

# Questions about NewU: A Summary Report

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The following is a compilation of questions that have come in over the past weeks. This document will be updated on a regular basis as questions come in and as answers are developed.

The FAQs consist of questions that were part of the original FAQ, along with a corresponding response. That is followed by additional questions and further details.

## Q1. What is the transaction and how will it work?

Kaplan University (KU) will be acquired by Purdue NewU Inc., an Indiana nonprofit public benefit corporation controlled and supervised by Purdue University, to create a new global public university (yet to be named but referred to as NewU). NewU will continue KU's mission of providing outstanding career oriented higher education to adult learners. This is a revolutionary initiative that will allow NewU to grow as a public university under the control of a world-class institution while still utilizing Kaplan Higher Education's (KHE) resources and expertise. In addition to acquiring KU, Purdue New U and the NewU Board of Trustees will completely control and operate NewU. NewU will enter into a long-term support services agreement with the same Kaplan affiliate that has been providing "back-office" support functions to KU for some time, Kaplan Higher Education (KHE). Acquiring KU will allow Purdue the opportunity to extend its land-grant mission of providing high quality accessible education globally, especially to underserved adult learners. Today, KU serves 32,000 students, most of whom are working adults with some college seeking to further their careers. KU's students are supported by caring and experienced faculty, academic staff, and administration. This will not change. KU's commitment to student success has provided the unique ability to take this next step in expanding Purdue's land-grant mission.

Purdue is convinced that procuring services from KHE puts NewU in the best position to succeed and serve the needs of students. The agreement will ensure a seamless transition for current KU students and will enable Purdue and NewU to benefit from KHE's deep expertise in online education offerings. KHE will have no authority over NewU's academic functions.

### ***Supplementary information:***

With the acquisition of Kaplan University the Purdue learning ecosystem will expand from three to four components: 1) Purdue West Lafayette, 2) Purdue regional campuses, 3) units whose mission is to support Purdue, and 4) Purdue NewU (see Figure 1). Relative to Purdue, NewU is a separately incorporated postsecondary State Educational Institution (SEI) that will operate as a public benefit corporation. While controlled by Purdue, NewU will have standalone HLC accreditation, with separate:

- Diplomas
- Curricula
- Faculty
- Academic and administrative leadership
- Institutional policies and procedures

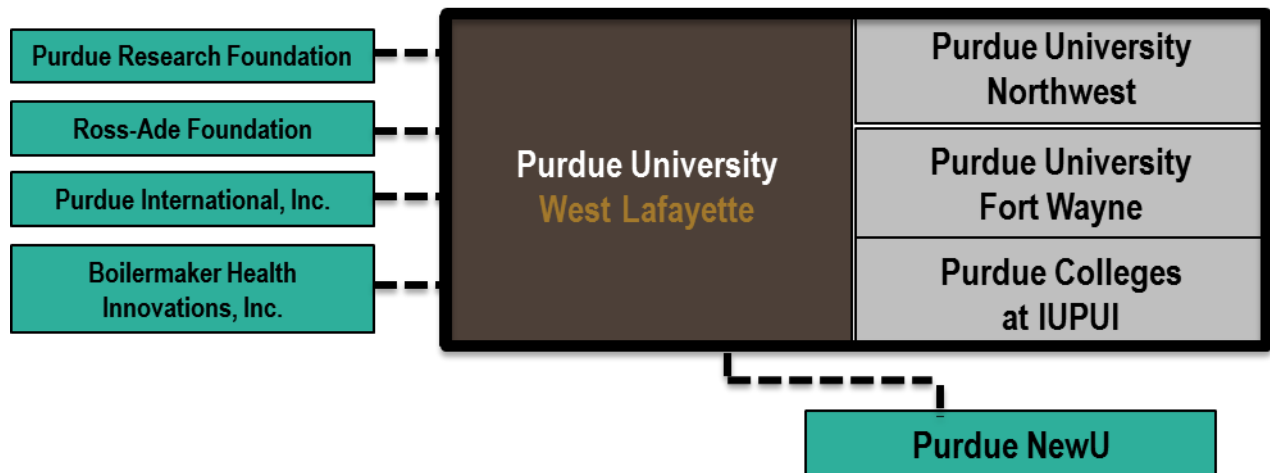


Figure 1. Purdue learning ecosystem

**Additional questions for Q1:**

1. Will NewU be treated as are the other Purdue "branches"? In other words, will it be a stand-alone operation with its own programs, courses, faculty, policies, et al.? If it will not stand alone, how will it be structurally integrated into Purdue-West Lafayette?

