

OFFICIAL MINUTES
MEETING OF THE STATE BOARD OF EDUCATION
BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO
TRUSTEES OF IDAHO STATE UNIVERSITY
TRUSTEES OF LEWIS-CLARK STATE COLLEGE
TRUSTEES OF BOISE STATE UNIVERSITY
STATE BOARD FOR PROFESSIONAL TECHNICAL EDUCATION
TRUSTEES FOR THE IDAHO SCHOOL FOR THE DEAF AND THE BLIND

August 16, 2000
Boise State University
Boise, Idaho

The meeting notice was posted and distributed in compliance with Idaho Open Meeting Law requirements. With a quorum present, the meeting was lawfully convened at 8:15 a.m., on August 16, 2000, with Mr. Tom Boyd, President of the State Board of Education and Board of Regents of the University of Idaho, presiding.

Members Present

Tom Boyd, President
Karen McGee, Vice President
James C. Hammond, Secretary
Curtis H. Eaton
Severina Haws
Marilyn Howard, State Superintendent of Public Instruction
Roderic W. Lewis

Members Absent

All exhibits, appendices and items referenced in these minutes are on file as permanent exhibits with the Office of the State Board of Education.

Table of Contents

BOARDWORK

1. Agenda Approval 4
2. Rolling Calendar 4
3. Minutes Approval 4

OTHER

1. Executive Session 5
2. Open Forum 5
3. Achievement Standards 5
 Assessment Specialist 5
 K-8 Standards 6
4. Idaho School Boards Association 6
5. Minority Education Task Force 7
6. Idaho Public Television 7
 Public Comment Period 7
 Final Reading: Idaho Educational Public Broadcasting System 7
 Privatization Study 9
7. BSU Fiscal Report 9
 Public Comment Period 9
 BSU Report 9
 ASBSU 10
 Athletics 11
 BSU Bookstore 12
 Morrison Center 13
 Parking 13
 Pavilion 13
 Select-a-Seat 14
 Student Housing 14
 Student Union 14
8. Finance 18
 1) ISDB - Lease Approval 18
 2) Implementation of GASB #34/35 18
 3) FY02 Enhancement Request Follow-up 19
 4) Approval and Prioritization of FY02 Major Capital Request 19
 5) Higher Educational Financial Analysis and Outlook 20
9. Technology Grant Approvals 20
10. Proposed Rule Changes and Pre-Legislative Report 20
11. ISU - Request for Degree in Surveying 21
12. Idaho s MOST 21
13. Good of the Order.....21

STATE DEPARTMENT OF EDUCATION

A. Transfer Property from Lapwai SD to Culdesac JSD 22
B. Whitepine Joint SD Deconsolidation 22
C. Idaho Comprehensive School Counseling Program Model 22
D. FY02 Public Schools Budget 23
E. Idaho SDOE Professional School Personnel Certification Standards Manual.....23
F. PSC Report 23
G. Superintendent s Report 24

Compensated days for members of the State Board of Education/Board of Regents of the University of Idaho for the month of August, 2000.

<u>James Hammond</u>	<u>Days</u>	<u>Curtis H. Eaton</u>	<u>Days</u>
08/09, 15, 16	3.0	08/08	1.0
<u>Severina Haws</u>	<u>Days</u>	<u>Tom Boyd</u>	<u>Days</u>
08/02, 08, 09, 15, 16	4.0	08/04, 11, 15, 16	3.0
<u>Karen McGee</u>	<u>Days</u>	<u>Rod Lewis</u>	<u>Days</u>
08/11, 15, 16, 17, 18, 19	6.0	03/08, 11, 15, 16	3.0

Non-compensated days for members of the State Board of Education/Board of Regents of the University of Idaho for the month of August, 2000.

<u>Curtis H. Eaton</u>	<u>Days</u>	<u>Marilyn Howard</u>	<u>Days</u>
08/15, 16	2.0	08/08, 09, 11, 15, 16	4.0

Among the persons meeting with the State Board of Education/Board of Regents of the University of Idaho were:

Office of the State Board of Education

Gregory G. Fitch, Executive Director
Robin A. Dodson, Chief Academic Officer
Kevin Satterlee, Chief Legal Officer
Keith Hasselquist, Chief Fiscal Officer
Mike Killworth, Policy and Planning Officer
Laurie Boston, Public Information Officer
Nancy Szofran, Learning Technology Officer

State Department of Education

Robert West, Chief Deputy Superintendent
Don Robertson, Chief Legal Officer
Allison Westfall, Public Information Officer

Idaho Public Television

Peter Morrill, General Manager

Idaho School for the Deaf and the Blind

Ron Darcy, Superintendent

Division of Professional-Technical Education

Mike Rush, Administrator
Kirk Dennis, Chief Fiscal Officer

Idaho Division of Vocational Rehabilitation

Barry Thompson, Interim Administrator
Richard Sloneker, Chief Fiscal Officer

Boise State University

Charles Ruch, President
Daryl Jones, Provost
Harry Neel, Financial Vice President & Bursar
Brent Winiger, Budget Officer

Eastern Idaho Technical College

Miles LaRowe, President
Luke Robbins, Dean of Instruction
Robert Smart, Finance Officer

Idaho State University

Richard L. Bowen, President
Jonathan Lawson, Academic Vice President
Ken Prolo, Financial Vice President

