

## Idaho State Board of Education

### Proposal for Graduate and Doctoral Degree Program

Date of Proposal Submission:	October 1, 2012
Institution Submitting Proposal:	Boise State University
Name of College, School, or Division:	College of Business and Economics
Name of Department(s) or Area(s):	College-wide

**Program Identification for Proposed New, Modified, or Discontinued Program:**

Title:	Master of Business Administration - Online	
Degree:	Master of Business Administration	
Method of Delivery:	online	
CIP code (consult IR /Registrar)	52.0101	
Proposed Starting Date:	Fall 2013	
Indicate if the program is:	<u>Regional Responsibility</u>	<del>Statewide Responsibility</del>

**Indicate whether this request is either of the following:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> New Graduate Program | <input type="checkbox"/> Contract Program/Collaborative                           |
| <input type="checkbox"/> New Doctoral Program            | <input type="checkbox"/> Expansion of an Existing Graduate/Doctoral Program       |
| <input type="checkbox"/> New Off-Campus Graduate Program | <input type="checkbox"/> Consolidation of an Existing Graduate/Doctoral Program   |
| <input type="checkbox"/> New Off-Campus Doctoral Program | <input type="checkbox"/> Discontinuation of an existing Graduate/Doctoral Program |

*Robert Shuman* 9/26/12  
 College Dean (Institution) Date

Vice President for Research (as applicable) Date

*John R. Pelton* 9/27/12  
 Graduate Dean (as applicable)

Academic Affairs Program Manager Date

*Shae Pearson* 10/4/12  
 Chief Fiscal Officer (Institution) Date

Chief Academic Officer, OSBE Date

*Morgan* 10/1/12  
 Chief Academic Officer (Institution) Date

SBOE/OSBE Approval Date

*Robert Shuman* 10/8/12  
 President Date

**Vice President**

Draft 9/25/12  
 OCT 02 2012  
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**Before completing this form, refer to Board Policy Section III.G., Program Approval and Discontinuance.** This proposal form must be completed for the creation of each new program and each program discontinuance. All questions must be answered.

- 1. Describe the nature of the request.** Will this program be related or tied to other programs on campus? Please identify any existing program, option that this program will replace. If this is request to discontinue an existing graduate or doctorate program, provide the rationale for the discontinuance. Describe the teach-out plans for continuing students.

The College of Business and Economics at Boise State University proposes creation of a self-support, online program that will lead to a Master of Business Administration (MBA) degree.

The proposed program will provide access to a substantial population of potential students not presently served by our existing MBA programs or by those of our sister institutions. Our current MBA programs are all face-to-face, and consist of a full-time MBA program for individuals just starting a professional career; a part-time night MBA program for working professionals; and an Executive MBA program for those in middle to senior management positions.

Our existing programs do not serve working professionals and other potential students who cannot easily attend courses on campus. The proposed online program will provide access to those potential students who are place-bound and/or time-bound. Students in the proposed program are likely to be working professionals and should have a similar demographic profile to those attending our part-time program. Thus, the creation of the proposed program will substantially broaden access to our MBA programs for that group.

The program will be self-supporting, and no state appropriated funds will be used. Program revenues cover instructional, administrative, and operating costs.

We will partner with a private, for-profit organization, Academic Partnerships, LLC, which will be responsible for marketing the program and for assisting in course design and administration. Our contract with Academic Partnerships is included as Appendix B. The efforts of Academic Partnerships will greatly increase the visibility of, and therefore access to, our program and will increase our ability to recruit students.

Boise State University will retain complete control of and responsibility for the curriculum of the program and any intellectual property that may be produced. As stated in the attached contract, page 6, Section VI.B: *“Ownership of University Materials. The University retains all ownership and Intellectual Property rights in the University Materials”* and on page 2, Section I.L.: *“‘University Material’ means the (i) Curriculum Materials, (ii) lectures, documentation, and other materials created by the University including Developed Materials created by the University and (iii) Faculty.”*

- 2. List the objectives of the program.** The objectives should address specific needs the program will meet and the expected student learning outcomes and achievements. This question is not applicable to requests for discontinuance.

The primary objective of the program is to broaden and deepen the expertise of the business leaders of Idaho. Expected learning outcomes include a broad understanding of the functions of business, the ability to formulate competitive business strategies, leadership skills, and an understanding of how to generate and commercialize ideas. At completion of the program, students should be able to enhance the competitiveness of their organizations.

- 3. Briefly describe how the institution will ensure the quality of the program** (i.e., program review). Will the program require specialized accreditation? If so, please identify the agency and explain why you do or do not plan to seek accreditation. This question is not applicable to requests for discontinuance.

The following measures will ensure the high quality of the proposed emphases:

Regional Institutional Accreditation: Boise State University is regionally accredited by the Northwest Commission on Colleges and Universities (NWCCU). Regional accreditation of the university has been continuous since initial accreditation was conferred in 1941. Boise State University is currently accredited at all degree levels (A, B, M, D).

Program Review: Internal program evaluations will take place every five years as part of the normal departmental review process conducted by the Office of the Provost. This process requires a detailed self study (including outcome assessments) and a comprehensive review and site visit by external evaluators.

Specialized Accreditation: Baccalaureate and graduate programs in our College of Business and Economics are accredited by the Association to Advance Collegiate Schools of Business (AACSB), signifying that our programs have passed rigorous standards for quality.

Graduate College: The program will adhere to all policies and procedures of the Graduate College, which is assigned broad institutional oversight of all graduate degree and certificate programs.

4. **List new courses that will be added to your curriculum specific for this program.** Indicate number, title, and credit hour value for each course. This question is not applicable to requests for discontinuance.

(Appendix A includes course descriptions of the following courses as well as a table that compares new courses with existing courses.)

- A. **MBA-ON 501 DESIGN THINKING AND STRATEGIC MANAGEMENT (4 credits)**
- B. **MBA-ON 505 MARKETING STRATEGY (4 credits)**
- C. **MBA-ON 510 PEOPLE AND ORGANIZATIONS (4 credits)**
- D. **MBA-ON 515 CORPORATE FINANCE (4 credits)**
- E. **MBA-ON 520 GLOBAL ECONOMICS: POLICY AND TRADE (4 credits)**
- F. **MBA-ON 525 MANAGERIAL ACCOUNTING (4 credits)**
- G. **MBA-ON 530 MANAGERIAL COMMUNICATION (4 credits)**
- H. **MBA-ON 535 INFORMATION TECHNOLOGY & BUSINESS ALIGNMENT (4 credits)**
- I. **MBA-ON 540 PROJECT MANAGEMENT (4 credits)**
- J. **MBA-ON 545 THE LEGAL ENVIRONMENT OF BUSINESS (4 credits)**
- K. **MBA-ON 550 OPERATIONS AND SUPPLY CHAIN MANAGEMENT (4 credits)**
- L. **MBA-ON 555 BUSINESS PLAN DEVELOPMENT (4 credits)**

5. **Please provide the program completion requirements to include the following and attach a typical curriculum to this proposal as Appendix A.** For discontinuation requests, will courses continue to be taught?

All students take all twelve courses identified in item #4 above (this is the typical curriculum).

Credit hours required in major:	48
Credit hours required in support courses:	0
Credit hours in required or free electives:	0
Credit hours for thesis or dissertation:	0
<b>Total credit hours required for completion:</b>	<b>48</b>

6. **Describe additional requirements such as preliminary qualifying examination, comprehensive examination, thesis, dissertation, practicum or internship, some of which may carry credit**

**hours included in the list above.**

Admission to the program is contingent on a satisfactory score on the GMAT examination, an applicant’s undergraduate GPA, and letters of recommendation.

Admission to the program is also contingent on each student completing online competency examinations in business statistics, financial accounting, microeconomics, and spreadsheet-based analysis. These examinations include supporting study materials, but they are not for college credit.