- Much like the Purdue Research Foundation, NewU is a separate corporate entity, whose mission is closely tied to Purdue. Yet it has its own board of trustees and separate governance. Its status as a separately incorporated legal entity makes it distinct from Purdue's regional campuses (Purdue University Northwest and Indiana University-Purdue University Fort Wayne). Like the regional campuses, it will be accredited on a standalone basis.

2. Will NewU faculty be considered Purdue faculty? Will they go through a Purdue tenure and promotion process?

- NewU faculty are not Purdue faculty, but rather they are NewU faculty. The NewU faculty are not tenured. NewU has its own [governance manual](#) and [faculty handbook](#), which will carry over from Kaplan to NewU.

3. Will NewU degrees be identified as Purdue degrees or will they be something else?

- The name of the NewU degree will be identified by the name selected for the institution, which has yet to be determined.

4. If the number of non-TT or long-term contracted faculty members is more than 10%, how will Purdue-Kaplan move to meet our 10% CL limit?

- Since NewU operates as a standalone university, it is not part of the Purdue system and these policies do not apply.

5. When will NewU be accredited by the North Central accrediting body?

- The North Central accrediting body, now referred to as the Higher Learning Commission, reaffirmed Kaplan University's accreditation for 10 years in December 2016. Purdue has filed for a change of control of Kaplan University with the HLC. Again, NewU would have its own separate HLC accreditation, as do the various Purdue campuses.

6. Will Kaplan need to now go through ICHE to have its programs approved?

- Purdue has submitted an application with the Indiana Commission for Higher Education to have NewU recognized as an Indiana-based public institution of higher education.

***New questions related to Q1:***

1. Will the NewU faculty be represented in the Senate?

- That has yet to be determined, and is an issue for University Senate determination. Kaplan University currently has its own senate. Additional details on the Kaplan senate will be provided in an upcoming communication.

2. Of the NewU current degree programs that are subject to specialized accreditation, which have received such accreditation, and what are the plans to ensure that all of those programs that should be accredited are actually accredited?

- All Kaplan University programs that need accreditation have it. Meaning, where programmatic accreditation is necessary for the specific student outcomes, it has been obtained. Determinations on additional accreditations will be made going forward. Additional information is available in the [Kaplan University catalog](#).

## Q2. What will NewU consist of?

NewU will consist of the entirety of Kaplan University (excluding the professional training school known as KU-PACE). Initially that is the seven schools and colleges that now comprise Kaplan University which together offer more than 100 diplomas, certificates, associate, bachelor's, master's and doctoral degrees, as well as 15 campus and learning center locations. NewU will likely carry the Purdue name, while conveying its distinct identity and purpose. The current full-time and adjunct faculty and staff at KU — roughly 2,100 employees — will transfer to NewU. Curriculum, course material, tutorials, library content, student records, student advising, career services, and alumni clubs and organizations will all transition to NewU. Most significantly, all current KU students (approximately 32,000) at the time of the changeover will seamlessly transition to NewU upon completion of the transaction. They will receive their degrees from NewU, once the university is established.

### **Additional questions for Q2:**

1. Kaplan/New U currently awards many Associates Degrees, which have been strongly discouraged to the point of elimination in the Purdue system. What will be the fate of these programs?

- Eighteen Kaplan programs are stackable degrees, meaning that students can move from AS to BS and perhaps MS degrees. In part, this recognizes that many of the non-completers returning to college in their mid-30s are not confident in their ability to finish college. Over 40 percent of the AS degree completers move on to a BS degree, with an additional 28 percent of the BS degree completers moving into an MS degree.

2. All of Kaplan's Bachelor's degrees require 180 credit hours. The bachelor's degrees at IPFW and PWL are all 120 credit hours. Will Kaplan change their curriculum? Essentially their students will have to go to school longer to get the same degree they would get here.

- Kaplan University operates on quarters rather semesters; 180 quarter hours are equivalent to 120 semester hours.