Lewis-Clark State College

Niel Zimmerman, Interim President
Rita Rice Morris, Provost/Vice President for Academic Affairs
Dean A. Froehlich, Financial Vice President

University of Idaho

Robert A. Hoover, President
Brian L. Pitcher, Provost, Academic Affairs
Jerry Wallace, Financial Vice President

College of Southern Idaho

Gerald Meyerhoeffer, President,
Gerald Beck, Vice President of Instruction
J. Mike Mason, Dean of Finance

North Idaho College

Michael Burke, President
Jerry Gee, Dean of Instruction
Rolly Jurgens, Dean of Administration

Idaho State Historical Society

Steve Guerber, Director

Idaho State Library

Charles Bolles, Director

BOARDWORK

1. Agenda Approval

It was moved by Ms. McGee, seconded by Dr. Howard and carried (6-0) to approve the agenda for the August 16, 2000 meeting. (Motion #2)

2. Rolling Calendar

It was moved by Ms. McGee, seconded by Ms. Haws and carried (6-0) to approve August 15, 2000 as the date and Boise State University as the location of the August, 2001 meeting. (Motion #3)

3. Minutes Approval

It was carried (6-0) to approve the minutes of the May, June and July minutes with the following corrections: (Motion #4)

- 1) July 6 minutes - the secretary will place pages in correct order and re-copy them.

It was moved by Ms. McGee and carried (6-0) to approve the minutes amending them to strike Item 2 of Page 1 of the June 6 minutes. (Motion #5)

Boardwork materials on file as Exhibit #1 with the Office of the State Board of Education.

OTHER

1. Executive Session

It was moved by Ms. McGee and seconded by Mr. Eaton to enter into Executive Session per *Idaho Code 67-2345 1 (b, d & f)*:

AYES: Ms. McGee, Mr. Eaton, Dr. Howard, Ms. Haws, Mr. Boyd
NAYS: None
ABSTAIN: None
ABSENT: Mr. Hammond, Mr. Lewis (entered during session)

The motion carried. (Motion #1)

The Board discussed the evaluation of several public employees and considered the advice of legal counsel regarding two items of pending litigation.

(Minutes taken by Kevin Satterlee.)

2. Open Forum

The following people appeared before the Board:

- 1) Scot Cocking - Border Students
- 2) Russ Wagner - Border Students
- 3) Don Armstrong - Border District Contracts

Exhibit #2

3. Achievement Standards

Assessment Specialist

Ms. Lydia Guerra said the Humanities Subcommittee hopes to have a draft of the standards by the first of the year. She then updated the Board on the fiscal status of the program.

Ms. McGee said the Subcommittee recommends that the commissioners hire an assessment specialist to complete an assessment program as soon as possible. And, that the hiring and oversight be done by the SBOE with the individual hired reporting to the Executive Director.

She said the continued leadership of the commissioners would be appreciated in the development of the standards and assessments. The Subcommittee suggested the implementation be done by the SDOE with testing oversight by the Board.

Mr. Eaton asked if the job description for the assessment specialist included what the end product is expected to be. Ms. McGee said the commissioners are reviewing a draft job description for the Subcommittee and will bring it to the Board for approval. The Executive Director will then review the applications for the Subcommittee.

K-8 Standards

Ms. Randi McDermott said the plan is to put the K-8 Standards into Administrative Code by reference rather than printing all of the text. A paragraph describing the effect of the K-8 Standards will be inserted and will read:

The K-8 Standards will be required minimum standards, by grade level, for all public schools and upon legislative approval, will be in effect for the school year 2001-2002.

It was moved by Mr. Eaton, seconded by Ms. McGee and carried (7-0) to accept the K-8 Achievement Standards as proposed rules, including the effect, as described, that they be minimum standards, by grade level, for all public schools in the state, and upon legislative approval, will be effective in the year 2001-2001. (Motion #11)

After public hearings, the Standards will be brought to the Board in October. Mr. Eaton asked that every school district in the state and all interested organizations be actively solicited for comments.

Ms. McDermott said the 9-12 standards would also be incorporated by reference.

Exhibit #s 6 & 7

4. Idaho School Boards Association

The Board had lunch with Senator Betsy Dunklin, Rep. Fred Tilman, Rep. Doug Jones and members of the ISBA and then met with them during the Board meeting.

The ISBA will hold its annual meeting in November 9-11, 2001 at the Riverside in Boise, Idaho. Mr. Al Smith will send registration information to the Board office.

The Board agreed to meet with the ISBA, legislators and other interested individuals and organizations in early December to review pending legislation and to address issues associated with the dropout rate and Limited English Proficiency students.

Mr. David Hawk said he planned to contact Dr. Tom Morley in the Governor's office to try to set up a Governor's Summit in March to address education issues.

5. Minority Education Task Force

Ms. Haws and Dr. Fitch reviewed the history, concept and fiscal aspects of Idaho's Grow Your Own Program.

It was moved by Mr. Hammond, seconded and carried (7-0) to authorize moving forward with the support of the Grow Your Own Program and authorize staff to work with the legislature to find funding support for this program. (Motion #12)

Mr. Eaton asked Dr. Howard and Dr. Mike Rush to bring a plan to the Board in September or October to address establishing model career pathways for all school districts.

Exhibit #8

6. Idaho Public Television

Public Comment Period

Fourteen (14) individuals addressed the Board regarding the legislative intent language (names are in the permanent exhibit).

