\$200,000) of unordered annual allotment of merchandise from 1st Contract Year to the 2nd Contract Year, and (2) for each subsequent Contract Year through the 5th Contract Year, UNIVERSITY shall be permitted a maximum carry-over of One Hundred Thousand Dollars (\$100,000) of unordered annual allotment of merchandise from one Contract Year to the next; provided that for each Contract Year UNIVERSITY desires to carry-over from the previous year's allotment, it shall so notify NIKE in writing of such desire (and the intended amount of carry-over) by no later than April 1st of the then-current Contract Year, and provided further that if

the carry-over amount is not used in the Contract Year into which it has been carried, such carry-over amount shall be forfeited. (By way of example, if UNIVERSITY desires to carry-over \$100,000 of its allotment from the 2nd Contract Year into the 3rd Contract Year, it must so notify NIKE of such desire by April 1, 2013, and if such carried over amount is not used by the conclusion of the 3rd Contract Year it shall be forfeited.)

- (b) Each Contract Year,
 - (1) Provided UNIVERSITY has then ordered at least 350 pairs of football shoes under its Annual Product Allotment for such year, anytime in such year after such minimum order requirement is met, UNIVERSITY shall be entitled to order direct from NIKE, on a "2 for 1" basis, additional football shoes for team use and subject to quantity availability. For purposes of this subsection, "2 for 1" shall mean that for every two (2) pairs of football shoes purchased from NIKE, UNIVERSITY shall receive from NIKE, free of charge, one (1) pair of football shoes. (By way of example illustrating the foregoing, if for the 2011 Season UNIVERSITY has placed an initial order for 350 pairs of football shoes and to be credited against its Annual Product Allotment, then places a subsequent single purchase order that season for an additional 150 pairs of football shoes—UNIVERSITY would pay published wholesale price for 100 pairs, and would receive 50 pairs free of charge.)
 - (2) Provided UNIVERSITY has then ordered at least 500 pairs of football gloves under its Annual Product Allotment for such year, anytime in such year after such minimum order requirement is met, UNIVERSITY shall be entitled to order direct from NIKE, on a "1 for 1" basis, additional football gloves for team use and subject to quantity availability. For purposes of this subsection, "1 for 1" shall mean that for every pair of football gloves purchased from NIKE, UNIVERSITY shall receive from NIKE, free of charge, one (1) pair of football gloves. (By way of example illustrating the foregoing, if for the 2011 Season UNIVERSITY has placed an initial order for 500 pairs of football gloves and to be credited against its Annual Product Allotment, then places a subsequent single purchase order that season for an additional 200 pairs of football gloves—UNIVERSITY would pay published wholesale price for 100 pairs, and would receive 100 pairs free of charge.)
- (c) BCS Adjustment. If during the Term UNIVERSITY's Covered Programs should join an Automatic Qualifying BCS conference, or UNIVERSITY's Conference should earn Automatic Qualifying BCS status (i.e., become an automatic BCS Bowl qualifier), then, in the first year of such Automatic Qualifying BCS status and each Contract Year thereafter, the annual product allocation set forth in Paragraph 6(a) above shall increase by One Hundred Thousand Dollars (\$100,000) (retail value) for each Contract Year. If during the Term UNIVERSITY's football program only should join an Automatic Qualifying BCS conference, then the annual product allocation set forth in Paragraph 6(a) above shall increase by Seventy Five Thousand Dollars (\$75,000) (retail value) for each Contract Year. The parties agree that if and when UNIVERSITY joins the Big East Conference in 2013 for Football the aforementioned BCS Increase shall take effect for that Contract Year and thereafter. The parties further agree that if any schools comprising the Big East Conference at the time of execution of this Agreement leave the Big East Conference and are not replaced by schools of equal or better performance in football, as shall be reasonably agreed between the parties, the parties shall agree to discuss whether the BCS Increase shall apply. Notwithstanding anything to the

contrary, nothing in this paragraph shall cause a reduction to the Annual Product Allotment set forth in Paragraph 6(a).

7. PRODUCT ORDERING, DELIVERY & LOGO USE ON PRODUCT.

- (a) The exact styles, sizes and delivery dates and, where appropriate, quantities of NIKE Products ordered under this Agreement shall be as reasonably specified by the UNIVERSITY and consistent with NIKE's overall product marketing strategy. NIKE shall propose styles each year, sufficiently in advance, to allow UNIVERSITY adequate time for consideration. Each such Contract Year, if UNIVERSITY desires quantities of NIKE Product in excess of that provided under its Annual Product Allotment, UNIVERSITY may order and purchase such additional quantities of the NIKE Products at NIKE's published wholesale prices (or on terms as otherwise provided under Paragraph 6(b) above), subject to availability and NIKE standard account sales terms and conditions. Except as otherwise described in this Agreement, in no event shall UNIVERSITY Athletic Department purchase any Products (including footwear and core basic apparel – e.g., T-shirts, shorts, fleece and socks), for Covered Program use, from any third-party without NIKE's approval. All Products to be supplied by NIKE hereunder shall be delivered F.O.B. to UNIVERSITY. Only properly submitted orders from UNIVERSITY's Athletic Business Office shall be filled by NIKE.
- (b) UNIVERSITY acknowledges that Annual Product Allotments shall be delivered to UNIVERSITY generally one (1) month prior to the start of the regular season for each Covered Program and that annual allotments must typically be ordered 9-12 months in advance of each season to ensure timely delivery. As long as UNIVERSITY places all its orders by the October 1 preceding any Contract Year (and which October 1st order deadline NIKE agrees shall not apply with respect to the 1st Contract Year), the annual product allotment for each Covered Program shall be delivered to UNIVERSITY by the following dates during such Contract Year:

Football (Basics & Uniforms)	July 1
Basketball	
Basics	July 1
Uniforms	October 1
All other Fall Athletic Programs	
Basics	July 1
Uniforms	August 1
All Spring Athletic Programs	
Basics	July 1
Uniforms	December 1

Notwithstanding the foregoing, however, if approved in writing by UNIVERSITY (such approval not to be unreasonably withheld), certain products within a Covered Program's product allotment may be delivered later than the date specified above, depending on their date of actual use, furthermore, UNIVERSITY acknowledges that, once apparel ordering deadlines have been met, product delivery may be staggered in accordance with a mutually agreed priority schedule. (By way of example, with respect to football product, footwear and practice wear would be delivered by July 1st, game uniforms by photo day, and cold weather wear by October 1st.)

- (c) UNIVERSITY acknowledges that the placement of the NIKE logo, as it is currently permitted by the NCAA (in terms of size, location placement, color contrast/prominence and/or number of placements), on Authentic Competition Apparel is a bargained for material benefit contemplated by NIKE under this Agreement and that such continued degree of manufacturer logo prominence on competition product is of the essence of this Agreement. Accordingly, during the Term, UNIVERSITY shall take no action that shall have the effect of relocating (except for a more favorable placement should a subsequent relaxation in rules so permit), reducing, or restricting NIKE's logo placement rights on Competition Apparel as such logo now is permitted by current relevant NCAA rules or regulations including, but not limited to, NCAA Rule 12.5.4. Notwithstanding anything contained in this subparagraph, UNIVERSITY further acknowledges that nothing herein shall be construed as a restriction of any right of NIKE to avail itself of such more favorable presentation or placement of its logo (e.g., size, color contrast, number of placements, location of placement, etc.) as may be currently permitted under NCAA, Conference and/or other applicable rules, or hereafter permitted by any subsequent relaxation in NCAA, Conference and/or other applicable rules, provided that, the NIKE logo shall be of no greater prominence than UNIVERSITY's logo(s).
- (d) On a monthly basis during the Term, NIKE shall provide the UNIVERSITY with a reasonably detailed written sport-by-sport report of the then-current status of orders, use of Annual Product Allotment, use of carry-over, and such other information as the parties shall agree upon.