3. Can we have a visit to share and discuss opportunities so we can better understand what they have and leverage resources?

- That is a great idea, and visits of Kaplan and Purdue faculty and staff will begin in July.

4. What is the model of instruction? Do instructors each teach individual sections? Are sections aggregated into a larger class overseen by a faculty member with smaller sections (recitations, discussion sections, etc.) overseen by mentors/instructors who do not have terminal degrees and/or are on short-term contracts?

- Kaplan courses are overseen by a "course lead" who is a full-time Kaplan faculty member. The course lead teaches the course and also is responsible for ensuring its quality and currency. Quarterly meetings are held with all faculty who teach a course to ensure that all feedback is incorporated into improvements.
- The courses are taught to a typical section of 32 students. The instructor has full responsibility for all aspects of teaching, including grading. Each instructor assigned to a course is fully credentialed to teach that course and is responsible for all academic interactions with his or her students, including discussions, seminars, grades, and email, text and telephone support. Sections are not aggregated. KU employs no graders or teaching assistants.

5. Who are the faculty and how are they hired and evaluated? What are the qualifications of Kaplan faculty?

- Kaplan instructors adhere to the HLC requirement for faculty qualifications (instructors must possess an academic degree relevant to what they are teaching and at least one level above the level at which they teach, except in programs for terminal degrees or when equivalent experience is established.). More details are in the [Kaplan Faculty Handbook](#).

6. Will the physical locations remain open or will the Kaplan locations close and become online only?

- KU's current campus locations originally provided a range of ground course offerings, but in the past decade have evolved to serve two primary purposes. First, they provide locations for required clinical coursework in specific disciplines such as nursing, medical assisting and dental assisting. Second, the sites serve as on-ground support centers for local online students to receive assistance with financial aid, academic advising, career services and tutoring. In the near term, this will not change.

7. Is there a home-base for Kaplan outside of Indiana? Will that change?

- The home campus for Kaplan University currently is in Iowa. That will change for NewU. The new home campus will be the current Kaplan campus at 9000 Keystone Crossing in Indianapolis.

### Q3. What is the purpose of the acquisition?

The purpose is to expand educational opportunities to more students, especially those with limited access. As Indiana's only land-grant university, Purdue takes very seriously its commitment to expanding access to higher education. This acquisition enables Purdue to serve a much broader, non-traditional population of adult learners who are balancing work and family responsibilities with their desire to further their education and acquire important skills for the workplace. Serving this population will require a set of online program offerings and technical capabilities that the Purdue system currently lacks. Were Purdue to attempt to develop such capabilities on its own, it would take many years and significant financial resources. Instead, President Daniels and the Purdue Board of Trustees opted to acquire the institutional and physical assets of KU, which has world-class online capabilities, student support systems and a student-focused culture that is consistent with Purdue's.

#### ***Additional questions for Q3:***

1. What is your vision for Purdue University's new online venture with Kaplan University over the next five years? How specifically are the pillars of the land-grant mission (education, teaching, research, and economic development) that are endemic to a state public university going to be harmonized and incorporated into the relationship with the private Kaplan University?

- Given the well-documented need for education beyond high school, we believe the new university can contribute to Indiana's goal of increasing higher education attainment to 60 percent of its population. As such, NewU will fill a niche in the Purdue system that is geared toward making education more broadly accessible, which also has direct economic implications for our state. It's also important to note that once the acquisition is finalized, Kaplan University (NewU) will no longer be a private institution.

2. How will the effectiveness of the Kaplan-Purdue educational enterprise be assessed?

- NewU expands Purdue’s land-grant mission to serve adult learners, using a proven infrastructure to offer online programs at scale. As the Purdue community becomes familiar with the individuals and academic programs we will acquire from Kaplan, the Purdue family will discover the commitment and success that Kaplan has educating high risk students. KU has a strong assessment culture that measures learning outcomes through competency based programs, critical-thinking assessments, alumni surveys and income growth measurements. As with other Purdue campuses, enrollment numbers and student success are a critical measure of success.

3. Is NewU the same rigor and quality of education as West Lafayette, or would it be viewed differently?

- NewU is accredited by the same entity and according to the same standards. As an open-enrollment program serving a distinct student population, it is difficult to compare NewU to the West Lafayette or regional campuses.