Final Reading: Idaho Educational Public Broadcasting System

Mr. Hammond said he was frustrated because so much time has been spent on an issue that, in the overall scheme of education, is not a major focus of what the Board is trying to do for students in the state. He questioned whether the Board was doing it because it felt it was the right thing to do or because it is being asked to do it by the body that tied it to funding for IPTV. He was uncomfortable taking further steps to tell Idahoans what they should or should not watch.

Mr. Hammond was also concerned about the constitutional authority of the Board and the fact that former Boards have gone to the State Supreme Court to protect its authority versus the authority of the legislature. He felt the Board should consider that issue as well, i.e. if the Board begins governing according to legislative directives, does it endanger its authority?

Dr. Howard said she appreciated the comments of those who came to talk to the Board, especially those who recognized that the Board had been placed in an awkward position. She said legislators are elected to represent the people of the state, and as the request was passed by the legislature, it is something the Board must take seriously. She said she put the sunset language in the motion (Motion #13) so the people of Idaho will have an opportunity to talk to their legislators and let them know their feelings. She did not want to do anything that would jeopardize IPTV's future and wanted to be respectful of the legislature while giving people a chance to talk to their legislators.

Mr. Boyd agreed with Dr. Howard and said the Board needed to consider the fact that the legislation passed the House and the Senate, and was then signed by the Governor, so what had been done needed to be respected.

Mr. Eaton did not feel constitutional issues were involved as the General Manager already provides a monthly report to the Board. Nor did he feel the monitoring requirement placed the General Manager in a difficult position, but puts on him the responsibility of bringing items of concern to the Board for decision.

Ms. McGee reported on the IPTV Subcommittee's recommendations:

- 1) Keep Legislative Intent Language intact.
- 2) Not form a Citizens Advisory Committee.
- 3) Endorse a privatization study.

Mr. Lewis did not feel the legislature would think the policy was sufficient. He suggested the Board consider something that would be clearer or would solve some of the political issues. He felt that if the Board was trying to make a statement that it does not think the legislative action is appropriate, it should say it is not going to add restrictions to those already in place. He felt the Board should treat the legislature with respect, but did not believe the proposed policy change would satisfy the legislature and that a clearer statement would be to not adopt the policy. He felt the legislature would see that the policy does not change anything, and if it doesn't change anything, why put waivers on IPTV that are embarrassing to the state.

Mr. Lewis did not feel the issue would go away with the next legislative session and felt the Board either had to come up with a solution or the solution would be taken from it. He suggested the Board sit down with legislative leaders and negotiate a resolution with them. Mr. Boyd felt that was proper and said he would visit the Speaker and the Pro Tem and ask for their opinion on action taken or not taken by the Board.

It was moved by Dr. Howard, seconded by Mr. Hammond and carried (6-1) to approve for Final Reading the changes to the State Board of Education's Governing Policies and Procedures Manual, Section IV - Agency Affairs, Subsection C - Idaho Educational Public Broadcasting System, with a sunset clause inserted that would sunset this action simultaneously with the sunset of the enacting legislation. (Motion #13)

Privatization Study

Mr. Morrill said he has talked with a vice president for the Corporation for Public Broadcasting (CPB) who indicated the CPB is willing to accept a grant application from Idaho to do a Financial Feasibility Study on privatizing Idaho Public Television. Mr. Morrill recommended an independent source conduct the study through the Board office.

It was moved by Ms. McGee, seconded by Mr. Hammond and carried (7-0) to allow Mr. Peter Morrill to look at seeking funding for privatization of public television. (Motion #14)

Exhibit #14

7. BSU Fiscal Report

Public Comment Period

There were no public comments.

BSU Report

Dr. Ruch reviewed the assignment to report on BSU's auxiliary enterprises and reported the following:

Auxiliaries are defined as entities of the University that furnish goods and services, are managed as self-supporting units, use no appropriated dollars to cover operating costs, are budgeted, are reported annually as a total fund and are managed as a total fund. The one auxiliary which the Board has separated out is athletics because of revenue streams from more than just the private sector. Fund Balances are managed as a group to permit financial supported underpinning and yet respond to the changes and cycles that occur. Fund Balances for all auxiliaries over the years have far exceeded revenues.

For several years BSU has maintained a Fund Balance of approximately \$9,000,000. The National Association of College and University Business Officers (the industry standard) puts out accounting guidelines for the management of auxiliaries. Two have exceeded the national

benchmark and reflect the strength of BSU s fiscal position. Each year the Board receives an unqualified audit of BSU s financial position that includes a financial audit review of the auxiliaries.

BSU thought it had internal controls, but it was discovered that they are uneven and not as strong as it would like. Some immediate changes have been made to tighten them:

- 1) Unit accounts are being reconciled with the University ledger in a more timely fashion.
- 2) The relationship between Mr. Neel s office, the Controller and the auxiliary business offices have been clarified to ensure a smooth and timely flow of information.
- 3) Reporting practices and reporting formats have been standardized.

Since its inception, BSU has played a dual role: one as a major supporter of culture and quality of life of the community and the other as a major academic institution. Those roles have textured, crafted and framed the auxiliaries and all other parts of the institution. However, without that dual responsibility, the Morrison Center, the Pavilion or Select-a-Seat might not exist. Those entities contribute as much to the community as they do to the University.