8. USE OF NIKE PRODUCTS.

- (a) Throughout the Term, UNIVERSITY shall make NIKE Products available on an exclusive basis to all Covered Programs, to be worn and/or used by Team members, Coach and Staff during Covered Program Activities during which Team members, the Coach and Staff wear and/or use Products. UNIVERSITY shall require the Coach and Team and Staff members to wear and/or use exclusively NIKE Products during such activities. Notwithstanding the foregoing, NIKE acknowledges and agrees that (i) members of the swim program shall have the right to use performance swim suits of their choice from any manufacturer (and with such manufacturer's logo camera-visible) so long as no promotional benefit of any kind shall accrue via contract to either the supplier of such item(s) or to UNIVERSITY (e.g., such product may not be provided to UNIVERSITY in exchange for advertising or promotional rights); (ii) members of the gymnastics program shall have the right, if they so elect, to use leotards of their choice from any manufacturer principally known in the industry for supply of such product (e.g., Danskin and with such manufacturer's logo camera-visible) so long as no promotional benefit of any kind shall accrue via contract to either the supplier of such item(s) or to UNIVERSITY (e.g., such product may not be provided to UNIVERSITY in exchange for advertising or promotional rights); (iii) other than sports camps and/or clinics associated with the football program, Department controlled sports camps and clinics shall have the option to use generic T-shirts (i.e., non-NIKE) that do not bear any externally visible manufacturer/maker identification and provided they are not sourced from any manufacturer of athletic footwear; (iv) the wear and/or use of certain NIKE Products by certain Covered Programs is subject to the provisions of Paragraph 8(a)(i) and (ii) above; (v) Team members, Coaches and Staff may wear non-athletic footwear and apparel, as appropriate, in connection with Covered Program Activities (e.g., banquets or awards dinners, meetings, road game travel, etc.) and that the election to not wear

NIKE Product for such activities shall not constitute a breach of this Paragraph; (vi) members of the golf Team shall have the right to use golf clubs and golf balls of their choice (but not any other golf equipment or products) from any manufacturer, and with such manufacturer's logo camera-visible so long as no sponsorship or promotional benefit of any kind shall accrue to either the source of such item(s) or to UNIVERSITY (for avoidance of doubt, the parties agree that UNIVERSITY may source such product on a complimentary basis but cannot, in exchange for such complimentary supply of product, provide the supplier with any acknowledgments, advertising or promotional rights); and (vii) members of the women's softball Team shall have the right to use Louisville Slugger softball bats, equipment bags, female catcher's wear and female batting wear which shall include protective wear such as chest protectors, leg guards, masks, and gloves, and with such manufacturer's logo camera-visible so long as, subject to UNIVERSITY's pre-existing agreement, no promotional benefit of any kind shall accrue to either the supplier of such item(s) or to UNIVERSITY (e.g., such product may not be provided to UNIVERSITY in exchange for advertising or promotional rights), and UNIVERSITY's usage of products permitted under this Section or provision of benefits under UNIVERSITY's pre-existing agreement shall not constitute a breach of this Section 15 or this Agreement. As described in subparagraph (b) below, NIKE further agrees to work with and use best efforts to resolve any Team member experiencing problems in connection with fit or performance of NIKE footwear. *To the fullest extent permitted under Idaho state laws, UNIVERSITY specifically waives, only as against NIKE, all express warranties (except as stated in the Agreement), and implied warranties of merchantability or fitness for a particular purpose.*

- (b) UNIVERSITY shall ensure that no Team member, Coach or Staff member shall:
 - (1) Alter or permit the alteration of any NIKE Product provided hereunder, and worn or used by them in connection with the Covered Program activities contemplated hereunder, to resemble a non-NIKE Product; or
 - (2) Wear, in connection with the Covered Program activities contemplated hereunder, any non-NIKE Products which have been altered to resemble NIKE Products.
- (c) Except as otherwise stated in this Agreement, UNIVERSITY shall ensure that no Coach, Staff or Team member shall wear and/or use any athletic footwear, or other Products, manufactured by companies other than NIKE, in connection with the Covered Program Activities contemplated hereunder.
- (d) UNIVERSITY acknowledges that "spatting" or otherwise taping, so as to cover any portion of the NIKE footwear worn by members of the Team during Covered Program Activities during which Team members wear athletic shoes is inconsistent with the purpose of this Agreement and the benefits to be derived from it by NIKE and is a material breach of this Agreement. Notwithstanding the foregoing, isolated spatting or taping as is deemed medically advisable, for example in instances where a player is injured during competition and the in-game determination is made that the player can continue to play if the player's ankle and shoe are taped-over, shall not be deemed a breach of this Agreement.
- (e) UNIVERSITY shall not permit (i) the trade name, trademark, name, logo or any other identification of any person, company or business entity other than NIKE, UNIVERSITY, the Conference, the NCAA or relevant post-season event, to appear on NIKE Products worn or used by Coach, Staff or Team members, in connection with the Covered Program Activities contemplated hereunder (excluding only

activities such as golf fundraisers where tournament shirts may be co-branded with the logos of sponsors permitted under this Agreement, and, provided that such event is controlled by UNIVERSITY, such items are exclusively embellished by and sourced from NIKE) or (ii) any third party to screen-print upon, or otherwise embellish, any NIKE Product worn or used by Coaches, Staff or Team members in connection with the Covered Program Activities contemplated hereunder.

9. CASH CONSIDERATION.

- (a) Base Compensation. In partial consideration of the rights granted, and performances rendered, by UNIVERSITY hereunder, NIKE shall pay UNIVERSITY Base Compensation in each Contract Year in the amount set forth below opposite the indicated Contract Year, to be paid in two (2) equal semi-annual installments to be made on July 1 and January 1 of each Contract Year (and subject to Paragraph 17 below).

1st Contract Year (2011-12)	\$30,000
2nd Contract Year (2012-13)	\$30,000
3rd Contract Year (2013-14)	\$40,000
4th Contract Year (2014-15)	\$40,000
5th Contract Year (2015-16)	\$50,000
6th Contract Year (2016-17)	\$50,000

Notwithstanding the foregoing, if there is a change in the football Coach during the Term, NIKE may, in its sole discretion, equitably reduce the scheduled Base Compensation to be paid UNIVERSITY going forward taking into account the diminution of value resulting from such football Coach change, in NIKE's sole judgement.