The culminating experience of the program is contained within the capstone course listed above (MBA-ON 555). Students will develop a business plan for an opportunity they identify. Most students will be working professionals, so it is likely that these plans will be applicable to their organizations. This situation creates an instant return on investment for sponsoring organizations.

**7. Identify similar programs offered within the state of Idaho or in the region by other colleges/universities.** If the proposed request is similar to another program, provide a rationale for the duplication.

No fully-online MBA programs are offered by any of the state universities of Idaho. Therefore, the proposed program will provide access to MBA education to an as-yet underserved population.

Both Idaho State University and Boise State University offer several of their traditional MBA courses online or in a blended format. Boise State University and the University of Idaho offer Executive MBA courses in a face-to-face format only. Northwest Nazarene University offers a non-AACSB accredited online MBA degree.

Washington State University offers the only AACSB-accredited online MBA programs in the state of Washington. Portland State University offers the only AACSB-accredited online MBA program in the state of Oregon. The University of Wyoming and the University of Nevada-Reno both offer an online Executive MBA program but no traditional online MBA program.

**Degrees offered by school/college or program(s) within disciplinary area under review**

Institution and Degree name	Level	Specializations within the discipline (to reflect a national perspective)	Specializations offered within the degree at the institution
<b>BSU</b>			
Master of Business Administration	Master’s	Offered as a broad based degree covering all aspects of business	Offered as a broad based degree covering all aspects of business
Executive Master of Business Administration	Master’s	Offered as a broad based degree covering all aspects of business	Offered as a broad based degree covering all aspects of business
Masters of Business Operational Excellence	Master’s	Operational excellence	Operational excellence
<b>CSI</b>	N/A	N/A	N/A
<b>CWI</b>	N/A	N/A	N/A
<b>EITC</b>	N/A	N/A	N/A

<b>ISU</b> Master of Business Administration	Master's	Offered as a broad based degree covering all aspects of business	Offered as a broad based degree covering all aspects of business
<b>LCSC</b>	N/A	N/A	N/A
<b>NIC</b>	N/A	N/A	N/A
<b>UI</b> Executive Master of Business Administration	Master's	Offered as a broad based degree covering all aspects of business	Offered as a broad based degree covering all aspects of business

**8. Describe the methodology for determining enrollment projections.** If a survey of student interest was conducted, attach a copy of the survey instrument with a summary of results as **Appendix B**. This question is not applicable to requests for discontinuance.

We project an annual potential market of 1039 online MBA students in our service area. We regard that estimate to be very conservative; the details of our estimate are as follows:

1. Recent studies suggest 80% of online students live within 100 miles of campus.<sup>1</sup> Boise State University's service area roughly approximates that distance, and therefore this analysis will focus on the market potential in our service area.
2. We use 2010 and 2011 statistics because they are readily available, but note that they add to the conservative nature of our estimate, given that current reports suggest substantial continuing growth rates in online education.<sup>2</sup>
3. Eduventures reports 591,000 graduate and 963,000 undergraduate students enrolled online nationwide during 2010.<sup>3</sup> Dividing those numbers yields a ratio of 0.61 online graduate students for each online undergraduate student. Multiplying that ratio by 5917, the number of Idaho residents enrolled in undergraduate online programs delivered by out of state providers<sup>4</sup>, gives an estimate of 3631 Idaho residents currently matriculating in non-Idaho based graduate programs. Of those 3631, we estimate 1167 to be business master's students, based on a ratio of 190,000 online business master's students divided by 591,000 total graduate students online.<sup>5</sup>
4. MBA students comprise the vast majority of business graduate students, and using our own internal ratio of 89% of our graduates earning an MBA degree, we reduce our estimate to 1039 potential online MBA students in our service area annually who are currently matriculating at out of state universities.

#### References

<sup>1</sup> Aslainian and Clinefelter (2012), "Online College Students 2012: Comprehensive Data on Demand and Preferences," Aslainian Market Research.

<sup>2</sup> Eduventures (2011), "Online Higher Education Market Update 2011," page 2.

<sup>3</sup> Eduventures (2011), "Online Higher Education Market Update 2011," page 31.

<sup>4</sup> Eduventures (2011), "Online Higher Education Market Update 2011," page 22.

<sup>5</sup> Eduventures (2011), "Online Higher Education Market Update 2011," page 34.

**9. Enrollment and Graduates.** Using the chart below, provide a realistic estimate of enrollment at the time of program implementation and over three year period based on availability of students meeting the criteria referenced above. Include part-time and full-time (i.e., number of majors or other relevant data) by institution for the proposed program, last three years beginning with the current year and the previous two years. Also, indicate the projected number of graduates and graduation rates.

Institution	Relevant Enrollment Data			Number of Graduates			Graduate Rate
	Previous Year	Previous Year	Current	Previous Year	Previous Year	Current	
<b>BSU</b>	(F 2010)	(F 2011)	(F 2012)	(2009-10)	(2010-11)	(2011-12)	
Master of Business Administration	116	125	149	36	47	39	~42 grads/yr
Executive Master of Business Administration	48	49	35	16	17	30	~30 grads/yr
Online Self-support Masters of Business Administration (to begin Fall 2013)			Projected enrollment at any one time will eventually reach: 40 begin in each cohort; 6 cohorts running; with attrition = 268 at any one time			Projected number of graduates per year: 90	Projected: ~90 grads/yr
CSI	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CWI	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EITC	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ISU							
Master of Business Administration	123	130	123	47	31	68	~50 grads/yr
LCSC	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NIC	N/A	N/A	N/A	N/A	N/A	N/A	N/A
UI							
Executive Master of Business Administration	21	16	25	9	9	10	~10 grads/yr

**10. Will this program reduce enrollments in other programs at your institution? If so, please explain.**

The proposed program targets the early-career professional, as does our existing face to face program. However, it provides access to education for those who cannot come to campus on a regular, weekly basis. Thus, although we may see some shift of enrollment from an existing program, we believe the vast majority of students will come from a currently un-served population.

11. **Provide verification of state workforce needs such as job titles requiring this degree.** Also include State and National Department of Labor research on employment potential. Please indicate the total projected job openings (including growth and replacement demands in your regional area, the state, and nation. Job openings should represent positions which require graduation from a program such as the one proposed. This question is not applicable to requests for discontinuance.

	2013	2014	2015
<b>Local</b>	213	213	213
<b>State</b>	426	426	426
<b>Nation</b>	61,624	61,624	61,624

- a. Describe the methodology used to determine the projected job openings. If a survey of employment needs was used, please attach a copy of the survey instrument with a summary of results as **Appendix C**.

This program provides the tools for managers in a very broad group of occupations. We have therefore used the entire SOC code of 11.xxxx for our estimates of workforce needs. According to national data, approximately 24% of workers in the 11.xxxx category have master's degrees. Therefore, to create the numbers in the table above, we have multiplied the numbers in the tables below by 24%. Note that because educational attainment is increasing among managers, the use of an existing percentage (24%) yields a conservative estimate.

2008-2018 Projections for Idaho		2008	2018	Net	Annual
SOC Code	Occupation	Employment	Employment	Change	Openings**
11.xxxx	All Management Occupations	52,150	57,887	5,737	1,777

2010 National Employment Matrix title and code	Employment	Change, 2010-20				10 year job openings due to growth and replacements (1000's)
		Number (1000's)		Change, 2010-20		
		2010	2020	Number (1000's)	Percent	
Management Occupations	11-0000	8,776.1	9,391.9	615.8	7.0	2,567.7

Section 8 above describes the method used to estimate the annual market potential of 1039 students.

- b. Describe how the proposed change will act to stimulate the state economy by advancing the field, providing research results, etc.