Two dynamics in the Treasure Valley that texture the analysis of each of the auxiliaries are: growth and change. Growth affects the auxiliaries that are most directly related to student services. The auxiliaries that are directly related to the changing environment (economic and social) in the Treasure Valley are the ones that either have struggled and solved problems created by those changes or are now confronting them. The data reflects the growth of the institution by an increased in student enrollment of almost 10 percent over the past five years and the numbers of competitors for BSU s main venues--athletics, Morrison Center, the Pavilion and Select-a-Seat. Cycles are going to occur and enterprise management needs to reflect those changes.

Mr. Neel said the format presented for each entity is that the first line is the ending balance as of FY95. Going through the specific years, those numbers represent the activity for that year. The numbers are audited numbers and are subject to some change, but it is felt they are fairly accurate at this point and give a good idea of the situation. He then reported on each auxiliary enterprise:

ASBSU - The fund balance as of the end of the year was \$243,000. Note that in FY99, that year shows a deficit. Fund balances are always available to these auxiliaries, so in that particular year it was planned that ASBSU would use part of their fund balance for a special project and, therefore, a deficit was shown. That doesn t mean it was poor management, it means the savings were used for a special project.

Athletics - With the changes that were implemented, a more complete picture of what is happening can be presented. They also will provide a management tool for both the University and Board. In the past some activities were netted and then included the net result in the financials, now all of the gross numbers are included it doesn't change the bottom line but it gives a better picture and sense of what is happening in this area.

Through FY99 athletics held its own. However, at the beginning of FY00, there were issues that created a deficit of \$130,000, which is carried over into FY01.

Items that created the \$130,000 deficit are:

- 1) Ticket sales primarily football and men's basketball were down by about \$100,000 last year. The opportunities for entertainment in this area have increased extensively in a fairly short period of time. And, even though the valley is growing, entertainment opportunities are growing faster. As a result, everyone is struggling for the same entertainment dollars.

Although it ended up well, football got off to a slow start and it was hard to recover. Basketball did not do as well as the year before and that had an impact. When the University of Cincinnati basketball team came to BSU, the Pavilion was nearly filled. Which demonstrated that when a good team plays, people will attend. That type of thing is being kept in mind for the future.

- 2) Contributions overall were down. However, the Bronco Athletic Association (BAA) met its goal. The University determined that it would try to go beyond that and seek additional private funding outside of what the BAA provides. They were not successful in getting those in prior to June 30, so that had an impact on the budget figures.
- 3) Travel extraordinary issues have been identified. There was a reconciliation with one of the travel agencies that went back over an extended period of time. It was decided to clear it in one year and that was done in FY00. In addition, travel costs were included for the Humanitarian Bowl. While BSU didn't travel to a Bowl, the players were scattered everywhere and had to be brought back to Boise for the game. In addition, BSU now includes accruals for tradeout agreements with entities or businesses in the area which affects both revenues and expenses. They show greater numbers than what was originally budgeted, but zero each other out.

- 4) Debt Service of slightly over \$400,000 per year is built into the budget. If athletic program operations can be looked at without the debt service, the budget is balanced.

The University has been working on an aggressive marketing and advertizing plan which will be brought to the Board in September. If the Board agrees, they will then move forward. The plan will address revenue from sign advertizing and improvements in facilities by bringing additional cash flow into the program.

Fund raising efforts will continue. Discussions have been held with the BAA and it is anticipated they will do more. There are ongoing efforts related to other fund raising which may have potential pluses for BSU. A report will be made available shortly.

Debt service. BSU is making every effort to do what we can to assist via contributions or whatever it takes to reduce the debt service.

The University is looking at operating efficiencies within the entire institution. If there are things the institution can do better, then it will.

Previously, the Board authorized BSU to provide up to \$250,000 in institutional support each year. To date, BSU has not done so, but campus needs will have to be weighed and the appropriate level of assistance determined in the near future.

While it is hoped the \$130,000 deficit can be overcome within one year, Mr. Neel felt they could commit to doing so within two years. A five-year budget will be presented to the Board in October which will address the deficit, as well as future needs of additional women's sports, the move to the Western Athletic Conference and any other issues that can be foreseen over the next five years.

BSU Bookstore - a success story on campus. In 1998 seriously thought was given to outsourcing this enterprise. It was decided they would be given a one-year period to turn around, otherwise it would be outsourced. Due to the diligence and contributions of the people within the bookstore, that turnaround took place by 1999.

The turnaround was brought about through creative approaches of how to do business, improvement in managing inventory, a point-of-sales system and good service to customers. It was not done on the back of the students. There were no increases in textbooks, etc., but was brought about through the efforts of people who made up their minds to do it.

There is a \$1,496,000 carryover in the fund balance, with about \$900,000 of it in inventory. However, the continued growth and demand on the bookstore means that it will have to expand, and the bookstore will have to pay for it.

Morrison Center is a huge benefit to the community. The Morrison Center has had a foundation to help supplement it. And, through the efforts of the staff of the Morrison Center, it is self-supporting. But, they do have the foundation to fall back on, if necessary. They will carry forward a \$56,000 fund balance.

Parking beginning in 1995 we were struggling. Some significant changes were made in the fee structure and in the way of doing business so there is now a \$441,000 fund balance. The parking operation funds itself completely, with the exception of funding the parking garage which comes out of these revenues. For example, in FY98 there were some significant improvements made in parking, i.e new lots, which is why there is a deficit in that year.

A new 650 space parking garage will open shortly. When there has been some experience with the facility, BSU will come back to the Board to discuss another

Pavilion through 1998, the Pavilion supported itself. However, in 1999 and 2000 there were some challenges and this year there is a \$297,000 deficit.

