

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

TABLE OF CONTENTS

ITEM	ACTION	DESCRIPTION	PAGE
1	COMMITTEE	APPROVAL OF COMMITTEE MINUTES.....	3
		Minutes of October 19, 2000 Meeting.....	5
2	BOARD	INSTITUTIONAL/AGENCY ROUTINE ITEMS.....	15
	2.1	BOISE STATE UNIVERSITY	
		Proposed Quest US West Wireless	
		Telecommunications Facilities.....	17
		Windows Replacement-Towers Hall.....	18
		 <i><u>INFORMATION ITEMS</u></i>	
		BSU Foundation Financial Statements.....	19
		Beer/Wine Service at the Pavilion.....	20
	2.2	UNIVERSITY OF IDAHO	
		USDA Ground Lease	
		Parma Research & Extension Center.....	21
	2.3	IDAHO SCHOOL FOR THE DEAF & THE BLIND	
		Audits and Financial Report.....	23
	2.4	IDAHO STATE UNIVERSITY	
		Naming of Dragila Way.....	25
	2.5	LEWIS-CLARK STATE COLLEGE	
		Purchase of Property at 612 9 th Avenue.....	27
3		INSTITUTIONAL/AGENCY NON-ROUTINE ACTION ITEMS	
		UNIVERSITY OF IDAHO	
		LOC Agreement with First Security Bank NA.....	29
		Resolution.....	31
4	BOARD	ANNUAL FINANCIAL AUDIT DELOITTE & TOUCHE, LLP.....	33
5	BOARD	GASB IMPLEMENTATION DATES.....	35
6	BOARD	AUDIT OF SCHOOL TO WORK PROGRAM.....	37

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

TABLE OF CONTENTS

ITEM	ACTION	DESCRIPTION	PAGE
7	INFORMATION	FINANCIAL ASSESSMENT AND OUTLOOK UPDATE.....	39
8	INFORMATION	PERMANENT BUILDING FUND ADVISORY COUNCIL.....	41
		Priority Listing.....	42

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

ACTION ITEM

ITEM #1

SUBJECT:

Approval of Business Affairs and Human Resources Committee Minutes from October 19, 2000 meeting at North Idaho College.

BACKGROUND:

The minutes from the October 19, 2000 Business Affairs and Human Resources Committee.

DISCUSSION:

No Applicable

FISCAL IMPACT:

Not Applicable

STAFF COMMENTS:

Review, make necessary corrections, and approve minutes.

COMMITTEE ACTION:

A motion to approve the minutes of the Business Affairs and Human Resources Committee meeting held October 19, 2000 at North Idaho College.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

BOARD ACTION:

No action required.

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

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**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

**Unapproved Minutes
Idaho State Board of Education
Business Affairs and Human Resource Committee
October 19 2000
North Idaho College**

Present at Business Affairs and Human Resource Committee meeting:

MEMBERS

Curtis Eaton
Jim Hammond
Sam Haws

Tom Boyd	Jerry Wallace UI	Kirk Dennis PTE
Dr Gregory Fitch OSBE	Brian Pitcher UI	Barry Thompson VR
Kevin Satterlee OSBE	Wayland Winstead UI	Sue Payne VR
Keith Hasselquist OSBE	Mark Brainard UI	Peter Morrill IPTV
Rita Foltman OSBE	Janeen LeMay ASBUI	Ron Darcy ISDB
Randi McDermott OSBE	Dr Niel Zimmerman LCSC	Steve Guerber ISHS
Laurie Boston OSBE	Dean Froehlich LCSC	Don Robertson SDE
Dr Charles Ruch BSU	Whitney Pugh LCSC	Lindy High SDE
Buster Neel BSU	Dr Michael Burke NIC	Allison Westfall SDE
Stacy Person BSU	Rolly Jurgens NIC	Tim Hill SDE
Dr Richard Bowen ISU	Dr Miles LaRowe EITC	Mike Wickline LEW Trib
Leo Herrman ISU	Bill Robertson EITC	

The meeting was called to order at 9:25 AM.

Mr. Eaton requested that a GASB update be added to the agenda with a report from Mr. Hasselquist to the full Board during the Committee Reports.