As noted above, recent studies suggest 80% of online students live within 100 miles of campus.

Therefore, although students from other states will have the opportunity to enroll, we expect the vast majority to be students from Idaho. Therefore, the impact of the program will be primarily on Idaho businesses.

This program will help individuals in Idaho become better managers of businesses. They will have a better understanding of current business practices and should be able to make better decisions for their Idaho employers. In turn, better decisions should help their companies become more competitive in all markets.

- c. Is the program primarily intended to meet needs other than employment needs, if so, please provide a brief rationale.

N/A

- 12. Will any type of distance education technology be utilized in the delivery of the program on your main campus or to remote sites? Please describe.** This question is not applicable to requests for discontinuance.

Yes. The program is fully online.

- 13. Describe how this request is consistent with the State Board of Education's strategic plan and institution's role and mission.** This question is not applicable to requests for discontinuance.

The proposed program contributes to a number of aspects of the strategic plan of the Idaho State Board of Education.

GOAL 1: A Well educated citizenry

Objective A: Access :

*[Increases access of Idaho citizens to valuable training in business management.]*

Objective B: Higher Level of Educational Attainment:

*[Provides an additional avenue for advanced higher educational attainment.]*

GOAL 2: Critical Thinking and Innovation

Objective B: Innovation and Creativity:

*[Provides graduates who will help to transform Idaho businesses and other organizations to be more efficient and effective.]*

The highlighted portions of Boise State University's mission statement are especially relevant to the proposed program:

*Boise State University is a public, metropolitan research university offering an array of undergraduate and **graduate degrees** and experiences that **foster student success, lifelong learning, community engagement, innovation and creativity**. Research and creative activity advance new knowledge and benefit students, the community, the state and the nation. **As an integral part of its metropolitan environment the university is engaged in professional and continuing education programming, policy issues, and promoting the region's economic vitality** and cultural enrichment.*

The highlighted portions of Boise State University's Core Theme Two are especially relevant to the proposed program:

**CORE THEME TWO: GRADUATE EDUCATION**

*Our university provides **access to graduate education that is relevant to the***

**educational and societal needs of the community and state, is meaningful within national and global contexts, is respected for its high quality, and is delivered within a supportive graduate culture.**

**Core Objective 2.1: Access.** We provide students of all backgrounds with access to graduate educational opportunities in formats that are appropriate, flexible, accessible, and affordable.

**Core Objective 2.2: Relevance.** Our graduate students develop skills, knowledge, and experiences that are relevant and valuable locally, regionally, nationally, and globally.

**Core Objective 2.3: Quality.** Our graduate programs are composed of advanced and integrated learning experiences that provide disciplinary depth and interdisciplinary connections, and that reinforce the overall scholarly output of the university.

- 14. Describe how this request fits with the institution’s vision and/or strategic plan.** This question is not applicable to requests for discontinuance. Please note that we are using Boise State’s draft strategic plan 2012-17 in what follows.

Goals of Institution Strategic Plan	Proposed Program Plans to Achieve the Goal
<u>Goal 1:</u> Create a signature, high quality educational experience for all students.	Quality will be ensured by creating the program in partnership with an industry leader and by offering a program in an area we’ve had success in for over 30 years.
<u>Goal 4:</u> Align university programs and activities with community needs.	Our program will serve Idaho businesses, NGOs, governmental agencies, and educational institutions, and will help each of them become more effective, more efficient, and more competitive.

- 15. Is the proposed program in your institution’s regional 5-year plan? Indicate below.**

Yes  No

If not on your institution’s regional 5-year plan, provide a justification for adding the program.

In spring, 2012, we were contacted by Academic Partnerships, LLC, about the possibility of partnering with them. It was not until well after the deadline for 5-year plan submissions that negotiations had progressed to a point where we were in a position to bring forth the proposed program. It is also important to note that the 5-year plan process includes substantial emphasis on inter-institutional discussion of programs. The proposed program, being wholly online, does not fall under Policy III.Z’s guidelines, and therefore would not be the subject of substantial inter-institutional discussion.

Academic Partnerships has already created similar partnerships with more than 20 public institutions. Academic Partnerships approached Boise State University because they are seeking a partner who will offer a high quality, AACSB-accredited MBA program in the northwestern United States. If we are not able to respond quickly to the opportunity presented by Academic Partnerships, they will seek a partnership with a university in a different state, and we will have lost the opportunity to offer an online, AACSB-accredited MBA program in southwestern Idaho in partnership with an organization that can provide a number of services that would help make our program successful.

The resulting loss to the region would be substantial. As noted above, recent studies suggest 80% of online students live within 100 miles of campus. The reason for this trend is twofold: First, students feel more comfortable participating in an online program offered by an institution with which they are familiar. Second and more importantly, although they may not *need* to travel to campus to attend class, online students in the vicinity of a campus have the *opportunity* to travel to campus for a wide variety of reasons: to seek help with coursework, to participate in extracurricular activities, etc. Therefore, without an online program at Boise State, students would need to take an online program from a university out of the local area, would not have the opportunity to take advantage of on-campus services, and would therefore be less likely to succeed.

16. Explain how students are going to learn about this program and where students are going to be recruited from (i.e., within institution, out-of-state, internationally).

Potential students will hear about the opportunity primarily through the promotional efforts of our partner, Academic Partnerships, LLC. Academic Partnerships will be responsible for promoting the program to both individuals and corporations who may wish to sponsor employees. Their personnel will assist candidates with the enrollment process and will monitor their progress while matriculating. Boise State University controls all aspects of the admission process and our policies regarding student eligibility for graduate programs all apply.

In addition to the marketing function, Academic Partnerships LLC provides course designers to help our faculty move their content to an online format. Academic Partnerships LLC does not provide any course content, however. Content is the sole responsibility of our faculty members. Finally, our partner assists in technology issues that arise from starting a fully online program.

Note that Boise State University will retain rights to all intellectual property associated with the program, as noted on page 6 of the contract between Boise State University and Academic Partnerships LLC. (Attachment B).

18. **Program Resource Requirements.** Indicate all resources needed to include the planned FTE enrollment, estimated expenditures, and projected revenues for the first three fiscal years of the program. Include both the reallocation of existing resources and anticipated or requested new resources. Second and third year estimates should be in constant dollars. Amounts should reflect explanations of subsequent pages. If the program is contract related, explain the fiscal sources and the year-to-year commitment from the contracting agency(ies) or party(ies). Provide an explanation of the fiscal impact of the proposed discontinuance to include impacts to faculty (i.e., salary savings, re-assignments).