There have been significant changes in the local entertainment arena that have caused extreme competition for entertainment dollars. At one point, the Pavilion was the only game in town, now it is one of several. The entertainment industry itself has changed. There are fewer promoters, companies are being bought up, merged, entertainers are demanding more and it is creating challenges for everyone.

Mr. Neal said BSU was optimistic in its revenue projections. It was thought that there was a number of groups and entertainers that would play at the Pavilion. However, they did not and expenses were not adjusted accordingly. Staffing expenses remained while revenues decreased, creating a deficit. This year's budget has been adjusted by \$500,000 and revenue projections have been adjusted accordingly.

A strategic plan is being developed for the Pavilion. It is in draft, but some of the short-term approaches are being implemented. One of the changes will be to put more focus on smaller shows. The Pavilion can be reconfigured to seat around 5,000-6,000 people there seems to be a strong market in that area so the focus will be on the smaller shows at targeted audiences

Operating efficiencies, both within the Pavilion and campus-wide, are being reviewed. Also being reviewed are collaborative efforts within and external to the University to see if there can't be some win-win situations. Some reorganization and restructuring has taken place, but there may be some efficiencies that could come about by looking internal to the University.

Last fall, BSU received approval to sell alcohol in the Pavilion. At an event August 15, the gross sales on alcohol was \$14,500, with a net return to the Pavilion of \$6,115.

Select-a-Seat in 1995 there was a fund balance of \$162,000. This year there is a deficit of \$216,000. There were deficits in 1998 and 1999 and a positive in FY00.

Ticketing service fees have been kept low. From the inception of Select-a-Seat in the 1980s through the 1990s, there was a charge of \$.50 to purchase a regular ticket. However, that rate increased in January to \$1.00 (the industry rate is \$1.75-\$9.75) and is being reviewed. There are many arts and non-profit entities in the area and BSU feels a part of its mission is to do what it can to help them, so fees are kept as low as possible.

There has been a \$300,000 investment in improved technology because the equipment being used was aging and was not Y2K compliant. A web-based application for ticketing was implemented so customers can purchase tickets online. Web-based ticketing has been running since March and is becoming one of the larger sites for ticket sales.

In a year's time, the number of ticket sales more than doubled to 577,000 for over \$12,500,000 in revenue. Sixty percent of the sales was non-University activity, so there is a great deal of community support for the enterprise.

Student Housing pays for everything itself. The account has gone from a fund balance of \$3,000,000 to \$4,800,000. However, there are housing issues that must be addressed such as the aging of some of the buildings. The apartments essentially stay 100 percent occupied and the demand is growing, which will necessitate BSU coming back to the Board to discuss what needs to be done regarding improvements and possible additions.

Student Union the facility is heavily used so the demand is there. And, like housing, it pays for everything itself. There are required reserves that are held in the fund balance and like housing, out of that \$2,400,000 fund balance, are some needs that must be addressed. Demand exceeds what can be provided so there may need to be an expansion of the facility, which would have to be funded through the operation.

Mr. Neel said the whole picture showed, both by BSU and CUBA standards, that BSU is healthy in the auxiliary area. The three entities where there are challenges all market sensitive and relate to environment. They are taking the appropriate action to address the problems.

Mr. Lewis asked what was being done to enhance communication among the groups. Mr. Neel said that each of the units will have monthly reconciliations with the University's General Ledger. The reconciliations are then forwarded to Dr. Ruch and Mr. Neel for review so they are aware of what each entity is experiencing. Included in the reconciliations are projections for each entity to identify any significant changes. Additionally, Ms. Stacey Pearson meets with the groups on a monthly basis so there is ongoing communication.

Mr. Boyd asked if the financial projections for the Pavilion took into account any renovations that might need to be done. Dr. Ruch said the strategic plan that is being developed will determine what renovations are appropriate and how they should be handled.

Mr. Boyd asked if either the Pavilion or the Morrison Center were in any kind of position that would take a large amount of money to bring them up to standard, not counting renovations. Dr. Ruch said that other than ongoing, normal maintenance, it would not.

Dr. Ruch felt that the issue being struggled with is whether to hold the Pavilion where it is and bring it up to speed or do try to make the next great leap forward, which would require substantial amounts of money.

Mr. Boyd asked if the auxiliary funds, excluding athletics, meet their own expenses. Dr. Ruch said for the most part they do.

Mr. Boyd asked for an explanation of the term Bowl and Conference Receipts-Revenue Accrual Adjustments. Ms. Pearson said that as the institution goes through its year-end close, they look at all of the revenues and expenses, and at the end of the year, they accrue outstanding purchase orders and make adjustments prepare for audit. Then a revenue accrual is done to determine in what fiscal year an item should be recognized.

Mr. Boyd asked for an explanation of the shortfall in the travel budget. Mr. Neel said that was due to reconciliation with a travel organization as well as travel expenses connected to the Humanitarian Bowl. They also had trade out agreements where tickets are given to a business in return for hotel rooms. The value of the trade outs was included to give a more complete picture.

Ms. Haws asked how the deficit was reduced to \$130,000 from a projected \$320,000. Mr. Neel said it was reduced by a \$120,000 commitment from the University and by additional revenues and by gifts.