4. Will faculties on the West Lafayette campus be involved in quality oversight of the Kaplan program, or how else will quality be ensured?

- Kaplan University has a history and culture of program review to ensure its academic programs are of excellent quality and in high demand to prepare adult learners for careers. Its curriculum is designed around learning outcomes that consider course outcomes, general education literacies and professional competencies.
- As an independent university, Purdue faculty will not have oversight of the NewU curriculum. However, as mentioned above faculty and staff from Kaplan and Purdue will be brought together so we can better understand what each offers and leverage resources.

5. New faculty have been wondering if they’ll have to teach courses in this new university. If we want to teach at NewU, is that part of our faculty teaching load? Would we need a separate contract with them?

- As a separate institution, NewU has a separate faculty. There is no expectation that Purdue faculty will teach in NewU or vice versa. Yet should collaborative opportunities arise, ways will be developed to leverage expertise.

#### Q4. How will NewU be named?

There is a precedent for this in the Purdue system, which currently has three campuses — Purdue West Lafayette, IPFW (soon to be renamed as Purdue Fort Wayne), and Purdue Northwest. Each university has a distinct mission and serves different types of students. NewU will similarly carry the Purdue name, while creating and maintaining its own distinct identity.

#### **Additional questions for Q4:**

1. How will the name be chosen?

- An outside marketing firm has commenced a study to identify a name. The key points they are considering are: 1) What the Purdue name stands for and how that should impact and inform the way we talk about NewU, 2) Messages that will resonate with various stakeholders related to NewU, and 3) Considerations to keep in mind when determining a name and communications related to NewU.

2. What kinds of reputational risk does this expose the Purdue brand? What is the plan to mitigate these risks? What will be the effect of NewU on Purdue's brand?

- Prior to making the decision to acquire Kaplan University, Purdue gathered extensive data and looked closely at the academic, reputational and financial issues. According to surveys, 90 percent of Kaplan graduates were satisfied with their overall experience and 90 percent said the education received was relevant to their goals. Whatever negative impressions exist are certainly not shared by the majority of those who have experience with KU. The educational rigor and quality that students expect from Purdue's West Lafayette and regional campuses will be unchanged as the result of this acquisition. It is our expectation that the public will have an even greater respect for the Purdue brand as we expand our land-grant mission to increase access to higher education. NewU will have its own distinct identity and mission, which is to serve non-traditional adult learners for whom attending a university campus is not a viable option. This is a role that goes to the core of what Purdue's broader mission should be.

#### **Q5. Beyond the Transition and Operations Support Agreement, will Kaplan provide services to NewU?**

At Purdue's request, KHE may provide services such as international student recruiting, test preparation, professional education or other programs subject to separate agreement on terms.

#### **Q6. Will NewU require state tax dollars?**

While financial aid will be available to students, the university will be self-sufficient and will not require state appropriations.

Purdue is a state instrumentality, but it generates and manages financial resources other than state appropriations. State legislation makes clear that only these other non-public resources (called "eligible property" in the statute) may be used if Purdue is ever called upon to provide a financial backstop. However, NewU is expected to be self-sufficient and not require this kind of support from Purdue in the ordinary course. As an aside, the terms of the acquisition are highly favorable to Purdue, shielding the university from virtually all financial risk.

## Q7. What is the timeframe for finalizing this transfer of KU’s academic programs to a separate non-profit institution (NewU)?

Once all regulatory and accreditor approvals are received, the definitive agreement will become effective. It is expected to take about six to seven months for the transaction to close.

### **Additional questions for Q7:**

1. How will the communication of the process take place? Is there a communication strategy?

- Regular communications will be found in Purdue Today that highlight various aspects of the launching of NewU. In addition, this site will serve as a “living document” to address questions.

## Q8. What are the financial terms underlying this agreement?

The transaction will not require an upfront purchase price. Rather, as consideration for Kaplan University’s institutional assets, NewU will enter into a long-term transition and support agreement, with a buy-out option after year six. The agreement will also provide certain financial guarantees by KHE for NewU to ensure it is able to continue to meet its mission to serve adult learners.