<b>I. Planned Student Enrollment</b>											
<b>(FTE calculated as 1 FTE = 12 credit hours per semester for graduate programs)</b>											
	FY 13		FY 14		FY 15		FY 16		Cumulative Totals		
	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount	
A. New Enrollments (end of year headcount)	0	0	60	97	153	193	217	235	430	525	
B. Shifting Enrollments	0	0	0	0	0	0	0	0	-	-	
<b>II. REVENUES</b>											
	FY 13		FY 14		FY 15		FY 16		Cumulative Totals		
	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time	
1. Appropriated-Reallocation									\$0	\$0	
2. Appropriated new									\$0	\$0	
3. Federal									\$0	\$0	
4. Tuition									\$0	\$0	
5. Student Fees		\$0		\$997,126		\$2,546,969		\$3,609,936	\$0	\$7,154,031	
6. Other (Local Account)		\$68,291		-\$7,727		-\$60,564			\$0	\$0	
<b>TOTAL Revenue</b>	<b>\$0</b>	<b>\$68,291</b>	<b>\$0</b>	<b>\$989,399</b>	<b>\$0</b>	<b>\$2,486,405</b>	<b>\$0</b>	<b>\$3,609,936</b>	<b>\$0</b>	<b>\$7,154,031</b>	
<i>Ongoing is defined as ongoing operating budget for the program which will become part of the base.</i>											
<i>One-time is defined as one-time funding in a fiscal year and not part of the base.</i>											
<b>III. Expenditures</b>											
	FY 13		FY 14		FY 15		FY 16		Cumulative Totals		
	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	
<b>A. Personnel Costs</b>											
1. FTE											
2. Faculty	summer stipend	\$ 36,000	3.5	\$ 256,500	9.5	\$ 640,500	12.0	\$ 882,000	25.0	\$1,815,000	
3. Administrators		\$8,333	1.0	\$50,000	1.0	\$ 52,000	1.0	\$54,000	3.3	\$164,333	
4. Adjunct Faculty		\$0	N/A	\$0	N/A	\$ -	N/A	\$0	N/A	\$0	
5. Instructional Assistants		\$3,200	3.9	\$93,600	9.9	\$ 238,200	12.5	\$298,800	26.3	\$633,800	
6. Research Personnel		\$0	0	\$0	0	\$0	0	\$0	0.00	\$0	
7. Support Personnel		\$0	0	\$0	0	\$0	0	\$0	0.00	\$0	
8. Fringe Benefits		\$3,125		\$76,025		\$ 195,925		\$262,800		\$537,875	
<b>TOTAL Personnel Costs</b>		<b>\$ 54,825</b>	<b>8.4</b>	<b>\$ 476,125</b>	<b>20.4</b>	<b>\$1,126,625</b>	<b>25.5</b>	<b>\$1,497,600</b>	<b>54.5</b>	<b>\$3,155,175</b>	
<b>B. Operating Expenses</b>											
	FY 13		FY 14		FY 15		FY 16		Cumulative Totals		
	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time	
1. Travel		\$3,000		\$3,000		\$3,000		\$3,000		\$12,000	
2. Professional Services		\$0		\$448,707		\$1,146,136		\$1,624,471		\$3,219,314	
4. Communications		\$0		\$6,600		\$6,600		\$6,600		\$19,800	
6. Materials and Supplies		\$200		\$1,200		\$1,200		\$1,200		\$3,800	
7. Rentals		\$200		\$4,200		\$10,800		\$12,000		\$27,200	
8. Repairs and Maintenance		\$500		\$9,000		\$9,000		\$9,000		\$27,500	
10. Miscellaneous		\$500		\$3,000		\$3,000		\$3,000		\$9,500	
<b>TOTAL OPERATING EXPENSES</b>		<b>\$4,400</b>		<b>\$475,707</b>		<b>\$1,179,736</b>		<b>\$1,659,271</b>		<b>\$3,319,114</b>	
<b>C. Capital Outlay</b>											
	FY 13		FY 14		FY 15		FY 16		Cumulative Totals		
	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time	
1. Library resources		\$0		\$0		\$0		\$0		\$0	
2. Equipment		\$0		\$9,000		\$9,000		\$9,000		\$27,000	
<b>TOTAL Capital Outlay</b>		<b>\$0</b>		<b>\$9,000</b>		<b>\$9,000</b>		<b>\$9,000</b>		<b>\$27,000</b>	
<b>D. Physical Facilities Construction</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>	
<b>E. Indirect Costs</b>		<b>\$3,866</b>		<b>\$28,567</b>		<b>\$67,597</b>		<b>\$89,856</b>		<b>\$189,886</b>	
<b>Total Expenditures</b>		<b>\$ 68,291</b>		<b>\$989,399</b>		<b>\$2,382,958</b>		<b>\$3,255,727</b>		<b>\$6,696,376</b>	
<b>Net Income (Deficit)</b>		<b>\$1</b>		<b>\$0</b>		<b>\$103,446</b>		<b>\$354,209</b>		<b>Draft 9/25/12</b>	

**Because no funding of this program will be part of the base of any appropriated budget, all expenses and all revenues are denoted as “non-recurring”.**

Budget Notes:

I.A. FTE calculated as yearly student credit hours divided by 24.

II.B.2. As per contract, Academic Partnerships will receive 45% of revenues.

II.C.E. University administrative fee calculated as 6% of revenue less revenue to Academic Partnerships.

III.B.5. Students will be charged \$750 per credit for the 48-credit program for a total of \$36,000 for the entire program. For FY2016, the third year of the program, we estimate 72 courses will be taught to classes with sizes ranging from 17 to 20, for a total of 5204 credit hours produced. Note that we will offer a corporate discount of 15%; we estimate that 50% of our students will enroll with such a discount.

III.B.6. Local funds totaling \$68,291 will fund the first year’s planning and development. Those local funds will be repaid in the second year of the program.

**a. Faculty and Staff Expenditures**

Project for the first three years of the program the credit hours to be generated by each faculty member (full-time and part-time), graduate assistant, and other instructional personnel. Also indicate salaries. After total student credit hours, convert to an FTE student basis. Please provide totals for each of the three years presented. Salaries and FTE students should reflect amounts shown on budget schedule.

<b>FY 2014</b>					
<b>Name, Position &amp; Rank</b>	<b>Annual Salary Rate</b>	<b>FTE Assignment to this Program</b>	<b>Program Salary Dollars</b>	<b>Projected Student Credit Hours</b>	<b>FTE Students</b>
Nine current but TBD, COBE full time faculty members	\$105,000 (avg)	3.5	\$256,500	1437	60
<b>Totals</b>		<b>3.5</b>	<b>\$256,500</b>	<b>1437</b>	<b>60</b>
<b>FY2015</b>					
<b>Name, Position &amp; Rank</b>	<b>Annual Salary Rate</b>	<b>FTE Assignment to this Program</b>	<b>Program Salary Dollars</b>	<b>Projected Student Credit Hours</b>	<b>FTE Students</b>
Nine current but TBD, COBE full time faculty members	\$105,000 (avg)	9	\$535,500/year	3304	138
One faculty member hired from program revenues	\$105,000 (avg)	1	\$105,000/year	367	15
<b>Totals</b>		<b>10</b>	<b>\$640,500</b>	<b>3671</b>	<b>153</b>
<b>FY2016</b>					
<b>Name, Position &amp; Rank</b>	<b>Annual Salary Rate</b>	<b>FTE Assignment to this Program</b>	<b>Program Salary Dollars</b>	<b>Projected Student Credit Hours</b>	<b>FTE Students</b>
Nine current but TBD, COBE full time faculty members	\$105,000 (avg)	9	\$567,000	2896	163
Three faculty members hired from program revenues	\$105,000 (avg)	3	\$315,000	1300	54
<b>Totals</b>		<b>12</b>	<b>\$982,000</b>	<b>5204</b>	<b>217</b>

Project the need and cost for support personnel and any other personnel expenditures for the first three

years of the program.

We estimate the need for instructional support staff and some hourly student assistants at approximately 9 FTE and \$298,800 salary cost for the third year.

**b. Administrative Expenditures**

Describe the proposed administrative structure necessary to ensure program success and the cost of that support. Include a statement concerning the involvement of other departments, colleges, or other institutions and the estimated cost of their involvement in the proposed program.

Each year for FY14, 15, 16				
Name, Position & Rank	Annual Salary Rate	FTE Assignment to this Program	Program Salary Dollars	Percent of Salary Dollars to Program
Director	\$50,000	1.00	\$50,000	100%

The Director will be responsible for:

1. Interacting with our partner on student recruiting and admission processes
2. External relations with alumni and the business community
3. Strategic planning and execution including budget development and management
4. Program operations across all university functions
5. Insuring student success by tracking progress, providing advising, and assisting with financial aid

**c. Operating Expenditures** (travel, professional services, etc.) Briefly explain the need and cost for operating expenditures.