Mr. Eaton said his notes indicated that institutional support was not being provided to athletics. Mr. Neel said that was correct in June. Mr. Eaton said when the item was discussed, they were discussing the \$130,000 number, which was not the June number, but the August 16 number, which was indicated by the slide that showed an Ending Fund Balance deficit of \$130,000. Mr. Neel said that was correct. Mr. Eaton then asked if there was institutional support in that figure. Mr. Neel said there was not, that there is institutional support in FY00 in the amount of \$120,000. Mr. Eaton asked why it was stated that there was no institutional support when they were talking about the slide. Mr. Neel said he did not recall saying that and apologized if he did so.

Mr. Eaton asked what the difficulty was in the athletic budget, i.e. ticket sales and contributions. He said the expenses were more or less in line with the budget, but the bottom line was the revenue did not come in as projected. Mr. Neel said that was the main culprit. Mr. Eaton said the premise for the athletic program--for example football, but it may be more than that for Boise State is that this is a metro market and if we are going to grow into a more active, higher level division, the premise is that we are going to increase gate receipts and we are going to increase the buzz in the community which will cause the contributions to be increased. One year of history says that didn't work. He asked why it would be different.

Dr. Ruch replied that the premise was right, in one year it didn't work. BSU had a slow start in football, he felt the proof of the pudding was going to be what the impact on season tickets would be for this year. We were successful at the end, had the buzz going and can see where we are. That is one of the reasons we asked for a full report to you in October, so we would have a sense of what happens. If you look at what happens on athletic budget revenues in other settings, it is the year after you are successful that you tend to enjoy additional kinds of revenues. And if you are successful several years in a row, it builds. So, your observation is absolutely correct. We continue to believe as we transition into the WAC, as we stabilize we have experienced most of the increases in expenses for the move, both capital and operating, but have yet to experience the revenues. We think it's going to take a little time to do that. But I continue to believe, based on what I understand from other people and places, that we will be successful.

Mr. Eaton asked what point in time it would be appropriate to reconsider the theory. Dr. Ruch felt five years. Mr. Eaton asked if it would be OK to run level to deficit for four years. Dr. Ruch felt five years would be a fair test of the assumption as that would allow for the time it takes to build rivalries with new institutions, the time it takes to build schedules that will bring additional kinds of institutions in, it will allow stabilization of capital expenses, it will allow for an understanding of what needs to be done with sports other than revenue sports. He felt five years would allow time to build a revenue program in addition to boosters.

Mr. Eaton asked if they expected to see a significant increase this year. Dr. Ruch said this was a difficult year because BSU is not in the new conference and only plays five home games. One of the things that will be laid out for the Board will be their five-year schedule. They will need to determine what the conference media contract be and what will be BSU's share. He felt that if they could break even this year and start chipping away at the \$100,000, that would be positive and then the following year they would begin to see additional turnaround. He said they are optimistic that they can reduce the deficit over two years more than five years. He said they would like to get the stadium paid for very quickly. If they did not have that capital expense revenues would exceed expenses.

Mr. Eaton asked if the Board policy relating to institutional support sets as the sources of remediation for deficits the programs themselves or donations. There is a cap that varies from institution to institution as each market is unique. The opportunities for Boise State to develop its gate, to develop donations, etc. is significantly different from the University of Idaho due to its metro market location. There was, in fact, an agreement that there be some differentiation between the institutional support for athletics. Mr. Eaton said the discussion coming from some quarters of Boise State is that they should have the same institutional as the other institutions. Dr. Ruch said Mr. Eaton's understanding was the accurate understanding. Mr. Eaton said he recalled a discussion on institutional support where Mr. Neel said they were allowed \$250,000, but were not using it. Dr. Ruch said they used a portion of it.

Mr. Eaton asked if monthly reporting were required of athletics. Mr. Neel said it was. Mr. Eaton asked when the past year's deficit in athletics was first discovered. Mr. Neel said they knew they had difficulties and when he returned in April, they knew they had difficulties. Mr. Eaton asked if anyone in the department knew before Mr. Neel. Mr. Neel said he could not answer that.

Mr. Lewis said he did not notice on the report that the drop in revenue for football ticket sales was much greater than anticipated and that basketball ticket sales exceeded what was budgeted. He asked Mr. Neel to address travel and administrative expenses. Mr. Neel clarified that the ticket sales in the original budget, were only ticket sales themselves. However, BSU now includes ticket sales plus the value of tradeouts, so actual ticket sales were down by \$100,000. In terms of the travel, there were some extraordinary expenses. In essence, the full accounting includes items that were not included in the original budget. So as we look at actual team travel and those types of things, we are pretty much within budget. Additionally, there was the travel agency reconciliation, the bowl game and the accruals. For the most part, Special Events include any NCAA activity housed on campus this past year, i.e. the Humanitarian Bowl and gymnastics are included. In the past reports came to the Board on a net basis, but now the full amount is being shown. In the Administrative and General categories, an additional FTE was added for compliance.

Mr. Lewis said there seemed to be fairly significant over expenditure in the Athletic Director's Office. Dr. Ruch said that was due to more trainers needed for women's sports. Additionally, the women's soccer field is not located on campus so there had to be additional staff, security, etc.

Mr. Lewis asked if the Humanitarian Bowl game was a net-positive or a net-negative. Mr. Neel said the best case scenario is that they would break even. Dr. Ruch said that is the strategy on all NCAA events. They try to host one each year, if possible, because it doesn't cost BSU money. What it does is enhance the community and allows BSU to go back and help people understand that through donations and scholarships, etc. to the Athletic Department, the operation can be enhanced. So it is looked at as, hopefully, a revenue-neutral activity for the institution and as a part of the community service agenda.