- (b) Performance Bonuses. In the event that the indicated Covered Program achieves any of the following performances during any Contract Year, UNIVERSITY shall, within ninety (90) days of such accomplishment, invoice NIKE for payment of the corresponding bonus amount (and which bonus UNIVERSITY acknowledges may be subject to forfeit if not timely invoiced) which NIKE shall pay within thirty (30) days of its receipt thereof:

Football Bonuses*	
Plays in a non-BCS "Tier I" Bowl Game**	\$10,000
Plays in a BCS Bowl Game	\$25,000
Wins National Championship	\$25,000
Men's Basketball Bonuses*	
Wins Regular Season Mountain West Championship	\$ 5,000
Wins Mountain West Tournament	\$ 5,000
Plays in NCAA Sweet Sixteen	\$10,000
Plays in NCAA Final Four	\$25,000
Wins NCAA Championship	\$25,000
Women's Basketball Bonuses*	
Wins Regular Season Mountain West Championship	\$ 2,500
Wins Mountain West Tournament	\$ 2,500
Plays in NCAA Sweet Sixteen	\$ 5,000
Plays in NCAA Final Four	\$10,000
Wins NCAA Championship	\$15,000

*Bonuses shall be cumulative, i.e., if men's basketball achieves all of the above performances, UNIVERSITY would earn \$70,000 in bonuses.

**A Tier I bowl shall be deemed any bowl having a team payout of \$1.9 million or more.

Notwithstanding the foregoing, UNIVERSITY acknowledges that if it is subject to a sanction(s) that includes that any of the above accomplishments is vacated, UNIVERSITY shall be required to return to NIKE any performance bonus paid for such vacated accomplishment within sixty (60) days of notice from NIKE (or, if UNIVERSITY so elects, NIKE may set-off such amounts against future cash payments due to UNIVERSITY).

10. PROMOTIONAL APPEARANCES.

Solely in connection with the promotion of NIKE Products and/or the NIKE brand:

- (a) Each Contract Year, upon reasonable prior notice and subject to any coaching commitment and/or applicable UNIVERSITY policy, if so requested by NIKE, UNIVERSITY shall make (i) the football Coach available for up to two (2) appearances, and (ii) all other Coaches available for one (1) appearance. No single appearance shall exceed twenty-four (24) hours in duration, including travel time, unless otherwise agreed upon in advance. Such appearances may include, but are not limited to, photo shoots for posters, brochures or in-store displays, production sessions related to filming commercials and/or video productions and/or advertising, retail store appearances, trade shows, speaking engagements, appearances at sports clinics, celebrity events and other public appearances. UNIVERSITY shall receive no additional compensation for such appearances.
- (b) NIKE agrees to pay all reasonable and necessary out-of-pocket expenses incurred by the UNIVERSITY and/or any Coach in connection with any appearance hereunder, including first class airfare. In the event Coach attends the NIKE Coach of the Year Clinics, the parties agree NIKE shall pay coach class airfare.

11. OTHER SPONSOR BENEFITS.

During the Term, in connection with the Covered Programs, UNIVERSITY shall provide (and to the extent controlled by Broncos Sports Properties shall use all reasonable efforts to secure from Broncos Sports Properties) NIKE with the following promotional benefits at no additional cost to NIKE except as otherwise indicated:

- (a) NIKE shall receive season tickets to home games (and neutral site games as indicated below) for each Covered Program in accordance with the following:

PROGRAM	No. TICKETS*
Football (home)	6 tickets (in block seats); 3 premium parking passes
Football (if applicable, Conference Championship)	6
Bowl Game (if applicable)	8 complimentary with opportunity to purchase additional 12 tickets
Basketball (M)	6 (adjacent seats or blocks of 2)
Basketball Tournament (M) (Conference & NCAA or NIT, if applicable)	6 (per round, adjacent seats)
Basketball (W)	6 (adjacent seats)
Basketball Tournament (W) (Conference & NCAA or NIT, if applicable)	6 (per round, adjacent seats)
Other Ticketed Programs	4 (adjacent seats)
* All tickets shall be "best available" (following sale of season tickets) lower-level seating, adjacent seats.	

In addition, each season, UNIVERSITY shall provide NIKE with a block of forty (40) tickets (in addition to the above-indicated 6 football tickets per game) to one mutually agreed designated home football game.

- (b) During regular season home games of the football program commencing with the 2012 football season, prominent, camera-visible, UNIVERSITY-controlled signage in its football stadium, with the placement and size of such signage to be mutually agreed upon.
- (c) During regular season home games of the football program, a suitable, high-traffic, location within the football stadium at which NIKE may, at its option and expense, and in conjunction with UNIVERSITY's bookstore (if required), set up a display and promote NIKE Product during home football games.
- (d) NIKE logo placement in UNIVERSITY's indoor practice facility.
- (e) During regular season home games of a Covered Program, at each home football and basketball game, suitable in-game P.A. announcements and/or electronic board messages recognizing NIKE as the exclusive Products sponsor of the UNIVERSITY's athletic program.
- (f) Prominent NIKE name and/or logo recognition in mutually agreed upon sports-related publications of the Athletic Department.
- (g) One full-page, 4-color NIKE sponsor acknowledgment (camera-ready ad to be produced and provided by NIKE at its cost) in the home, regular season football game day program.
- (h) In addition to the above, the Athletic Department shall afford, and shall use best efforts to cause Broncos Sports Properties to afford, NIKE advance notice and the opportunity to consider purchasing participation in any and all additional Department-specific sponsor acknowledgment opportunities, in any media, which become available during the Term.

NIKE acknowledges and agrees that any recognition, name or logo identification, statement or acknowledgement provided by the UNIVERSITY under this paragraph or this Agreement shall comply with the requirements of 26 USC 513 or other applicable law or regulations to qualify the payment to the UNIVERSITY as a "qualified sponsorship payment" and as such NIKE shall not have the right to display a message that contains a comparative or qualitative description of NIKE Product, price information or other indications of savings or value, endorsement a sponsorship, or an inducement to purchase, sell or use NIKE Product. All copy and graphics proposed for display by NIKE are subject to reasonable approval by the UNIVERSITY. All such recognition is subject to and shall comply with all NCAA and Conference rules and regulations.

12. DESIGN & MARKETING CONSULTATION.

- (a) UNIVERSITY acknowledges NIKE's industry leadership in the design of performance product and its expertise and innovation in the area of sports marketing and that such leadership, expertise and innovation is a material inducement to UNIVERSITY's entrance into this Agreement. NIKE shall continue its efforts to produce high quality Products through consultation with coaches and staff of successful athletic programs such as UNIVERSITY and whose full cooperation is important to NIKE, as such individuals have knowledge that can be useful in the research, development and production of NIKE Products, and is of the essence of this Agreement. Upon reasonable request by NIKE, UNIVERSITY shall require designated Coaches and Staff to provide NIKE with written or oral reports

concerning the NIKE Products supplied to each through NIKE's product development and testing program (such product is supplied outside of the Annual Product Allotment and not counted against it, e.g., prototype product) which reports shall be provided "as is" and without any representation or warranty whatsoever, and used solely by NIKE for its internal purposes (if at all) at its own risk as it may deem appropriate. Such reports shall address the fit, wear characteristics, materials and construction techniques of such Products.

- (b) UNIVERSITY acknowledges that a material inducement to NIKE's entrance into this Agreement is to provide broad and prominent exposure for the NIKE brand and particular Product models and styles. Accordingly, UNIVERSITY shall require the use, in practices and games, by the Team as NIKE may reasonably request, such specific models and/or styles of NIKE Products as NIKE may designate from time to time and UNIVERSITY further acknowledges that this undertaking is a material term, and is of the essence, of this Agreement.