**ITEM #1 ACTION ITEM
APPROVAL OF BAHR COMMITTEE MINUTES**

The minutes of the Business Affairs and Human Resources Committee meeting held September 21, 2000 at Idaho State University were accepted as submitted.

No Discussion.

ACTION M/S/C Hammond/Haws

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

**ITEM #2 ROUTINE ACTION ITEM
 INSTITUTIONAL / AGENCY ROUTINE AGENDAS**

Mr. Eaton requested and the Committee agreed to move the University of Idaho's Research Park at Post Falls Form Leases approval request from the routine to the non-routine agenda.

Mr. Hammond provided an amended motion as follows:

A motion to recommend to the Board approval of the institutional/agency routine agendas except for University of Idaho's Research Park at Post Falls Form leases request.

ACTION: M/S/C Hammond/Haws

No further discussion on routine agenda items.

Mr. Eaton stated the reason for removing UI's Form Leases request was to inquire about the involvement and development of the space. He stated that the list of tenants and the usage of the space was not inconsequential. He requested an annual report to the Board that would summarize the prior year's activity at the Park (including but not limited to new/terminated leases and space utilization).

Mr. Hammond offered the following motion:

A motion to recommend to the Board approval of the form lease agreement for the University of Idaho's Research Park at Post Falls.

ACTION M/S/C Hammond/Haws

ITEM #3 NON-ROUTINE ACTION ITEM

**3.1 UNIVERSITY OF IDAHO
 IMPROVEMENTS TO KIBBIE ASUI ACTIVITY CENTER**

Mr. Wallace explained the renovation project has become much more involved as it has progressed. The integration of the scoreboard into the light grid and the total weight of the grid from the Kibbie Dome roof structure is not as straightforward as originally planned and will require additional funding to complete.

ACTION: M/S/C Hammond/Haws

BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE

Mr. Eaton cast a descending vote. He stated he was not against the subject of the request. He was not in favor of the way in which requests for additional funding of existing projects are presented to the Committee and the Board. He would like additional funding requests to be presented with information based on the original approval, including:

- How does the subsequent request correspond to the original request?
- Is it a new piece to the original request?
- What created the need for an additional request?

Mr. Hammond agreed with Mr. Eaton's points of concern. He also felt that in the future the request should include specific details on the changes and how they relate to the larger overall plan.

ITEM #3.1 ACTION ITEM
UNIVERSITY OF IDAHO
KIBBIE ASUI ACTIVITY CENTER EAST END
RENOVATION PHASE ONE

ACTION: M/S/C Hammond/Haws

Mr. Eaton voted no for the same reasons cited in the previous vote.

ITEM #4 ACTION ITEM
INTERCOLLEGIATE ATHLETICS

At Mr. Eaton's request, Mr. Neel addressed BSU's \$11,000 ending fund balance. He reported that following the submission of this agenda item BSU finalized the annual audit. The Deloitte & Touche auditors (the "auditors") requested one correction which changed the carry-over balance to a deficit of (\$24,382). The auditors made significant changes in the revenue account procedures. From this point forward, revenue will be accrued in the fiscal year it was generated and no longer treated on a cash basis in the fiscal year it is received. BSU has recognized athletic revenue a year in arrears. Rather than going back over the years to correct each year, it was decided to make the correction and change in one year only. FY99 received a double benefit due to the operational changes.

In addition, Mr. Neel informed the Committee that, as required by NCAA agreed upon procedures, the value of all trade-out items must be reported. That had not been reported previously. The University had not completed its closing and adjusting procedures at the time of the August report to the Board.

BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE

Mr. Wallace reported that in 1997 UI adopted a financial plan to address several target issues the University had identified, specifically, the assessment of their financial health and the profiling of revenues and expenditures. This included two major projects: one, the re-mapping of revenues and expenditures for a better alignment to the institutional goals; and identification of existing deficit balances throughout the institution. Those responsible for the deficit balances were invited to provide a plan for absolving the deficit. The result was a group of accounts that were unable to develop a plan to satisfy the outstanding deficits. The University took the responsibility to eliminate the deficit through a consolidation plan totaling nearly \$3.8 million a piece of which was the athletic deficit. New rules regarding future performance have been developed that will provide accountability.

Ms. Haws asked for a brief status report on gender equity at the colleges and universities.