Mr. Boyd asked for clarification on Mr. Neel's comment that the \$8,700,000 may not be an accurate budget. Mr. Neel said the original budget might be looked at as a cash budget and in looking at the actual, they tried to accrue from an accounting perspective all of the costs and all of the revenues. In future reports there will be columns that can be compared line-by-line.

Mr. Eaton asked if this report was the staging point for the plans that are being brought back in September and October. Dr. Ruch said they would bring a piece of the marketing plan in September and then a five-year analysis and assumptions of the budget in October.

Exhibit #13

8. Finance

- 1) ISDB - Lease Approval

It was moved by Mr. Hammond, seconded by Ms. McGee and carried (6-0) to approve the lease for space in the Round Building between the Idaho School for the Deaf and the Blind and the Wendell School District. (Motion #15)

- 2) Implementation of GASB #34/35

Mr. Hasselquist said #34 deals with capital assets and #35 deals with colleges and universities being subjected to the reporting requirements of #34. The State Controller's office has expressed a desire for early implementation of the standards, i.e. FY01 rather than FY02.

Mr. Keith Johnson of the State Controller's office reviewed the new requirements and responded to Board members' questions.

Mr. Hammond said many local entities are concerned about the rules and felt the Finance Committee should discuss them as soon as possible.

Mr. Eaton said he talked to Mr. J. D. Williams, who feels the rules should be implemented early and suggested there be a meeting the end of October to look at the rules and any other issues that need to be addressed. Mr. Eaton asked Mr. Hasselquist to get as much information to the committee as possible before that meeting. He said Mr. Williams also told him the Controller's office was willing to discuss all institution issues.

3) FY02 Enhancement Request Follow-up

Dr. Dodson provided a report that documented the need for additional medical school seats. Ms. McGee read an amendment to the report:

The IMA supports the continued efforts of the SBOE to explore increasing access for Idaho's students to medical education. Discussion includes, but not specifically endorses many options such as partnering with other schools and a feasibility study.

Ms. McGee suggested a feasibility study be done by ISU for medical and pharmacy seats, and that the study be brought to the Academic Affairs/Program Committee before the legislative session begins so copies can be given to legislators. Ms. McGee said the AA/PC would also like to meet with legislators to look at access issues facing Idaho in the future.

Mr. Eaton said the recommendation was for additional seats: four at WWAMI, four at the University of Utah and three at Creighton, and whatever the AA/PC believes is appropriate.

It was moved by Mr. Boyd, seconded by Ms. McGee and carried (5-0) to concur with the recommendation. (Motion #16)

4) Approval and Prioritization of FY02 Major Capital Request

Mr. Eaton reported changes to the list:

1. BSU would like the academic building West Campus to be their primary request.
2. ISU added eight secondary request items.
3. LCSC changed their inflationary indicator for the Campus Activity Center, which increased the amount by \$240,000.

It was moved by Mr. Boyd, seconded by Ms. Haws and carried (5-0) to accept the FY02 Major Capital Request Summary as shown in Item 4.a, as modified. (Motion #17)

5) Higher Educational Financial Analysis and Outlook - Concept Approval

Mr. Eaton said he would ask the Board to support going forward with a concept that will review issues such as student enrollment, student fees, general accounting funding, non-academic budgets, capital projects funded by fees and the economy. He felt it was incumbent on the Board to take a comprehensive look at higher education finances. He suggested the Board meet with Deloitte and Touche to identify a scope of study of the current financial situation and then project the figures out as far as possible in each area to try to determine the course we are on and where we need to be at the end of five years. Mr. Eaton suggested the Finance Committee put together the idea and bring it back to the Board in September.

Ms. McGee asked if changing the funding formula would be a part of the study. Mr. Eaton felt that it should be addressed, but not as a part of this review. Ms. McGee asked that it be looked at as a separate item.

It was moved by Ms. Haws, seconded by Ms. McGee and carried (5-0) to authorize the Finance Committee to put together the idea with Deloitte and Touche. (Motion #18)

Exhibit #9

9. Technology Grant Approvals

Ms. Szofran reviewed the four projects that will be showcased at the September 7, E-Boot Camp. She then reviewed several of the grants and the process used in their selection.

It was moved by Dr. Howard, seconded by Ms. McGee and carried (5-0) to approve the funding of the Proposals for the Idaho Technology Incentive Grant Program as exhibited. (Motion #19)

10. Proposed Rule Changes and Pre-Legislative Report

Ms. Randi McDermott requested authorization to present proposed rule changes to the legislature this session.

It was moved by Mr. Boyd, seconded by Ms. McGee and carried (5-0) to approve the request. (Motion #20)

Ms. McDermott said the OSBE has received one request from the institutions to take forth this year. The change will alter *Idaho Code* to eliminate institutional payments to PERSI for the unfunded actuarial liability on Optional Retirement Plan participants.

November 8 (Wednesday), 9:30-12:00 MT has been set for the fall videoconference meeting. Ms. Eaton felt that unless a certain number of legislators participated, the meeting should be cancelled. Ms. McDermott said she would track the numbers and advise the Board how many would be attending.

Exhibit #11

11. ISU - Request for Degree in Surveying

Dr. Bowen said ISU is exploring ways to offer four-year programs based in the School of Applied Technology. A request for the first of those programs was brought to the Board today.