13. ADVERTISING APPROVALS.

- (a) If for other than wholly internal purposes NIKE (as opposed to consumers through consumer-generated content) desires to use the UNIVERSITY Marks, NIKE shall first submit a sample or the concept of the proposed advertisement or promotion or sponsorship materials (or other use) to UNIVERSITY for approval through UNIVERSITY's Director of Trademark Licensing, which approval shall not be unreasonably withheld. UNIVERSITY shall use its best efforts to advise NIKE of its approval or disapproval of the sample or concept within fifteen (15) business days of its receipt thereof. UNIVERSITY's approval, or disapproval, shall be in writing. (If a submission is disapproved, UNIVERSITY's written notice thereof shall set forth in reasonable detail the basis for such disapproval.) Any submitted item that has not been approved within twenty (20) business days of receipt by UNIVERSITY shall be deemed disapproved. Once a submitted sample or concept is approved, NIKE shall not depart therefrom in any material respect without re-submission of the item and obtaining UNIVERSITY's further approval.
- (b) Except as otherwise set forth herein, in the event UNIVERSITY desires to use the NIKE Marks in any advertising or promotion (e.g., in connection with any camp or clinic), UNIVERSITY shall first submit a sample or the concept of the proposed advertisement or promotion to NIKE for approval, which approval shall not be unreasonably withheld. NIKE shall use its best efforts to advise UNIVERSITY of its approval or disapproval of the sample or concept within fifteen (15) business days of its receipt thereof. NIKE's approval, or disapproval, shall be in writing. (If a submission is disapproved, NIKE's written notice thereof shall set forth in reasonable detail the basis for such disapproval.) Any submitted item that has not been approved within twenty (20) business days of receipt by NIKE shall be deemed disapproved. Once a submitted sample or concept is approved, UNIVERSITY shall not depart therefrom in any material respect without re-submission of the item and obtaining NIKE's further approval.

14. DEVELOPMENT OF NEW LOGO & TRADEMARK OWNERSHIP.

- (a) If UNIVERSITY desires to develop an additional, wholly new, trademark, service mark, symbol and/or logographic for use solely in connection with the Covered Program (collectively, "New Logo"), UNIVERSITY shall in writing notify NIKE of such intention and agrees to meet with NIKE, upon NIKE's request, to discuss in good faith the use of NIKE's services to design such New Logo. Such discussions must occur prior to UNIVERSITY's engaging in negotiations with any third party to

provide such design services; provided that UNIVERSITY shall not be precluded from negotiating with, and retaining, others for such services after the passage of thirty (30) days from the date notice is first given to NIKE under this paragraph. NIKE shall have no rights in any New Logo for which NIKE provided no design services. Should UNIVERSITY elect to have NIKE undertake such design assignment, NIKE shall provide such design services at no expense to UNIVERSITY except as provided below. In the event NIKE designs such New Logo and it is approved by UNIVERSITY, then UNIVERSITY shall be the sole owner of all right, title and interest in and to the New Logo. NIKE agrees to execute the documents reasonably necessary to assign all rights in the New Logo to UNIVERSITY prior to any use of the New Logo. Following the expiration or termination of the Agreement for any reason, NIKE shall have no further rights, except as otherwise provided herein, with respect to the New Logo. UNIVERSITY acknowledges that all trademark/copyright registration and maintenance expenses in connection with the New Logo shall be at its expense and NIKE agrees that it shall not incur any such expense on behalf of UNIVERSITY without UNIVERSITY's prior written approval.

- (b) NIKE recognizes the value of the UNIVERSITY Marks and acknowledges that the goodwill attached thereto belongs to UNIVERSITY and that nothing in this Agreement serves to assign, convey or transfer to NIKE any rights, title or interest in or to the UNIVERSITY Marks and that UNIVERSITY owns the UNIVERSITY Marks and has the exclusive right thereto, subject only to the license granted to NIKE in this Agreement and licenses granted to others. Notwithstanding anything in this Paragraph 14, or elsewhere in this Agreement, to the contrary, nothing herein shall be construed as conveying to UNIVERSITY any copyright in any NIKE television commercial in which the UNIVERSITY Marks appear (and which use has been approved by UNIVERSITY) and UNIVERSITY acknowledges that for any such commercial NIKE shall be the copyright owner.
- (c) UNIVERSITY recognizes the value of the NIKE Marks and acknowledges that the goodwill attached thereto belongs to NIKE and that nothing in this Agreement serves to assign, convey or transfer to UNIVERSITY any rights, title or interest in or to the NIKE Marks.

15. RIGHTS OF FIRST DEALING AND FIRST REFUSAL.

- (a) At NIKE's request, UNIVERSITY shall negotiate with NIKE in good faith with respect to the terms of a renewal of this Agreement. The parties shall not be obligated to enter into an agreement if they cannot settle on mutually satisfactory terms. Prior to May 1, 2016 (the "Exclusive Negotiating End Date") UNIVERSITY shall not engage in discussions or negotiations with any third party with respect to the supply and/or sponsorship of any Products after the Term ("Product Supply/Sponsorship").
- (b) During the Term (i.e., anytime between the Exclusive Negotiating End Date and June 30, 2017), and for a period of ninety (90) days thereafter, NIKE shall have the right of first refusal for Product Supply/Sponsorship, as follows. If UNIVERSITY receives any bona fide third party offer at any time on or after the Exclusive Negotiating End Date with respect to any Product Supply/ Sponsorship, UNIVERSITY shall submit to NIKE in writing the specific terms of such bona fide third party offer in the form of a true copy which shall be on the offeror's letterhead or other identifiable stationery or imprint readily authenticable by NIKE as having originated with such third-party offeror. NIKE shall have fifteen (15) business days from the date of its receipt of such true copy of the third party offer to notify

UNIVERSITY in writing if it will enter into a new contract with UNIVERSITY on terms no less favorable to UNIVERSITY than the material, measurable and matchable terms of such third party offer. If NIKE so notifies UNIVERSITY within such 15-day period, UNIVERSITY shall enter into a contract with NIKE on the terms of NIKE's offer. If NIKE fails or declines to match or better the material, measurable and matchable terms of such third party offer within such 15-day period, UNIVERSITY may thereafter consummate an agreement with such third party on the terms of the offer made to UNIVERSITY. Prior to the Exclusive Negotiating End Date, UNIVERSITY shall not solicit, consider or present to NIKE, and NIKE shall not be obligated to respond to, any third party offer for any Product Supply/Sponsorship. For avoidance of doubt, it is understood that once a third party offer has been submitted to NIKE, NIKE's right of first refusal expires (i) fifteen (15) business days after such offer has been submitted, or (ii) upon NIKE's notification that it has declined to match, whichever is sooner, thus cutting short the 180-day post-contract period.