This program is self-supporting. We do not provide books & materials but we do anticipate the occasional trip to visit our partner's corporate offices.

**d. Capital Outlay**

(1) Library resources

- (a) Evaluate library resources, including personnel and space. Are they adequate for the operation of the present program? If not, explain the action necessary to ensure program success.

Current library resources are sufficient for the existing MBA programs and should be sufficient for this one too.

- (b) Indicate the costs for the proposed program including personnel, space, equipment, monographs, journals, and materials required for the program.

None.

- (c) For off-campus programs, clearly indicate how the library resources are to be provided.

Students may access the online resources of our library.

(2) Equipment/Instruments

Describe the need for any laboratory instruments, computer(s), or other equipment. List equipment, which is presently available and any equipment (and cost) which must be obtained to support the proposed program.

We may need to rent additional space on the cloud.

**e. Revenue Sources**

- (1) If funding is to come from the reallocation of existing state appropriated funds, please indicate the sources of the reallocation. What impact will the reallocation of funds in support of the program have on other programs?

No state appropriated funds are reallocated to this program.

- (2) If the funding is to come from other sources such as a donation, indicate the sources of other funding. What are the institution's plans for sustaining the program when funding ends?

N/A.

- (3) If an above Maintenance of Current Operations (MCO) appropriation is required to fund the program, indicate when the institution plans to include the program in the legislative budget request.

N/A

- (4) Describe the federal grant, other grant(s), special fee arrangements, or contract(s) to fund the program. What does the institution propose to do with the program upon termination of those funds?

N/A

- (5) Provide estimated fees for any proposed professional or self-support program.

We propose a fee of \$36,000/student for the entire 48 credit program.

**Attachment A. Curriculum.**

Master of Business Administration Online Program	
Course Number and Title	Credits
MBA-ON 501 Design Thinking & Strategic Management.....	4
MBA-ON 505 Marketing Strategy.....	4
MBA-ON 510 People and Organizations.....	4
MBA-ON 515 Corporate Finance.....	4
MBA-ON 520 Global Economics: Policy and Trade.....	4
MBA-ON 525 Managerial Accounting.....	4
MBA-ON 530 Managerial Communication.....	4
MBA-ON 535 Information Technology & Business Alignment.....	4
MBA-ON 540 Managing Successful Projects.....	4
MBA-ON 545 Legal Issues in Business.....	4
MBA-ON 550 Operations and Supply Chain Management.....	4
MBA-ON 555 Business Plan Development.....	4
<b>Total</b>	<b>48</b>

<b>Comparison of Courses required by Proposed Program with Courses required by Existing MBA Program</b>	
<b>Proposed Online MBA</b>	<b>Existing Face to Face MBA</b>
MBA-ON 501 Design Thinking & Strategic Management	MBA 531 Strategic Perspectives & MBA 546 Strategic Management
MBA-ON 505 Marketing Strategy	MBA 540 Marketing Strategy
MBA-ON 510 People & Organizations	MBA 552 People and Organizations
MBA-ON 515 Corporate Finance	MBA 543 Managing Corporate Finance
MBA-ON 520 Global Economics: Policy & Trade	MBA 544 Global Economics: Policy and Trade
MBA-ON 525 Managerial Accounting	MBA 504 Managerial Accounting for Planning and Control
MBA-ON 530 Managerial Communication	MBA 568 Managerial Communication
MBA-ON 535 Info Tech & Business Alignment	MBA 569 Info Tech & Process Management
MBA-ON 540 Project Management	MBA 549 Successful Project Management
MBA-ON 545 Legal Enviro of Business	MBA 558 Managers and the Legal Environment of Business
MBA-ON 550 Operations & Supply Chain Mgmt	MBA 559 Issues in Supply Chain Management
MBA-ON 555 Business Plan Development	MBA 567 Business Plan Development

## Descriptions of Courses Required for Proposed Program:

- A. **MBA-ON 501 DESIGN THINKING AND STRATEGIC MANAGEMENT (0-0-4)(F/S/SU)**. Examines collaborative innovation processes that are transforming business and driving industry life cycles. Includes a first exposure to the creation of functional, business-level, and corporate-level strategies. Special consideration of organizational design, diversification, mergers and acquisitions, and measures of strategic performance including use of Balanced Scorecards. Interpersonal skills enhanced via online collaboration with classmates. PREREQ: ADM/PROG.
- B. **MBA-ON 505 MARKETING STRATEGY (0-0-4)(F/S/SU)**. Focuses on revenue-generating opportunities with special emphasis on evaluating opportunities for new products or services. Includes segment analysis, customer choice behavior, branding, marketing tactics, personal selling, and the evaluation of market opportunities. Includes opportunity assessment project in industry sector of student's choosing. PREREQ: MBA-ON 501.
- C. **MBA-ON 510 PEOPLE AND ORGANIZATIONS (0-0-4)(F/S/SU)**. Emphasizes integrated manager-employee relations in an organization. Includes HR planning, employee recruitment, selection, performance appraisal, discipline, coaching, compensation, and termination issues. Also focuses on collaboration, group dynamics, motivation, leadership, problem-solving, negotiation, and self-management. Interpersonal skills enhanced via online collaboration with classmates. PREREQ: MBA-ON 505.
- D. **MBA-ON 515 CORPORATE FINANCE (0-0-4)(F/S/SU)**. Examines the three major decisions in corporate finance affecting value of the firm: investment, financing and cash distribution. Includes the methods used to measure corporate value and evaluate financial performance. Issues in each of the three decision areas are examined within the context of their impact on the valuation model and financial performance metrics. Includes financial modeling project in industry sector of student's choosing. PREREQ: MBA-ON 510.
- E. **MBA-ON 520 GLOBAL ECONOMICS: POLICY AND TRADE (0-0-4)(F/S/SU)**. Reviews how economies work, the differences between economic systems, factors that influence international trade, exchange rates, labor economics, and government policies related to trade. Includes a survey on the economies of the world, current topics in global economics, data sources for international economic trends, and an introduction to major international trade agencies/associations. Includes application project in industry sector of student's choosing. PREREQ: MBA-ON 515.
- F. **MBA-ON 525 MANAGERIAL ACCOUNTING (0-0-4)(F/S/SU)**. Examines various cost-based accounting concepts and practices. Particular emphasis on the challenges involved in using them to evaluate past performance and plan future deployment of firm resources. Interpersonal skills enhanced via online collaboration with classmates to solve managerial accounting problems. PREREQ: MBA-ON 520.
- G. **MBA-ON 530 MANAGERIAL COMMUNICATION (0-0-4)(F/S/SU)**. A hands-on introduction to written and oral managerial communication including informal exchanges, elevator pitches, meetings, and persuasive formal presentations. Emphasis placed on team-oriented and supervisory communication tactics. Interpersonal skills enhanced via online collaboration with classmates. PREREQ: MBA-ON 525.
- H. **MBA-ON 535 INFORMATION TECHNOLOGY AND BUSINESS ALIGNMENT (0-0-4)(F/S/SU)**. Examines the role of information technology in business process integration, strategic alignment, and business analytics. Includes application project in industry sector of student's choosing. PREREQ: MBA-ON 530.
- I. **MBA-ON 540 MANAGING SUCCESSFUL PROJECTS (0-0-4)(F/S/SU)**. Introduces and provides experience in the front-end issues of project management such as team formation, communication strategies, conflict management, project constraints, and risk analysis. Includes use of the project management tools: PERT/Critical Path, resource utilization, project monitoring and tracking, and critical chain analysis. Includes application project in industry sector of student's choosing. PREREQ: MBA-ON 535.
- J. **MBA-ON 545 LEGAL ISSUES IN BUSINESS (0-0-4)(F/S/SU)**. Introduces future managers to the major legal issues involved in the business environment. Covers legal reasoning and the legal system,

agency and business associations, torts, contracts, intellectual property, employment law, sales, and product liability. Includes application project in industry sector of student's choosing. PREREQ: MBA-ON 540.