### **Additional questions for Q8:**

1. Kaplan is on the receiving end of significant litigation as part of its allegedly predatory behavior, will Purdue be taking on this litigation risk? Has an independent assessment of the legal and financial risks of producing a Purdue-Kaplan hybrid been conducted? If so, what were the results? If not, has the Purdue administration met its due diligence requirements? Is there a plan for ensuring the past predatory practices of Kaplan are not repeated?

- It is absolutely incorrect to state that “Kaplan is on the receiving end of significant litigation as part of its allegedly predatory behavior.” Kaplan University has had no student lawsuits in nearly a decade, nor does it currently have any student arbitration proceedings. Kaplan is not the subject of any of the ongoing government investigations or lawsuits against for-profit school you may have read about. Occasional media and critics confuse past actions against Kaplan College and Kaplan Career Institute with Kaplan University. Kaplan College and Kaplan Career Institute were two different entities, with different accreditors, faculty, students and purposes. Neither has been a part of Kaplan University for years. Regardless, Kaplan overall has been repeatedly praised for taking significant compliance efforts to address any concerns.
- KU is an open-admission university. Kaplan University goes to great lengths to ensure all potential students receive accurate and complete information about its programs, costs and academic obligations prior to enrollment. KU ensures that its admissions teams act in the student’s best interests through significant and industry-leading oversight and compliance efforts. Some examples of such measures include: 1) a ban on admission advisor commissions, bonuses, or any other incentives for recruiters, 2) recording and monitoring of recruiting phone calls and interactions to ensure best practices are being followed, and 3) the Kaplan Commitment.



- The Kaplan Commitment is a program that allows students to take real classes before determining if they will enroll. A student can cancel their program within 3 weeks of starting with no financial obligation. This has been recommended as a best practice by the US Department of Education.
- Even if Kaplan had significant legal trouble, which it doesn't, Purdue is protected from pre-closing litigation and liabilities.

2. Kaplan allegedly requires all students to sign an agreement which prohibits them from suing the institution (i.e., presumably the typical kind of agreement which requires that all disputes be submitted to arbitration). Is that correct, and, if so, have there been any arbitrated disputes?

- Kaplan allows students to arbitrate student issues, like multiple other institutions and organizations. KU feels that arbitration allows for a far more efficient dispute-resolution process for students and the school and leads to a result more quickly than litigation in a court. Kaplan also goes to great lengths to resolve student concerns prior to arbitration – and, as a result, unlike most institutions, KU has no pending student lawsuits or arbitrations.

### Q9. Who will be on the board of NewU?

NewU's board of trustees will include five members from the Purdue University Board of Trustees and a sixth member who can be an independent, or outside, trustee who must have "significant prior experience in higher education." All NewU trustees are elected by Purdue, as the sole member of NewU.

Current board members are:

- Mike Berghoff, chair, Purdue Board of Trustees
- Dr. Paul Bott, vice chair, Kaplan University Board of Trustees; professor emeritus, California State University, Long Beach
- JoAnn Brouillette, Purdue Board of Trustees
- Malcolm DeKryger, Purdue Board of Trustees
- Mike Klipsch, Purdue Board of Trustees
- Don Thompson, Purdue Board of Trustees

### Q10. What does the acquisition mean for KU students?

The transition for students should be seamless. They will continue to enjoy the same classes, faculty and support services that they currently rely on. All present services offered to KU students will continue to be offered by NewU. Upon graduation, they will receive a degree from NewU.

#### ***Additional questions for Q10:***

1. Can a NewU student earn an associate's degree at NewU and then matriculate into one of our Purdue West Lafayette programs?

- There is no current plan for matriculation from a NewU AS to Purdue BS degree. There is nothing to promote or prevent this.

## Q11. Will there be program changes to NewU?

This is a change of control and not a change in the institution itself, and we do not have any plans to change the programmatic mix initially. Like any university, the programming mix will evolve over time as we evaluate which programs are best suited to meet the needs of our students and the communities we serve. We believe there are areas of expertise within Purdue that will be helpful as new programmatic areas are considered.