16. RIGHTS FOR NEW PRODUCTS.

From time-to-time during the Term of this Agreement, NIKE may add to its Products line one or more items of sports equipment. If at any time during the Term NIKE shall have a bona fide intention to expand its Products line by adding any such item(s), then NIKE shall give UNIVERSITY advance written notice of the particular item(s) then in development by NIKE and an adequate out of season and/or pre-season opportunity to sample and field-test the new item(s). Following such testing opportunity, UNIVERSITY agrees that, subject to the Athletic Director's and Coach's satisfaction as to quality and suitability of such new product, once such item is commercially available, and subject to any then-existing applicable UNIVERSITY agreements with other vendors for such item or items, then such item(s) shall thereafter be deemed to be included in "Products" as defined in Paragraph 1(n) above and "NIKE Products" as defined in Paragraph 1(o) above and covered in all pertinent respects by the terms hereof and UNIVERSITY shall no longer be permitted to source such Products from a manufacturer other than NIKE. Thereafter, UNIVERSITY shall make such new Product item(s) available to Coach, Staff and/or Team members, NIKE shall supply UNIVERSITY with sufficient quantities for such purpose to be mutually agreed upon by the parties, including quantities equal to or greater than the quantities of any comparable item(s) which UNIVERSITY, Coach, Staff and/or Team members are then receiving from a third party, and UNIVERSITY shall thereupon distribute, as is appropriate, such new item(s) to Team members, Coaches and/or Staff members for use pursuant to the terms of this Agreement.

17. RIGHT OF REDUCTION, SET-OFF.

- (a) UNIVERSITY acknowledges that the principal inducements for NIKE's entrance into this Agreement are (i) the wide-spread national media exposure that the football program annually receives, and (ii) the accompanying prominent brand exposure NIKE receives through the placement of the NIKE logo, as it currently appears (in terms of size, location placement, color prominence and/or number of logo placements), on the Products supplied hereunder and that such continued exposure is of the essence of this Agreement. Accordingly, if in any Contract Year the football program is banned by the NCAA from television appearances for the full season or if, for any reason, NIKE's logo placement rights are materially diminished (in terms of size, location placement, color prominence and/or number of logo placements and/or through electronic means as described in Paragraph 19(a)(4) below), in lieu of NIKE's exercise of its termination right under Paragraph 19 below, then for such Contract Year NIKE shall have the right to

reduce UNIVERSITY's scheduled Base Compensation, as described in Paragraph 9(a), by twenty-five percent (25%). If NIKE logo placement rights are materially diminished in a manner other than as enumerated above, the parties shall in good faith agree to equitably reduce scheduled Base Compensation to be paid UNIVERSITY going forward taking into account the nature and extent of the diminution of rights.

- (b) UNIVERSITY further acknowledges that (i) the principal inducement for NIKE's entrance into this Agreement is the television and other media exposure that the NIKE brand receives through the prominent visibility of the NIKE logos that appear on the side (and other locations) of the athletic shoes provided by NIKE to UNIVERSITY for use pursuant to this Agreement, (ii) such continued brand exposure is of the essence of this Agreement, and (iii) the unauthorized "spatting" or taping of shoes in any manner is inconsistent with the purpose of this Agreement and the expected benefits to be derived from it by NIKE and is a material breach of this Agreement. Accordingly, if after UNIVERSITY's receipt of written notice of a spatting violation, the coaching staff shall permit the spatting or taping of NIKE footwear, in a manner inconsistent with the terms hereof, in lieu of NIKE's exercise of its termination rights under Paragraph 19 below, NIKE shall have the right (in its sole discretion) to reduce UNIVERSITY's annual scheduled Base Compensation, as described in Paragraph 9(a), (for the Contract Year in which such breach occurs) in accordance with the reduction scale set forth below.

	% REDUCTION AMOUNT
1st Occurrence (after notice)	10% of total annual Base Comp.
2nd Occurrence	15% of total annual Base Comp.
3rd Occurrence	25% of total annual Base Comp.

Successive reductions shall be cumulative (i.e., 3 occurrences would result in annual base compensation being reduced by a total of 50%).

- (c) NIKE shall have the right to set-off any amounts owed by UNIVERSITY to NIKE, hereunder or otherwise, against Base Compensation amounts owed by NIKE to UNIVERSITY. UNIVERSITY shall have the right to set-off any amounts owed by NIKE to UNIVERSITY, hereunder or otherwise, against any amounts owed by UNIVERSITY to NIKE.

18. RIGHT OF TERMINATION BY UNIVERSITY.

UNIVERSITY may immediately terminate this Agreement by notice to NIKE upon the occurrence of an Event of Default by NIKE as provided herein. An Event of Default as to UNIVERSITY shall mean the occurrence or existence of one or more of the following events or conditions (for any reason, whether voluntary, involuntary or effected or required by law):

- (a) NIKE shall fail to pay any amount due hereunder and such failure shall have continued for a period of thirty (30) days after written notice by UNIVERSITY to NIKE;
- (b) NIKE shall be in material breach of this Agreement, which breach NIKE fails to cure within thirty (30) days of UNIVERSITY's delivery of written notice to NIKE specifying the breach;
- (c) NIKE is adjudicated insolvent or declares bankruptcy;

- (d) NIKE is in material breach of the Retail License, which breach NIKE fails to cure within thirty (30) days of UNIVERSITY's delivery of written notice to NIKE specifying the breach;
- (e) NIKE is in material breach of the FLA Code set out in Exhibit B, as may be amended, which breach NIKE fails to cure within thirty (30) days of UNIVERSITY's or its designated agent (e.g., CLC) delivery of written notice to NIKE specifying the breach; or
- (f) NIKE disparages the quality or performance of UNIVERSITY's Athletic program, Teams, Coaches, Staff, or students.

19. RIGHT OF TERMINATION BY NIKE.

- (a) Termination of Agreement for Cause. NIKE shall have the right to terminate this Agreement immediately upon written notice to UNIVERSITY if:
 - (1) The football program is placed on NCAA probation resulting in a ban from television appearances for one full season or more or UNIVERSITY ceases for any reason to field a Division I football team;
 - (2) In connection with the Covered Program Activities contemplated hereunder, Coach, Staff and/or Team members fail to wear or use NIKE Products, or wear NIKE Products altered in violation of the provisions of Paragraph 8 above; provided, however, that NIKE shall have first provided written notice to UNIVERSITY of any such violation and such violation shall then recur during the same Contract Year;
 - (3) UNIVERSITY, the NCAA, the Conference or any assignee thereof (including any licensing agent or national/regional network broadcast partner of the foregoing) enacts, adopts or accedes to any regulation, restriction, prohibition or practice that materially deprives NIKE of the promotional benefits and/or product/brand exposure contemplated by this Agreement including, but not limited to, (i) any diminution of NIKE's logo placement rights (in terms of size, location placement, color prominence, e.g., requiring tone-on-tone logo coloring, and/or reducing the number of logos that are currently permitted on uniforms and/or warm-ups) on the Products supplied hereunder, including any total ban on the placement of camera-visible logo identification on Authentic Competition Apparel, (ii) "air brushing" NIKE identification from still photography or footage, or (iii) use of L-VIS technology or other electronic/computer imaging technology that alters, substitutes or replaces NIKE logo identification that appears on uniforms with other commercial identification that is seen by home television viewers;
 - (4) Any Coach or Athletic Department senior administrator, in that capacity, publicly disparages the quality and/or performance of NIKE Products;
 - (5) UNIVERSITY is in material breach of any material term of this Agreement, which breach UNIVERSITY fails to cure, if curable, within thirty (30) days of NIKE's delivery of written notice to UNIVERSITY of any such breach;
 - (6) UNIVERSITY breaches any warranty made hereunder; or
 - (7) Any Coach, Staff or Team member fails to perform any material obligations provided for in this Agreement, which breach is not cured within thirty (30) days of NIKE's delivery of written notice to UNIVERSITY specifying the breach.