**K. MBA-ON 550 OPERATIONS AND SUPPLY CHAIN MANAGEMENT (0-0-4)(F/S/SU).**

Introduces product and service movement within the firm and between the firm and its partners up and down the supply chain. Focus on logistics management, supplier relationships, and creating operational excellence within the firm. Includes operations modeling project in industry sector of student's choosing. PREREQ: MBA-ON 545.

**L. MBA-ON 555 BUSINESS PLAN DEVELOPMENT (0-0-4)(F/S/SU).** Integrates previous coursework via development of a business plan in industry sector of the student's choosing. PREREQ: MBA-ON 550.

**Attachment B follows: Contract between Boise State University and Academic Partnerships LLC**

**Key aspects of agreement:**

- All curriculum and course content is the responsibility of Boise State University faculty members.
- Boise State University retains rights to all intellectual property created by faculty members.
- The primary role of Academic Partnerships will be the marketing of the program and the recruitment of students.
- Academic Partnerships will receive 45% of revenues. In the future, should Boise State decide to offer two additional programs in partnership with Academic Partnerships, that percentage would

**drop to 40%.**

## SERVICE AGREEMENT

This Service Agreement ("Agreement") is entered into by and between Academic Partnerships, LLC, a Delaware limited liability company ("AP"), and Boise State University (the "University") as of October 15, 2012 (the "Effective Date"). AP and the University are sometimes referred to in this Agreement each as a "Party", and collectively as the "Parties."

### Recitals

- A. The University offers undergraduate, graduate, and post-graduate courses both (i) in traditional classroom settings ("Offline Educational Courses") and (ii) online ("Online Educational Courses").
- B. AP provides services to universities who offer Online Educational Courses.
- C. Subject to the terms and conditions set forth herein, the University desires to engage AP to provide AP Resource Materials (defined herein) in connection with the University's (i) development, maintenance and marketing of the University's Online Educational Courses and (ii) the conversion of Offline Educational Classes to Online Educational Classes.
- D. The rights and obligations contemplated herein shall not inure to AP or the University unless and until approval of this Agreement is sought and received from the University's Office of the Vice President for Finance and Administration, the University's Office of the Provost and Vice President for Academic Affairs, and the Idaho State Board of Education.

### I. Definitions

Capitalized terms used in this Agreement shall have the meanings described below or elsewhere in the Agreement.

- A. **"AP Materials"** means (i) AP Resource Materials, (ii) Developed Materials created by AP, and (iii) any documentation or other materials associated with the foregoing.
- B. **"AP Resource Materials"** means the materials, resources and services of AP made available to the University when (i) developing Online Educational Courses, (ii) marketing such Online Educational Courses, (iii) converting the University's Offline Educational Courses to Online Educational Courses, (iv) providing student retention support and (v) developing the best practices for online curriculum, instruction and assessment.
- C. **"AP Revenue"** means the product of multiplying the AP Revenue Percentage times the Revenue.
- D. **"AP Revenue Percentage"** means a percentage of the tuition for each Online Educational Course in which a Student is enrolled. For the first Program, and to the extent one or more new Programs are added during the Term of this Agreement, the Parties will enter into an Addendum to this Agreement, the

purpose of which will be to set forth the AP Revenue Percentage for such new Program. Any such Addendum shall be in the form of **Exhibit A** attached hereto.

- E. **“Curriculum Materials”** means a group of related Online Educational Courses (along with instructional and assessment materials), the successful completion of which results in a degree or other credentialing.
- F. **“Developed Materials”** means any ideas, designs, development tools, know-how, concepts or written materials developed by either Party.
- G. **“Faculty”** means persons appointed by the University to teach Online Educational Courses.
- H. **“Intellectual Property”** means any and all now known or hereafter existing rights associated with (i) works of authorship, including exclusive rights, copyrights, moral rights and mask works, (ii) trade secret rights, (iii) trademark and trade name rights; (iv) patents, designs and other industrial property rights, (v) other intellectual and proprietary rights of every kind and nature whether arising by operation of law, by contract or license or otherwise and (vi) all registrations, renewals, extensions, combinations, divisions, or reissues of any of the foregoing.
- I. **“Program(s)”** mean units of study offered through Online Educational Courses that lead to a degree or other certification.
- J. **“Revenue”** means all the tuition collected from Students for Online Educational Courses, irrespective of any marketing efforts by University, including Revenue from all general, prerequisite or co-requisite Online Educational Courses.
- K. **“Student(s)”** means an individual enrolled in one or more Online Educational Courses at the University.
- L. **“University Material”** means the (i) Curriculum Materials, (ii) lectures, documentation and other materials created by the University, including Developed Materials created by the University and (iii) Faculty.

## **II. AP Obligations**

During the Term (defined herein) of this Agreement, AP shall have the following obligations:

- A. **Marketing.** AP will:
  - (i) be the exclusive marketer, other than some traditional advertising by University such as brochures and a home web page, of the Online Programs listed in the Addendum and will market the University and its Programs using affiliate partnerships representatives and digital marketing; and

- (ii) provide competitive research regarding other universities offering similar Programs.
- B. Program Implementation.** AP's implementation team will work with the University to launch the University's Programs. AP's implementation support will include:
- (i) an integration team that works with the University's personnel (specific to each degree/certificate);
  - (ii) facilitation of Program planning sessions (faculty meetings, admission policies, course sequence and calendar);
  - (iii) facilitation of operational planning sessions with key University departments to review existing processes and recommend efficiencies;
  - (iv) development of a "Program Guidelines" document;
  - (v) facilitation of cross-functional meetings to manage implementation processes; and
  - (vi) project management services, including development of a detailed project plan (the "Plan") to drive program implementation activities, and weekly reporting of project progress against the Plan.
- C. Assistance with Student Information System ("SIS") and Learning Management System ("LMS").** The University will provide to AP, read-only access to records within its SIS and LMS that contain information about students enrolled in AP Programs, including any pre-requisite General Education courses. AP relies primarily on daily extracts from university systems, but will utilize essential data from these systems to (i) create Program prototypes, (ii) assist faculty with curriculum development, (iii) facilitate student matriculation, (iv) assist in improving student retention, (v) monitor Program success and (vi) assist with and facilitate the growth of the University's Online Educational Courses. Essential SIS data includes, but is not limited to, applicant, student, section and enrollment data. Essential LMS data includes, but is not limited to, course, section, student, grade and time-and-activity data critical to providing student retention.
- D. Curriculum Support Services.** AP will work with Faculty and the University with Program design, including but not limited to:
- (i) assisting with Program / course blueprinting and course conversion;
  - (ii) assist University in structuring multiple start dates in a way that also assures financial aid eligibility; and

(iii) introducing best practices for the delivery of an online Curriculum.

**E. Recruiting and Enrollment Specialist Representatives (“ESRs”).** ESRs will serve as a primary point of contact for all prospective students for identified Programs. The ESRs will help educate students about the University’s Programs. AP’s responsibilities include:

- (i) staffing and equipping a call center for ESRs;
- (ii) providing a team of ESRs to contact potential students once a lead is received;
- (iii) providing a toll free number and website for prospective students;
- (iv) recruiting in compliance with federal law and the academic standards of the University; and
- (v) informing potential students of the Program characteristics and referring potential students to the University regarding financial aid and/or academic questions.

AP agrees that in the course of recruitment of Students for enrollment in one or more Online Educational Courses it will not provide any commission, bonus or other incentive payments based directly or indirectly upon success in securing enrollments to any person or entity engaged in any student recruiting or admission activities, or any person directly supervising such person, except in accordance with the provisions of 34 C.F.R. 668.14(b)(22)(2003) and any subsequent amendment thereto, and/or any other requirement of the United States Department of Education or the University’s regional accreditor.