### **Additional questions for Q11:**

1. What opportunities are there for required continuing education?
2. What opportunities are there to offer MOOCs to NewU students by offering course from NewU through MOOC platforms?
3. Online courses for professional development would be beneficial to Purdue staff (Tableau training, WebEx training, software).
4. What is the opportunity to use Kaplan resources to work with manufacturing employees or the workforce in general?
5. Could we use this to help meet company needs for professional development, training, and continuing education?
6. Could we use the New University to offer ongoing professional development opportunities for Purdue Alumni?

- For the above 6 questions: Initially, the plan is to only seek a change of control, with Kaplan University programs moving intact to NewU under Purdue control. This set of questions reflects widespread interest in pursuing opportunities to work using Kaplan's expertise to expand Purdue for Life, including continuing education, and professional development for Purdue employees as well those in industry.

## Q12. Although NewU will be an online university, will student applicants from the state of Indiana be given a preference in admissions or a discount in their tuition?

As an open-admissions university, there will be no need for a preferential admissions policy. NewU will determine its policy regarding in-state tuition discounts for students residing in Indiana.

- An Indiana resident student pursuing an associate or bachelor's degree will pay the equivalent of \$220 per quarter credit hour (including technology fees), a discount of approximately 45 percent. For students completing a degree from start to finish with no previous credits, the overall savings would be significant. The total cost to graduation for an associate degree would drop from \$36,090 to \$19,800, and the total cost to a bachelor's degree would be \$39,600, down from \$80,088. NewU tuition also includes textbook costs.
- Indiana residents taking master's degree courses will receive a 10 percent discount.

1. Will current PU employees be allowed to take classes through Kaplan at the same reduced rate as is allowed at this time?

- Purdue employees will be able to take degree and non-degree programs tuition-free, and a spouse, child or immediate family member (sons/daughters-in-law, grandchildren and step-grandchildren) will receive a 50 percent tuition discount. The employee rate is contingent upon maintaining a GPA of 3.0 or higher. The employee tuition policy will take effect when Purdue NewU becomes operational.
- The rate applies to employees at the West Lafayette and all regional campuses, as well as other benefits-eligible Purdue employees such as those living around the state and working for Purdue Extension.

2. When will the faculty/staff free tuition take effect?

- The faculty/staff tuition policy will take effect when Purdue NewU becomes operational (upon the close of the acquisition).

## Additional questions

### ***Q13. What is the relationship among online programs?***

1. There are a number of distance based programs in various colleges that serve specific industries and topical areas. These programs by the nature of their funding streams provide a substantial amount of income directly to the various schools and colleges. What will happen to the current distance/hybrid/weekend programs now in existence out of the WL campus?
2. How does this affect current plans for digital education already in the Purdue pipeline?
3. How will decisions be made about duplicate or similar programs?
4. What role will Purdue WL's Digital Education unit play in New U?
5. What are the implications of this arrangement for existing agreements with external vendors such as Wiley?

- These five questions ask how the acquisition of Kaplan University affects our current online programs. Initially, existing online programs at various campuses are unaffected. As with all aspects, conversations will occur to determine if it is possible to identify synergies.
- With respect to programs, a question to be resolved is how to consider similar programs. In some instances, we already have similar programs across our campuses. The question will be considered on a case-by-case basis to determine whether this makes sense for particular online programs.

6. Kaplan has a lot of expertise in online learning that should be useful to us in launching and running online programs. How will Kaplan staff integrate with our staff, or become Purdue staff, and can we leverage their expertise to advance our online programs?
7. How is testing administered for Kaplan’s online courses?
8. Can we use the resources they have (ex. instructional designers)?

- All three of these questions point to how Purdue can benefit from the acquisition of Kaplan University. Several potential benefits given Kaplan’s vast experience in providing online education have been identified, and conversations about how to potential leverage those strengths will begin in the next year.

9. How are we handling intellectual property? Who owns the intellectual property of NewU course materials?

- The Purdue Intellectual Property (IP) policy (I.A.1) generally grants the IP to Purdue except in 6 specific cases. With respect to instructional materials, the author retains the copyright, although Purdue retains the right to a perpetual nonexclusive royalty-free license.
- Kaplan University’s IP policy is part of the faculty handbook, with Kaplan retaining the copyright, while the Kaplan faculty member has usage rights.