(b) Termination for Cause or Reduction of Cash Compensation.

- (1) Termination for Cause. After the issuance of a final decision following the conclusion of any appeal process (unless UNIVERSITY self-imposes any of the below penalties), NIKE shall have the right to terminate this Agreement for cause in the event that the NCAA Division I Committee on Infractions sanctions the UNIVERSITY's football program by placing the institution on probation for a "major violation" of NCAA rules that results in the imposition of any of the following penalties: (a) a post-season competition ban for football; or (b) a ban on television appearances for the football program. Prior to exercising its right of termination for cause under this provision, however, the UNIVERSITY shall have the opportunity to present a written response to the imposition of any of the foregoing NCAA sanctions as well as to meet with NIKE officials in person to discuss the matter. NIKE agrees to consider all information provided by the UNIVERSITY in writing and in person, and to engage in good-faith discussion with UNIVERSITY regarding an equitable adjustment of the Sponsorship Payments under this Agreement, prior to making the decision, in NIKE's sole discretion, on whether to terminate the Agreement for cause.
- (2) In the event that the NCAA Division I Committee on Infractions (unless UNIVERSITY self-imposes the below penalty) sanctions the UNIVERSITY's football program by placing the institution on probation for a "major violation" of NCAA rules and for any one (1) season or more reduces the number of grants-in-aid (scholarships) by seven (7) or more scholarships, then NIKE shall have the right to partially reduce or terminate all Base Compensation payments required under Paragraph 9(a) of this Agreement; provided, however, that NIKE shall continue to supply all Products required under this Agreement without any offset or reduction. Prior to exercising its right to reduce or terminate any Base Compensation payments, UNIVERSITY shall first have the opportunity to present a written response to the imposition of any of the foregoing NCAA sanctions as well as to meet with NIKE officials in person to discuss the matter. NIKE agrees to consider all information provided by UNIVERSITY in writing and in person, and to engage in good-faith discussion with UNIVERSITY regarding an equitable adjustment of the Base Compensation payments under this Agreement, prior to making the decision, in NIKE's sole discretion, on whether to reduce or terminate the Base Compensation payments.

20. NIKE POST-TERMINATION RIGHTS.

Upon expiration or termination of this Agreement for any reason, NIKE shall have the right to:

- (a) For a period not to exceed one hundred eighty (180) days, run any non-cancelable media involving the UNIVERSITY Marks and/or the Coach Properties and exhaust all advertising and promotional materials which were produced prior to the effective date of expiration or termination;
- (b) For a period of six (6) months, complete and dispose of any Licensed Products which are on-hand or in-process, and fulfill orders received prior to the effective date of expiration or termination, and provided royalties thereon are paid and reported in accordance with the provisions of this Agreement and/or the Retail License; and

- (c) In perpetuity, without restriction, the non-exclusive use for in-house historical purposes any materials that depict the Coach Properties or UNIVERSITY Marks. UNIVERSITY understands NIKE is not obligated to delete or remove Activity Based Information from any database or storage device.

21. REMEDIES.

UNIVERSITY and NIKE agree that, in the event that either party breaches any material term or condition of this Agreement, in addition to any and all other remedies available to the other party at law or in equity, such other party shall be entitled to seek injunctive relief from such further violation of this Agreement, pending litigation as well as on final determination of such litigation, without prejudice to any other right of such other party. Pursuit by either party of any of the remedies provided herein, or otherwise available at law or in equity, shall not preclude pursuit by that party of any other remedy or remedies provided herein or otherwise available at law or in equity. All remedies, rights, undertakings, obligations and agreements contained in this Agreement shall be cumulative and none of them shall be in limitation of any other remedy, right, undertaking, obligation or agreement of either party.

22. INDEMNITY.

To the extent permitted under the laws of Idaho, the parties agree to indemnify and hold each other harmless from and against any and all claims, actions, suits, demands, losses, damages and all costs and expenses, including, but not limited to, reasonable attorney's fees, incurred in connection with or arising out of any breach(es) of warranty, representation or agreement made by the parties under the provisions of this Agreement. Notwithstanding the foregoing, the liability of UNIVERSITY for tortuous acts is limited and controlled by the provisions of the Idaho Tort Claims Act, including sections 6-901 *et seq.*, as now or hereafter amended. Nothing herein shall be construed as a waiver of the protections of said Act.

23. NOTICES.

All notices, statements and payments provided for herein shall be in writing and deemed given if sent postage prepaid via registered or certified mail, or by express courier service or facsimile with confirmed delivery, to the parties at the addresses given below, or such other addresses as either party may designate to the other. Notwithstanding the foregoing, any notice of default or other breach must either be sent via registered or certified mail, or by express courier service with confirmed delivery and shall not be deemed to have been given if sent by facsimile. Any written notice shall be deemed to have been given at the time it is confirmed delivered.

NIKE USA, Inc. One Bowerman Drive Beaverton, OR 97005-6453 Attn: Legal Dept., Contracts Specialist – Sports Marketing COE (if faxed, to 503- 646-6926)	Boise State University 1910 University Drive Boise, ID, 83725 Attn: Director of Athletics With a copy to: General Counsel
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24. RELATIONSHIP OF PARTIES.

The parties shall perform hereunder as independent contractors. Accordingly, nothing contained in this Agreement shall be construed as establishing an employer/employee, partnership or joint venture relationship between UNIVERSITY and NIKE.

25. ASSIGNMENT/DELEGATION/PASS THROUGH.

- (a) This Agreement and the rights and obligations of UNIVERSITY hereunder are personal to UNIVERSITY and shall not be assigned or delegated by UNIVERSITY. Any assignment by UNIVERSITY shall be invalid and of no force or effect and upon any such unauthorized assignment, NIKE may, at its option, immediately terminate this Agreement upon written notice to UNIVERSITY.
- (b) The rights granted to NIKE by UNIVERSITY hereunder are personal to NIKE and shall not be assigned, delegated or passed-through outside of the NIKE Group and/or digital product partner relating to digital product solely, without UNIVERSITY's prior approval, which approval shall not be unreasonably withheld. Any unauthorized assignment by NIKE shall be invalid and of no force or effect and upon any such unauthorized assignment, UNIVERSITY may, at its option, immediately terminate this Agreement upon written notice to NIKE.

26. WAIVER.

The failure at any time of UNIVERSITY or NIKE to demand strict performance by the other of any of the terms, covenants or conditions set forth herein shall not be construed as a continuing waiver or relinquishment thereof, and either party may, at any time, demand strict and complete performance by the other party of such terms, covenants and conditions.

27. SEVERABILITY.

Every provision of this Agreement is severable. If any term or provision hereof is held to be illegal, invalid or unenforceable for any reason whatsoever, such illegality, invalidity or unenforceability shall not affect the validity of the remainder of this Agreement or any other provision and the illegal, invalid or unenforceable provision shall be deemed by the parties as replaced by such substitute provision as shall be drafted and agreed to in writing by the parties, in such form and substance as shall be legally valid, and as shall accomplish as near as possible the purpose and intent of the invalidated provision.