Mr. Wallace reported that UI is operating within the required 5% guidelines, however, they are not necessarily in compliance with their own expectations.

Mr. Froehlich stated that LCSC's primary goal is to achieve full scholarship payments equal to the men's sports.

Mr. Prolo commented that ISU initiated a gender equity plan several years ago. Their challenge is that the bulk of the students are female which creates even further differential than what UI, for example, experiences. ISU is currently in the process of developing the next woman's sport.

Mr. Eaton asked Mr. Hasselquist to add gender equity to the agenda for one of the next financial vice presidents' meetings. He also requested that, out of that discussion, a report should be made to the Board detailing the background through the standards and law and the steps each institution is taking in furtherance of compliance.

ACTION: M/S/C Hammond/Haws

ITEM #5 ACTION ITEM
INTERCOLLEGIATE ATHLETICS
BOISE STATE UNIVERSITY

Dr. Ruch presented Boise State University's five-year plan for the funding of its Intercollegiate Athletics Programs.

BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE

He stated that, as required by policy, all anticipated deficits in the athletic budget must be reported to the Board along with a plan to eliminate the deficit. BSU's anticipated deficit was reported to the Board in June 2000. BSU has developed a deficit elimination plan that is consistent with their strategic plan and includes a very intense look at the steps involved in migrating to the new conference affiliation.

He reviewed for the Committee that, at the beginning of the year, BSU made internal management changes to insure tighter reign on all of the auxiliary budgets including athletics. Those responsible for auxiliary finance now have dual reporting relationships.

Dr. Ruch cited the following highlights of the plan:

- It was created by a team comprised of members from the athletic department, financial office, and a number of stakeholders;
- After undergoing several iterations and a review by the oversight committee the final product is the best guesstimate of BSU's financial future for the next five years;
- It is a blueprint of the action BSU will take to eliminate the current \$25,000 deficit within the first year;
- It is optimistic on the expense side and pessimistic on the revenue side given the assumptions and the reality of creating budgets and, should any of these assumptions prove to be ill-founded, it would be worthwhile for BSU to return with a revised plan;
- It does not restore a contingency until the latter portion of the program;
- It includes gender equity;
- While expenses are relatively constant over a long period of time, BSU can document, both on past experience and also on projected schedules, that significant fluctuations in anticipated revenues have occurred over the period; and
- It contains cost containment procedures and policies including the monthly management activity report that has been agreed upon by all concerned parties.

Dr. Ruch concluded by saying the plan is both a management document and BSU's projections supporting a comfortable move into the Western Athletic Conference. They conducted a review of the financial projections that were made as they moved into the Big West Conference and discovered that the projections were good for revenues, expenses, and fund raising. Over two-thirds of the athletic department budget is derived from non-state sources or are contingent on all university or state decisions. Salaries drive the budgets.

Mr. Neel added that no additional initiatives or commitments will be made until the dollars have been generated.

BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE

Mr. Hammond voiced his concern regarding the athletic budget's minimal salary increases and the impact staffing changes and retention have on the budget. Mr. Eaton furthered his comment by explaining a coaching change at BSU within the last couple of years resulted in an unanticipated expense of \$150,000 to \$200,000. BSU hired four football coaches during four years and each time the salary increased. Mr. Eaton commented he did not see any provision in the plan for that type of activity.

Dr. Ruch responded by saying they live in a very competitive world. The better the coaches are, the more successful BSU is, the more marketable the coaches are. That instability has been anticipated as much as possible within the projected revenues. They are not planning on coaching changes, however, if that happens BSU will simply have to adjust the budget report.

Mr. Eaton added that the salary increases during the past year were justified in every way except the fund balance. He thought that it would not be unreasonable to make the bonuses and salary increases contingent upon a positive fund balance or at least a zero fund balance.

Dr. Ruch replied that he understand both the spirit and the letter of your message. He also hoped the Board would grant the institutions the opportunity to make the best-case argument based on the circumstances. He reiterated the competitiveness in coaching and the desire to not lose a successful coach due to compensation. He believed it important to discuss a situation such as this in advance rather than after the fact.

ACTION: M/S/C Hammond/Haws

ITEM #6 INFORMATION ITEM
INTERCOLLEGIATE ATHLETICS COMPENSATION REPORT

No discussion.