**Q14. What is the relationship among courses?**

1. Instruction and academic consistency across Purdue campuses/units: Part of what makes Purdue University a “system” is a shared course catalog. What steps will be taken to align Kaplan courses with those that are in our catalog, and what do the trustees envision will be the effect on Kaplan programs in which courses are not approved as part of our catalog? As a "new Purdue campus," will online courses taken with Kaplan eventually be aligned with WL courses, with the same course names and numbers?

- Given the organizational structure (refer to Figure 1), NewU courses are not part of the ‘shared course catalog.’ Descriptions of NewU courses are found in the Kaplan University catalog.

2. Will courses previously taken at Kaplan and courses to be taken in the future at NewU be transferrable to any Purdue campus?

- A course from NewU will be evaluated as transfer credit by a Purdue campus, using the current evaluation process.

3. Will current WL on-campus students, or students in our online programs, have the option of taking online courses from the “New U” instead of taking our own WL-based (face-to-face and online) courses, thus leading to threats of lower course enrollments, cancelled classes, cut faculty lines, etc.?

- A student would have an option to take a course online from Kaplan University, just as they currently can choose to take courses online or from other institutions, like Ivy Tech. Work is underway with the Office of Institutional Research, Assessment and Effectiveness (OIRAE) to evaluate the frequency and success of students bringing credit from Ivy Tech to Purdue. A similar approach can be used with other institutions.

4. Will Kaplan be going through the Course Transfer Library process for some its courses?

- Kaplan University has a General Education requirement that seems to map to the Indiana statewide Transfer General Education Core (STGEC). Many courses meeting these requirements are also part of the Core Transfer Library.

5. Since the NewU's main demographic consists of military members, will we start accepting military training credit?

- Purdue already has a process to evaluate military credit by submitting a copy of form DD214.

6. What is Kaplan's course evaluation process? How will they ensure quality? Should we centralize on course review efforts?

- Kaplan University's online mode of delivery allows it to regularly collect and analyze data at scale. Faculty and course quality are measured on the basis of student performance, including course level assessment, GPA, progression and student satisfaction. Faculty are evaluated on their performance, including the time spent engaging students.

7. Is there a central teaching and learning center supporting the Kaplan system?

- The Kaplan Center for Teaching and Learning supports faculty in a fashion akin to Purdue's Center for Instructional Excellence.

### **Q15. How will the acquisition affect students?**

1. Will the introduction of a Purdue-Kaplan university in our system result in a decline in the number of students attending campus-based programs?

- The target audience of prospective students for NewU are adult learners returning to complete college. The current age profile of NewU vis-à-vis Purdue campuses is quite distinct. The intention is for NewU to continue its focus on adult learners, expanding the reach of Purdue's land-grant mission.

2. How might the NewU impact the effort to increase students taking summer courses?

- Purdue West Lafayette has already built a stable of online courses to serve our students – the addition of NewU will likely have little, if any, effect in the near term.

3. Could this be an opportunity to connect with former students who have not been retained at Purdue WL to finish their degree?

- Many ideas have been suggested on how Kaplan University might integrate with Purdue. At this point, each institution will focus on its current mission. Opportunities for collaboration will be explored. This could be one example of an important opportunity to pursue.

4. Will New University continue to be open access?

- The mission of NewU is to serve adult learners, it does not change as it becomes part of Purdue. Its admission standards will not change.

5. What kind of student services does Kaplan have in place now? Will certain resources (like the DRC or SI) be supporting the New University classes as well, or will they continue to support WL exclusively?

- Many of the student services on Purdue's campus are also available at Kaplan University, including a placement center, a disability resource office, etc. There may be opportunities to learn from one another, but there is no intention to combine services as each serves distinct types of students. Purdue can learn from Kaplan University how to provide more of these services using mobile devices.

6. To what degree will Kaplan University students have access to Purdue WL library resources?

- As a separate campus, the Kaplan University/NewU students will not have access to Purdue WL library resources. Their students have access to library resources.

7. What LMS (learning management system) platforms does NewU use and how do those compare to what we have at Purdue?

- Kaplan University recently migrated its LMS to Desire to Learn, a competitor to Blackboard. The Purdue contract for Blackboard is near its end, and West Lafayette will be evaluating different systems at that time. Moreover, Blackboard will soon undergo a major upgrade meaning the LMS we're familiar with will be changing.