**F. Application Support.** ESRs will:

- (i) inform applicant of all University application requirements;
- (ii) contact applicants regarding upcoming Program deadlines;
- (iii) remind applicants to submit necessary paperwork (transcripts, etc.);
- (iv) remind Students of the registration process, registration deadlines and payment deadlines once admitted to the University; and
- (v) refer Students to appropriate University resources if there are further questions about the Program(s).

**G. Student Services.** ESRs will provide retention services, including, but not limited to the following:

- (i) following up with Students periodically to ensure satisfaction continuing through graduation;
- (ii) referring Students to University resources if academic questions persist;
- (iii) welcoming new Students and provide upcoming registration dates and/or deadlines;
- (iv) re-engaging inactive Students; and
- (v) reminding Students of upcoming start dates, registration deadlines and payment deadlines.

**H. Protection of Student Information.** The University has informed AP that Student specific information may be protected from disclosure pursuant to the provisions of the Family Educational Rights and Privacy Act (FERPA), (20 U.S.C. § 123g; 34 CFR Part 99). AP expressly agrees that it shall (i) not disclose any such information to any third parties and (ii) take such measures as are reasonable and prudent to protect such information from inadvertent disclosure.

### **III. University Obligations**

The University shall maintain the sole authority in the (i) appointment of Faculty, (ii) admission of Students, (iii) delivery of Programs, (iv) evaluation of Student performance and (v) decision to award course credit and/or academic credentialing. During the Term of this Agreement, the University shall have the following obligations:

#### **A. Marketing Deliverables.**

- (1) University has a duty to expressly approve or disapprove of marketing materials submitted to it by AP within 10 business days of receipt by University of the materials. AP must seek approval from the University's College of Business and Economics as well as the University's Office of Trademark Licensing and Enforcement. Such approval from the University's Office of Trademark Licensing and Enforcement shall be sought via email at [licensing@boisestate.edu](mailto:licensing@boisestate.edu). If University does not respond to AP within the 10 day period, AP may assume that the marketing materials are approved;
- (2) University will deliver to AP its branding and style guidelines;
- (3) University will allow AP to use the University web domain for marketing (i.e., <http://online.universityname.edu> or <http://degree.universityname.edu>) and host those subdomains for ease of maintenance and updates;

- B. Regulatory Approvals, Accreditations, and Licenses.** The University will determine and obtain all necessary regulatory approvals and licenses for the Programs.
- C. Financial/Business Oversight.** The University will oversee the financial management of the Programs.
- D. Intellectual Property.** The University will not remove, deface, or obscure any of AP's or its suppliers' copyright or trademark notices and/or legends or other proprietary notices associated with the AP Materials.
- E. Access to Data.** The University will provide access to Student information data and online delivery data in order for AP to fulfill its obligations under this Agreement.

#### **IV. License Grants by AP**

- A. AP Resource Materials.** During the Term of this Agreement, AP grants the University a limited, non-exclusive, license to use and modify the AP Resource Materials for the specific and limited purpose of developing Programs.
- B. Trademarks.** During the Term of this Agreement, AP grants the University a limited, nonexclusive license to use such AP trademarks, as are designated in writing by AP, for the specific and limited purpose of marketing the Programs. **Exhibit B** lists the initial AP trademarks that may be used per this Section.

#### **V. License Grants by the University**

- A. University Materials.** During the Term of this Agreement, the University grants AP a limited, non-exclusive license to use and modify the University Materials for the specific and limited purpose of developing Programs.
- B. Trademarks.** During the Term of this Agreement, the University grants AP a limited, non-exclusive license to such University trademarks, as designated in writing by the University, solely for the purpose of marketing the Programs. **Exhibit C** lists the initial University trademarks that may be used per this Section.

#### **VI. Ownership**

- A. Ownership of AP Intellectual Property.** AP retains all ownership and Intellectual Property rights in the AP Materials.
- B. Ownership of University Materials.** The University retains all ownership and Intellectual Property rights in the University Materials.
- C. Ownership of Developed Materials.** Any right, title and interest in and to any Intellectual Property arising from or attributed to any of the work or activities

undertaken as part of this Agreement shall belong to the Party that creates such Intellectual Property, unless mutually agreed otherwise in writing.

## **VII. Term**

The term ("Original Term") of this Agreement commences on the Effective Date and ends on the fifth (5th) anniversary of the commencement date of the first Program ("Launch Date"), unless terminated under Section XII. The Original Term shall automatically renew for three (3) year periods "Successive Term(s)", unless terminated by either Party in writing 270 days before the expiration of the then current Original Term or Successive Term. To the extent that an Addendum to this Agreement is entered into for a new Program, the term of such Addendum shall also be for a period of five (5) years ("New Term") notwithstanding the fact that the New Term could exceed the period of the Original Term or the Successive Term. In the event of a New Term, all provisions of this Agreement shall remain in full force and effect for the duration of the New Term and any renewals thereafter.

## **VIII. Payment and Taxes**

- A. AP Revenue.** The University will collect all Revenue and will remit to AP the AP Revenue, which shall be due and payable to AP within thirty (30) days of the start of any Online Educational Course.
- B. Taxes.** Each Party will be responsible for any and all taxes due on their portion of Revenues received.
- C. Acknowledgement by the University.** The University acknowledges that a significant portion of AP's cost is incurred before a Student enrolls, and that AP's only method of cost recovery is through the continuing payments as a Student progresses through the Program. Therefore, for each Student who AP secures the enrollment of during the Term of this Agreement, the University will continue to remit payments to AP per Section VIII A above for so long as the Student continues to take On Line Educational Courses at the University, even if beyond the termination date of this Agreement.

## **IX. Indemnification**

- A. AP.** AP will defend and indemnify the University, to the extent permitted by Texas law, against a claim that any AP Materials furnished by AP infringes a third party's copyright, provided that: (a) the University notifies AP in writing within 30 days of the claim; (b) AP has sole control of the defense and all related settlement negotiations; and (c) the University provides AP with the assistance, information, and authority reasonably necessary to perform the above; reasonable out-of-pocket expenses incurred by the University in providing such assistance will be reimbursed by AP.

- B. **University.** The University will defend and indemnify AP, to the extent permitted by the laws of Idaho, against a claim that any University Materials furnished by the University infringes a third party's copyright, provided that: (a) AP notifies the University in writing within 30 days of the claim; (b) the University has sole control of the defense and all related settlement negotiations; and (c) AP provides the University with the assistance, information, and authority reasonably necessary to perform the above; reasonable out-of-pocket expenses incurred by AP in providing such assistance will be reimbursed by the University.
- C. **Remedies.** In the event that some or all of the AP Materials is held or is believed by AP to infringe third party rights, AP shall have the option, at its expense to: (a) modify the AP Materials to be non-infringing; or (b) obtain a license from the third party to continue using that portion of the AP Materials that is infringing the rights of such third party. If it is not commercially feasible to perform either of the above options, then AP may require the University to return the infringing AP Materials and all rights thereto. Upon return of the infringing AP Materials to AP, the University may terminate this Agreement with 10 days' written notice.

## X. **LIMITATION OF LIABILITY**

**NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES.**

## XI. **Warranties**

- A. **Authority.** Each Party warrants, to the best of its knowledge, that it has the authority to enter into the Agreement and to perform its obligations set forth herein.
- B. **Ownership by AP.** AP warrants that it is the sole and exclusive owner of all AP Materials or has the license to use and sub-license any Intellectual Property owned by third parties and incorporated into such AP Materials, and that, to the best of its knowledge; such AP Materials does not infringe any third-party rights.
- C. **Ownership by the University.** The University warrants that it is the sole and exclusive owner of all University Materials or has the license to use and sub-license any Intellectual Property owned by third parties and incorporated into the University Materials, and that, to the best of its knowledge, the University Materials does not infringe any third-party rights.