It was moved by Mr. Eaton, seconded by Ms. McGee and carried to approve Idaho State University's request to offer a B.S. in Surveying Technology. (Motion #21)

Exhibit #12

12. Idaho's MOST - Title II State Teacher Quality Enhancement Grant

Dr. Patty Toney announced that Idaho's MOST has received a Federal Title II grant in the amount of \$554,771 to fund teacher quality initiatives through the State Board of Education. She thanked the J. A. and Kathryn Albertson Foundation for allowing the use of Idaho's MOST grant funds as a portion of the required state matching funds.

13. Good of the Order

- 1) It was agreed by consensus to authorize Dr. Fitch to begin the presidential search at Lewis-Clark State College.
- 2) Mr. Boyd will get committee assignments out to the Board by mail.
- 3) Congressman Mike Simpson's office has not yet confirmed his attendance at the September Board meeting.

Exhibit Materials on file with the Office of the State Board of Education.

STATE DEPARTMENT OF EDUCATION

A. Transfer Property from Lapwai SD to Culdesac JSD

A hearing was held on March 22, 2000. The hearing officer recommended not to approve the transfer as it was felt that a transfer would not be in the best interest of all of the children residing in the area.

It was moved by Dr. Howard, seconded by Mr. Lewis and carried (5-0) to approve the hearing officer's recommendation to deny the petition to transfer property. (Motion #6)

B. Whitepine Joint SD Deconsolidation

Mr. Dave Teater of the Matrix Group, Mr. Darrel Bertelsen and Mr. Richard Ayers reviewed the plan and responded to Board members' questions.

It was moved by Dr. Howard, seconded by Ms. McGee and carried (6-0) to approve the proposal and direct the State Department of Education to notify the Latah County and Clearwater County Boards of Commissioners of approval to proceed with an election by the patrons of Whitepine Joint SD #286 to determine if the district shall be divided under the provisions set forth in the proposal for division. (Motion #7)

C. Idaho Comprehensive School Counseling Program Model

Mr. Eaton was concerned that the 8th grade student learning plan is either not being done or is being done superficially. He said the rule states that at the 8th grade there be a concerted effort by all who want to be involved to develop a plan for each student. Dr. Howard said that problem has been recognized and is being addressed.

Mr. Eaton felt the Board should direct the development of a pathway beginning with the 8th grade, and suggested that electronics and engineering be the first subjects. He also felt the Board should consider the funding aspects of developing the pathways.

Dr. West said the State Division of Professional-Technical Education has for several years been conducting workshops for elementary and middle school counselors to train them in curriculum development. He felt special emphasis could be placed on electronics and engineering as one piece of the pathway.

It was moved by Dr. Howard, seconded by Ms. Haws and carried (7-0) to approve the revised Idaho Comprehensive School Counseling Program Model. (Motion #8)

D. FY02 Public Schools Budget

Dr. Howard and Mr. Tim Hill reviewed the proposed budget and responded to Board members questions.

Mr. Lewis said it did not make sense to provide for early retirement of teachers when there is a shortage of experienced teachers. He then asked what evaluation and accountability occurs with respect to the Technology Initiative Grants. Mr. Hill said the Governor set aside money to study whether or not the funds were being used effectively and that study showed the funds were being used appropriately. Additionally, the districts have to submit an annual report on how the funds are used.

Mr. Lewis said he was in favor of increasing teacher salaries, but felt there should be an orientation towards a merit-based system or a system that provides for performance and categories of teaching differentials. Mr. Hammond said avenues for compensation are being explored in other states and those efforts are being watched with the intent of bringing something to the Board in the future.

Ms. McGee was concerned about the line item for transportation and felt there are many school districts that could be utilized municipal transportation.

It was moved by Dr. Howard, seconded by Mr. Eaton and carried (7-0) to endorse the request by the Superintendent of Public Instruction Marilyn Howard and the Education Coalition for the Public Schools Budget Request for FY01 as submitted. (Motion #9)

E. Idaho SDOE Professional School Personnel Certification Standards Manual

It was moved by Dr. Howard, seconded by Mr. Hammond and carried (6-0) to approve the request to make changes to the manual as submitted. (Motion #10)

F. PSC Report

Ms. Trudy Bischoff, chair, presented the annual Professional Standards Commission (PSC) report to the Board.

Ms. Bischoff said the PSC feels there may be a need for a Board policy change to allow for more diligent monitoring on Consultant Specialist or the application review. Mr. Eaton said during the rule revision that provision was intentionally placed in the rules in order to give districts more flexibility.

Dr. West said standards needed to be met in specific areas (such as Special Education) in order to qualify for federal dollars. The standards ensure that people on alternative routes meet the highest level of alternative route certification possible, i.e. a Letter of Authorization (LOA). He said 80-90 percent of people in Special Education who have been awarded Consultant Specialist approval would also meet the criteria for the LOA. However, it is less convenient to do it that way so people choose to go with the Consultant Specialist.

G. Superintendent s Report

- 1) School accreditation a report will be brought to the Board in October.

Agenda and materials on file as Exhibit #s 3, 4 & 5 with the Office of the State Board of Education.

ADJOURNMENT: 4:15 p.m.

CERTIFICATION:

The minutes are not verbatim. However, to the best of my knowledge, they constitute a complete and accurate record of the proceedings of the meeting.

Recording Secretary: Vicki E. Barker