28. ADDITIONAL WARRANTIES.

- (a) UNIVERSITY represents warrants and covenants that, in connection with the Covered Programs:
 - (1) To the extent UNIVERSITY has approval rights over the use by any third-party (e.g., other athletic program sponsors, broadcast partners, etc.) of any photographs or footage in which NIKE Products appear as actually worn/used by Team members, Coaches and Staff (e.g., game-action photos, photo day shots, etc.), it shall not approve or permit such photos to be used with any NIKE Marks that appear therein airbrushed, digitally altered or otherwise obscured.
 - (2) No agreement, contract, understanding to which UNIVERSITY is a party or applicable rule of any national, international or collegiate governing body exists which would prevent or limit performance of any of the obligations of UNIVERSITY hereunder.
 - (3) Neither UNIVERSITY, Coach nor any Staff member is party to any oral or written agreement, contract or understanding which would prevent or limit the performance of any obligations hereunder of UNIVERSITY, Coach or any Staff member. UNIVERSITY further represents, warrants and covenants that during the Term UNIVERSITY will not (and will not permit its agents or multi-media rights partner(s) [e.g., Broncos Sports Properties], as applicable):

- (i) Sponsor, endorse or allow Coach or any Staff member to sponsor, endorse, wear and/or use athletic footwear or other Products, Dynamic Athletic Rating, Dynamic Athletic Training, or running/fitness social networks designed, licensed, manufactured, branded, sold, hosted or presented by or on behalf of any manufacturer other than NIKE;
 - (ii) Enter into, or allow Coach or any Staff member to enter into, any endorsement, promotional, consulting or similar agreement (including the sale of signage or other media) with any manufacturer of Products other than NIKE;
 - (iii) Sell to any person or entity Products purchased or provided hereunder by NIKE, except for the sale of game-worn jerseys for fundraising/auction purposes or in the normal course of disposal of surplus property;
 - (iv) Permit the trade name, trademark, name, logo or any other identification of any manufacturer of Products other than NIKE to appear on signage at Covered Program Activities except as required by the party that owns or controls the facility or facilities in which such activities occur; or
 - (v) Take any action inconsistent with the endorsement of NIKE Products, or allow Coach or any Staff member to take any such action.
- (4) It has the full legal right and authority to enter into and fully perform this Agreement in accordance with its terms and to grant to NIKE all the rights granted herein.
- (5) Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement shall be construed as (i) prohibiting UNIVERSITY from entering into agreements with an entity that has an incidental business involving Fitness Devices (e.g., a mobile phone or consumer electronics company) provided any such agreement does not permit the supply to and/or use by UNIVERSITY of any such products, any Dynamic Athletic Rating System or Dynamic Athletic Training Program, or any third-party or brand associated with footwear or apparel; (ii) requiring UNIVERSITY, Coach, Staff or Teams to use any NIKE Fitness Device; or (iii) prohibiting UNIVERSITY, Coach, Staff or Teams from engaging any personal trainer, using any training facility/fitness club, equipment, Fitness Device or following any training program or regiment of its/their choice, provided none of the foregoing in this subparagraph are associated with a footwear or apparel brand.
- (b) NIKE represents warrants and covenants that:
- (1) It has the full right, power and authority to enter into and perform its obligations under this Agreement;
 - (2) All NIKE subcontracted factories used in connection with the manufacture of NIKE Products supplied to UNIVERSITY pursuant to this Agreement shall be subject to NIKE internal, and independent external, systematic monitoring for compliance with both the NIKE Code of Conduct (the "NIKE Code") and the Fair Labor Association (the "FLA") Workplace Code of Conduct, supplemented by the FLA Compliance Benchmarks (collectively, the "FLA Code"), and its Principles of Monitoring (attached hereto as Schedule B); and

- (3) It shall not knowingly perform or conduct any activity or exercise any of its rights in any manner that could compromise a student-athlete's eligibility under NCAA or Conference rules, regulations or legislation.

29. CONFIDENTIALITY.

Subject to the laws of the state of Idaho, UNIVERSITY shall not (nor shall it permit or cause its employees, agents, attorneys, accountants or representatives to) disclose the financial or other material terms of this Agreement, the marketing plans of NIKE, or other confidential material or information disclosed by NIKE to UNIVERSITY (or by UNIVERSITY to NIKE) (including information disclosed during audit) to any third party, except its trustees or as may be required by law or as may be mutually agreed upon by the parties. Notwithstanding the foregoing, the terms of this Agreement shall be subject to public disclosure in accordance with the provisions of Idaho code. This Paragraph shall survive the expiration or termination of this Agreement.

30. CAPTIONS; CONTRACT CONSTRUCTION.

Paragraph captions and other headings contained in this Agreement are for reference purposes only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of the Agreement or any provision hereof. Notwithstanding any provision contained heretofore in this Agreement, the provisions of this Agreement shall be construed in a manner that is consistent with the intentions of UNIVERSITY and NIKE in that signs and messages and other sponsorship rights described in Section 2 and elsewhere, and payments made hereunder conform with the "qualified sponsorship rules of section 513(i) of the Internal Revenue Code and related regulations. Consistent with that intent, no sponsorship messaging provided by NIKE under this Agreement shall contain qualitative or comparative language, price information or other indication of savings or value associated with a product or service, a call to action, an endorsement or an inducement to buy, sell, rent or lease NIKE products or services.

31. ENTIRE AGREEMENT.

As of the effective date hereof, this Agreement shall constitute the entire understanding between UNIVERSITY and NIKE as to the matter set forth herein and may not be altered or modified except by a written agreement, signed by both parties. Any previous agreements between UNIVERSITY and NIKE in connection with the matter set forth herein shall have no further force or effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date written below.

BOISE STATE UNIVERSITY

NIKE USA, Inc.

By: _____
Mark Coyle
Executive Director of Athletics

By: _____
Tommy Kain
Vice President, North America Sports Marketing

By: _____
Stacy Pearson
Vice President, Finance & Administration

By: _____
Gary D. Way
Global Counsel, Sports Marketing

Dated: _____

EXHIBIT A
University Marks

SCHEDULE A

Pre-existing Contract

PROGRAM	SUPPLIED PRODUCT	SUPPLIER NAME	CONTRACT EXPIRATION

SCHEDULE B**FLA Workplace Code of Conduct and Principles of Monitoring Forced Labor**

There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

Child Labor

No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows*) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

Harassment or Abuse

Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination

No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Health and Safety

Employers shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.

Freedom of Association and Collective Bargaining

Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

Wages and Benefits

Employers recognize that wages are essential to meeting employees' basic needs. Employers shall pay employees, as a floor, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits.

Hours of Work

Except in extraordinary business circumstances, employees shall (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country do not limit the hours of work, the regular work week in such country plus 12 hours overtime and (ii) be entitled to at least one day off in every seven day period.

Overtime Compensation

In addition to their compensation for regular hours of work, employees shall be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate at least equal to their regular hourly compensation rate.

Any Company that determines to adopt the Workplace Code of Conduct shall, in addition to complying with all applicable laws of the country of manufacture, comply with and support the Workplace Code of Conduct in accordance with the attached Principles of Monitoring and shall apply the higher standard in cases of differences or conflicts. Any Company that determines to adopt the Workplace Code of Conduct also shall require its licensees and contractors and, in the case of a retailer, its suppliers to comply with applicable local laws and with this Code in

accordance with the Principles of Monitoring and to apply the higher standard in cases of differences or conflicts.

*All references to local law throughout this Code shall include regulations implemented in accordance with applicable local law.