## XII. **Termination**

- A. **Material Breach.** If either Party materially breaches the terms of this Agreement and fails to correct the breach within 60 days after the non-breaching Party provides written notification, the non-breaching Party may terminate this Agreement.
- B. **Termination for Convenience.** University may terminate agreement program addendum at any time and for any reason with 2 years' written notice to AP. If University exercises this Termination for Convenience provision, University agrees

that it will not contract with another service company for similar services for Programs covered by this Agreement before the natural termination date of this agreement (5 years after the Effective Date).

- B. University's Obligations.** Upon expiration or termination of this Agreement, University shall cease all use of AP Materials and return any such material in its possession to AP.
- C. AP's Obligations.** Upon expiration or termination of this Agreement, AP shall cease all distribution of University Materials and return any such material in its possession to the University, provided that AP shall have the right to continue to use the University Materials for the sole purpose of permitting Students then enrolled in a Program to complete such Program.

### **XIII. General**

- A. Relationship Between the Parties.** Each Party is an independent contractor and will be solely responsible for payment of all compensation owed to its employees, as well as employment related taxes. Each Party will maintain appropriate worker's compensation for its employees as well as general liability insurance. Neither this Agreement, nor any terms and conditions contained herein, shall be construed as creating a partnership, joint venture, agency or franchise relationship.
- B. Governing Law and Jurisdiction.** This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with Idaho law. The Parties irrevocably agree that the courts of Ada County, Boise, Idaho shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).
- C. Notice.** All notices, including notices of address change, required to be sent hereunder shall be in writing and shall be deemed to have been given when mailed by certified mail to:

If to AP:

Academic Partnerships, LLC  
Attention: Chief Financial Officer  
600 North Pearl Street  
Suite 900  
Dallas, Texas 75201

With copy to:

Academic Partnerships, LLC

Attn: Legal Dept.  
2200 Ross Ave., Suite 3800  
Dallas, TX 75201  
FAX No. 214-438-4133

If to the University:

Boise State University  
Attn: Kirk Smith  
1910 University Drive  
Boise ID 83725

With copy to:  
Boise State University  
Office of the General Counsel  
1910 University Drive  
Boise, Idaho 83725-1002

The Parties agree that they each may treat documents faxed and/or email attachments and/or a signature sent electronically by the other Party as original documents; nevertheless, either Party may require the other to exchange original signed documents.

- D. Severability.** In the event any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement will remain in full force.
- E. Waiver.** The waiver by either Party of any default or breach of this Agreement shall not constitute a waiver of any other or subsequent default or breach. Except for actions for nonpayment or breach of either Party's intellectual property rights, no action, regardless of form, arising out of this Agreement may be brought by either Party more than two years after the cause of action has accrued.
- F. Headings.** The headings appearing in this Agreement are inserted for convenience only, and will not be used to define, limit or enlarge the scope of this Agreement or any of the obligations herein.
- G. Counterparts.** This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be an original, and all the counterparts together shall constitute one and the same instrument.
- H. Confidential Information.** Each Party agrees that it shall not use or disclose to any third party, except for the purpose of performing this Agreement, any business and technical information of the other Party which, in the exercise of reasonable judgment, should be recognized by such Party as confidential ("Confidential Information"). The obligation of confidentiality shall not apply to information which: (a) is or becomes part of the public domain through no fault of the receiving Party; (b) is furnished by the disclosing Party to others without

restrictions on use and disclosure; (c) becomes known or available to the receiving Party without restriction from a source other than the disclosing Party without breach of any Agreement with the disclosing Party; (d) is disclosed with prior written approval of the disclosing Party; (e) is independently developed by the receiving Party without the use of any Confidential Information; (f) is previously known to the receiving Party on a non-confidential basis; or (g) is required by the Idaho Public Records Law, a court order, or a government agency to be disclosed, in which case, the receiving Party shall give the disclosing Party as much notice as is reasonably practical so that the disclosing Party may seek a protective order or other confidential protection as the disclosing Party, in its sole discretion, may elect and the receiving Party shall reasonably cooperate with the disclosing Party in disclosing Party's efforts to obtain such order or protection.

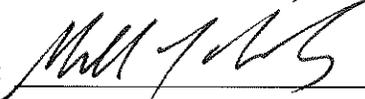
- I. **Force Majeure.** Neither Party will be liable for delays or failure in its performance hereunder to the extent such delay or failure is caused by any act of God, war, natural disaster, strike, lockout, labor dispute, work stoppage, fire, third-Party criminal act or act of government, or any other event beyond the reasonable control of that Party (an "Excusable Delay"). This Agreement may be terminated with written notice by either Party under this section should the Excusable Delay of the non-performing Party continue for more than 30 days.
- J. **Entire Agreement.** This Agreement with any documents referred to in it constitutes the entire agreement and understanding between the Parties and supersedes any previous agreement between them relating to the matters set forth herein.
- K. **Successors and Assigns.** This Agreement will be binding upon, and will inure to the benefit of, the permitted successors and assigns of each Party hereto. Neither party may assign, this Agreement or any of its rights hereunder without the prior written consent of the other party, which shall not be unreasonably withheld, and any attempted assignment without such consent shall be void.
- L. **Variation.** No variation of this Agreement or of any of the documents referred to in it shall be valid unless it is in writing and signed by or on behalf of each of the Parties.
- M. **Survivability.** The following Sections shall survive the expiration and termination of this Agreement: III.C, VI, VIII, IX, X, XI, XII, and XIII.

*[Signature*

*Page*

*Follows]*

**ACADEMIC PARTNERSHIPS, LLC**

Signature:   
Name: Michael J. Briskey \_\_\_\_\_  
Title: CFO \_\_\_\_\_  
Date: 10-15-12

**BOISE STATE UNIVERSITY**

Signature:   
Name: Stacy Pearson \_\_\_\_\_  
Title: VPFA \_\_\_\_\_  
Date: 10-24-12

~~EXHIBIT A~~ *MB*

**ADDENDUM**

This Addendum ("Addendum") dated as of September 15, 2012, is a supplement to that certain Service Agreement ("Agreement") dated as of September 15, 2012 between Academic Partnerships, LLC ("AP"), and Boise State University (the "University") and is fully incorporated therein.

1. NAME OF PARTICIPATING SCHOOL OR COLLEGE: College of Business and Economics
2. EFFECTIVE DATE OF PROGRAM: Upon receipt of approval by the Idaho State Board of Education and signature by the University's Vice President of Finance and Administration.
3. PROGRAMS AND/OR DEGREES: Master in Business Administration
4. AP REVENUE PERCENTAGE: 45% of the total Revenue for the MBA. Once the Parties execute an addendum for two additional Programs, the AP Revenue Percentage for the MBA will change to 40% and the two new Programs will be 45%

**ACADEMIC PARTNERSHIPS, LLC**

Signature: *Michael J. Briskey*

Name: Michael J. Briskey \_\_\_\_\_

Title: CFO \_\_\_\_\_

Date: 10-15-12

**BOISE STATE UNIVERSITY**

Signature: *Stacy Pearson*

Name: Stacy Pearson

Title: VPFA

Date: 10-24-12

**EXHIBIT B**

(AP Trademarks, including those of its affiliates)

1. ACADEMIC PARTNERSHIPS, LLC
2. ACADEMIC PARTNERSHIPS
3. AP



## EXHIBIT C

(University Trademarks)

The then current University academic logo as provided by Boise State's Office of Trademark Licensing. Please contact [licensing@boisestate.edu](mailto:licensing@boisestate.edu).