**Q16. What are the financial aspects of the transaction?**

1. Will profits from NewU stay in NewU or will Purdue WL have access to it?

- Since it is a nonprofit entity, any excess NewU revenues will be used exclusively for educational and charitable purposes, which of course include its own mission but may also relate to being part of the Purdue system and an extension of its land-grant mission. Accordingly, it is contemplated that excess NewU revenues may be paid to Purdue WL under certain circumstances, such as through charitable contributions to advance Purdue programs or as a royalty for use of the Purdue name (if applicable once a permanent name for NewU is selected). The NewU board (which is controlled by Purdue trustees) will, of course, have ongoing oversight of NewU's financial position and will from time to time evaluate NewU's ability to make such contributions to Purdue in recognition of their shared land-grant mission. Any such contributions would be subject to Purdue NewU board approval and formal arrangements established between Purdue and NewU.

2. What is the "cash flow waterfall?"

- The cash waterfall describes the payment structure under the support agreement with Kaplan. It is written in a way to be financially beneficial to NewU and Purdue and protect NewU and Purdue, including providing a guaranteed \$10 million payment to Purdue in each of the first five years. The payments are as follows:
- Kaplan is not entitled to receive any reimbursement of costs incurred in providing support functions, or any fee, unless and until NewU has first covered all of its operating costs.
- During each of NewU's first five years, prior to any payment to Kaplan, NewU is entitled to a priority payment of \$10 million per year beyond costs, which will be paid out of NewU's revenue. To the extent NewU revenue is insufficient to pay the \$10 million per year priority payment, Kaplan is required to advance an amount to NewU to cover such insufficiency.
- If NewU achieves cost savings in its budgeted operating costs, then New University may be entitled to a payment equal to 20 percent of such savings (the "Efficiency Payment").
- Only after payment to NewU of the Efficiency Payment, the \$10 million priority payment and reimbursement of New University's direct expenses, Kaplan will then receive reimbursement for Kaplan's costs of providing the support activities and a fee equal to 12.5 percent of NewU's revenue.
- Kaplan's payment is subordinate to the payments to NewU's and are only paid if there is revenue left after the payments to NewU.
- NewU is entitled to all additional revenue after the Kaplan payments.

3. What does the 12.5% fee cover?

- The fee is paid to KHE for the services provided under the support agreement and contribution of the assets of the University. It is only paid after NewU gets its payments described above and is subject to available revenue. The TOSA has a 30-year initial term, which will automatically renew for five-year periods.

4. Is Purdue liable for covering NewU's financial shortfalls?

- Given the priority payment and the fact that NewU's expenses are covered first and is in full control of its budget it is very unlikely that there would be any such shortfall for which NewU would be liable. However, even if there are such losses, state law mandates that any losses could not be covered by state appropriation of other public money. Purdue would pay losses from sources other than taxpayer funds or other public monies. Additionally, either party may terminate the agreement if NewU generates \$25 million in losses overall for three consecutive years (again losses that likely would be covered by Kaplan given the payment waterfall).

5. Can you please explain to me the significance of this section of the corporate filing? Material Departures from NU Policy Guide or the Adverse Impact Fee?

- The NewU Board of Trustees will be responsible for the control, conduct and management of the institution and have complete and ultimate authority over its operations, including its policies. It may make any policy change at any time it sees fit.
- Kaplan's 12.5% fee is based on certain assumptions about NewU's revenues. Kaplan may, in limited circumstances, be compensated for a lost portion of its fee if it is a result of certain policy changes by the NewU Board of Trustees that negatively impact revenue. However, the fee structure always guarantees that Purdue gets paid before any compensation to Purdue.
- The likelihood of adverse impact fee payment is mitigated by:
  - A requirement of a formal evaluation process (including by a third-party financial expert if necessary) to determine adverse impact, if any,
  - "Lost revenue must equal \$5 million or more,
  - No finding of adverse impact unless cumulative total exceeds certain thresholds
- Again, bear in mind that this fee is deeply subordinated in NewU's financial structure (i.e. it is paid only after NewU receives its own compensation and recovers expenses) and NewU is in complete control of its budget. This structure is very protective of Purdue and NewU and will not hinder the Board of Trustees from taking whatever actions it believes are necessary, appropriate, and in the best interest of NewU, its faculty and its students.