Monitoring Guidance and Compliance Benchmarks:

<http://www.fairlabor.org/about/monitoring/compliance>

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UNIVERSITY OF IDAHO

SUBJECT

Collaborative research and marketing agreement

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.

BACKGROUND/DISCUSSION

The University of Idaho seeks to enter into a five year contract with Limagrain Cereal Seeds, LLC to establish a reciprocal joint wheat breeding program where the University and Limagrain combine their respective repositories of wheat germplasm to collaboratively create and market new wheat varieties. The University will contribute access to its existing germplasm developed in the Pacific Northwest region and Limagrain will contribute its European origin germplasm.

All jointly created germplasm and any wheat varieties developed from the germplasm will be jointly owned by the University and Limagrain. Successful varieties will be marketed throughout Idaho, the Pacific Northwest and beyond through Limagrain's marketing arm with the University and Limagrain sharing net royalty revenues based on the amount of their respective germplasm in each variety.

Over the initial five (5) year period, Limagrain will also contribute approximately \$500,000 to fund research endowments at the University and graduate student research support. This funding will allow the University to utilize existing employment lines to continue faculty research positions (from current budgeted faculty lines) which will enhance research in cropping systems and agronomic research for other crops grown in rotation with wheat. The collaboration will result in a comprehensive research, extension and teaching program for small grain cereals at the UI.

Under the contract, University faculty and graduate student researchers will work collaboratively with Limagrain researchers in the development of varieties from the combined germplasm repositories. This will enhance the work the University will be doing under the recently announced faculty research endowments created by the Idaho Wheat Commission. The University's collaboration with Limagrain is strongly endorsed by the Wheat Commission.

IMPACT

Funding from Limagrain under the contract, along with the Wheat Commission funding, will allow the University to continue and enhance its wheat breeding program that recently suffered the loss of the University's researcher for soft white winter wheat. The collaborative program is also anticipated to generate

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APRIL 19, 2012

revenues from newly created varieties from the joint germplasm repositories, utilizing Limagrain's superior marketing arm to enhance royalty revenues to the University which will further support research in this area.

STAFF COMMENTS AND RECOMMENDATIONS

This item is for informational purposes only. The UI intends to bring this agreement back for Board approval at a future date.

BOARD ACTION

This item is for informational purposes only. Any action will be at the Board's discretion.

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UNIVERSITY OF IDAHO

SUBJECT

Capital Project Update, Integrated Research and Innovations Center

REFERENCE

June 2005

Initial pre-planning work authorized; official board meeting minutes, tab 15, page 69.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.K.1 and Section V.K.2.

BACKGROUND/ DISCUSSION

The University of Idaho desires to construct an Integrated Research and Innovations Center (previously Science and New Technologies Laboratory) on the Moscow campus. This proposed new building will be sited at a central location in the heart of the campus. This proposed facility will establish modern and capable science spaces supporting interdisciplinary research and provide core visualization and computing labs. The project has been cited as a key priority in the University's multi-year capital plans and state funding requests since 1999.

The University received a federal grant supporting conceptual planning of the facility in 2005, and subsequently hired the architecture firm NBBJ as the design agent through a competitive qualifications-based selection process. Initial work included a review of current campus research capabilities, and an evaluation of options to build new versus remodel existing science spaces. Site analysis and selection and initial architectural programming work followed. The University established an initial vision of an \$80M facility providing 110,000 square feet. Subsequent program iterations have yielded a current vision of a \$49M project providing 70,000 square foot of new space.

The project is expected to be funded through a combination of state, federal, private, and agency funding, as outlined below. The project will be one of the key fundraising priorities in the ongoing Capital Campaign entitled "Inspiring Futures," and will be highlighted in the public announcement of the campaign, slated for April 28, 2012.

This project directly supports the University's strategic plan and its education, research, and outreach goals and is fully consistent with the University's Long Range Campus Development Plan (LRCDP), and the Campus Infrastructure Master Plan.

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IMPACT

There is no immediate fiscal impact. Authorization for later planning and construction phases of the project will be sought as project funding permits.

Prior Authorized Expenditures (Pre-Planning)

Funding	\$938,600	Expenditures	\$936,427
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Anticipated Project

Funding		Estimate Budget	
State	\$ 5,000,000	Construction	\$39,500,000
Federal (Grant):	\$ 0	A/E & Consultant Fees	\$ 4,000,000
Other (UI/Bond)	\$ 30,000,000	Contingency	<u>\$ 4,500,000</u>
Private	<u>\$ 13,000,000</u>		
 Total	 \$ 48,000,000	 Total	 \$48,000,000

The overall projected eventual impact, including pre-planning expenditures, and assuming that the desired Design and Construction Phases are eventually authorized, is \$48,938,600.

ATTACHMENTS

Attachment 1 – Capital Project Tracking Sheet

Page 3

STAFF COMMENTS AND RECOMMENDATIONS

This item is for informational purposes only and staff has no comments or recommendations.

BOARD ACTION

This item is for informational purposes only. Any action will be at the Board's discretion.

Office of the Idaho State Board of Education
Capital Project Tracking Sheet
As of March 6, 2012

History Narrative

- 1 Institution/Agency:** University of Idaho **Project:** Integrated Research and Innovations Center (formerly referred to as the Science and New Technologies Lab in the cited Original Authorization)
- 2 Project Description:** This proposed facility will establish modern and capable science spaces supporting interdisciplinary research and provide core visualization and computing labs. The project has been cited as a key priority in our multi-year capital plans and state funding requests since 1999.
- 3 Project Use:** The facility will be designed to foster interdisciplinary research collaboration and interaction and will include flexible systems and support infrastructure, allowing reconfiguration of spaces supporting changes in programs and research needs over time.
- 4 Project Size:** Approximately 70,000 gross square feet. Overall project cost is currently estimated at \$49M.*

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other	Total Sources	Planning	Use of Funds Const	Other	Total Uses*
Initial Cost of Project	\$ -	\$ -	\$ 892,800	\$ 892,800	\$ 892,800	\$ -	\$ -	\$ 892,800
History of Revisions:								
Report of Actual Preliminary Planning and Programming Expenditures, Mar 12	\$ -	\$ -	\$ 43,627	\$ 43,627	\$ 43,627	\$ -	\$ -	\$ 43,627
Total Project Costs	\$ -	\$ -	\$ 936,427	\$ 936,427	\$ 936,427	\$ -	\$ -	\$ 936,427

History of Funding:	PBF	ISBA	* Other Sources of Funds				Total Other	Total Funding
			Institutional Funds (Gifts/Grants)	Student Revenue	Other			
Original Authorization, Jun 05	\$ -				\$ 892,800		\$ 892,800	\$ 892,800
Additional Auth within Delegated Limits, (Appendix 2) Jul 10			30,000					
Additional Auth within Delegated Limits, (Appendix 3) Dec 11			15,800			15,800	15,800	
						-	-	
Total	\$ -	\$ -	\$ 45,800	\$ -	\$ 892,800	\$ 938,600	\$ 938,600	

* Initial estimate preliminary planning and programming phases authorized previously. Overall project cost estimate will be refined and improved as the planning process begins; UI will report back to the Board of Regents for the planning and construction phases. If there are necessary revisions to the project estimates as a result of the planning process, UI will report back and seek additional project authorization as may be required.

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