ITEM #7 ACTION ITEM
OPTIONAL RETIREMENT PROGRAM

By consensus, the Committee treated the Optional Retirement Program item as a discussion/information item and chose to not take action on the request.

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

**ITEM #8 ACTION ITEM
FY2002 BUDGET REQUEST-INDEPENDENT LIVING COUNCIL**

At the September 2000 meeting in Pocatello, Mr. Kelly Buckland and Ms. Bobbi Ball requested that their agency, the State Independent Living Council (SILC), be exempt from the 5% enhancement limit set by the State Board of Education. They stated the exemption is needed to allow SILC to expand their programs.

Mr. Barry Thompson, director of Vocational Rehabilitation (VR), addressed the Committee on behalf of SILC. He explained that SILC is an autonomous organization – all operational decisions are made by management and their boards of directors. VR's involvement is to only pass-through the state and federal money to SILC. He added that VR fully supports SILC's desire to expand their services to satellite centers.

Concern was expressed on funds appropriated to the SILC for the Coeur d'Alene center for FY2000.

Mr. Eaton stated that he was not in favor of the exemption even though he believed the work done by SILC is very good. His reasons for voting against the exemptions were:

- He was unsure of what was being requested for approval and the request did not detail the services or support the Coeur d'Alene center would not receive by transferring funds to another center and eliminating their fully-funded status; and
- The \$50,000 allocated by the Legislature for the program last year was in excess of the percentage allowed; and
- He felt a pattern was developing where the budget and budget guidelines are set and, at a later date, agencies are allowed to make changes. He said it was a worthwhile issue, however, it should have been presented in March and not after the fact.

ACTION: M/S Hammond/Haws Yes 0 No 3

**ITEM #9 ACTION ITEM
DIFFERENTIAL MANDATORY FEE PROPOSAL**

Mr. Wayland Winstead, University of Idaho, told the Committee that the University administration would like to test the use of differential mandatory fees. The test would allow administration to:

- determine the effectiveness of the fees;
- ascertain, if the fees are effective, under which conditions they are effective; and
- add the fees to the tool kit of financial management tools.

The University was seeking the Board's guidance in terms of their willingness to consider differential mandatory fees. If the Board is willing to consider the fees, the appropriate course of action, in his opinion, would be to direct a team to work with the institutions to develop

BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE

policy statements with respect to differential mandatory fees and a detailed informal background brief on the issues that are a part of the policies. If the fees are approved by the Board they would be allowed at all Idaho institutions and they would be a part of the normal fee setting process.

Mr. Winstead defined the term mandatory as a technical category of fees described in Board policy. The summer, off-campus, matriculation, and graduate fees are not tuition. They are mandatory, not optional, fees and are required of every student.

He continued by saying that the Board has permitted differential pricing in the professional fee category. The Board has delegated to the presidents the authority to price video outreach at their discretion and, therefore, the video outreach courses have a substantial degree of differential pricing. In addition, there is also a degree of differential pricing in the positioning of special lab and course fees that are associated with each course. Certain disciplines are prohibited from charging a professional fee based on the Idaho Constitution, however, the Board's policy and the state course have not enumerated the specific disciplines that are prohibited. Where they are not constitutionally prohibited, the Board has the authority to determine if a professional fee is appropriate. Currently UI has professional fees at the College of Law and in the architecture programs. It is anticipated that the business and engineering programs would present a professional fee proposal for the Board's consideration. In Mr. Winstead's opinion, the difficulty from an operational perspective is evidenced in the College of Art and Architecture. Both programs are in the same college and have similar technology requirements and faculty salaries. However, the architecture program by virtue of the fact that it charges the professional fee has access to a revenue stream that supports and improves the quality of that program. The students of architecture supported the imposition of that fee. The art department would be clearly precluded from charging a professional fee. Therefore, within the college a financial structure has been created in which the architectural program is structurally advantaged with the source of revenue to sustain quality that the art department may not have access to even if the students in the art department were willing to impose upon themselves a professional fee in the same way that the architecture students work. He ended by saying that when differential pricing is allowed on that basis it will over time tend to create a structure that has a set of *has and has not departments* and the University believes that is problematic over the long term.

Janeen LeMay, representing the University of Idaho students, addressed the Committee. She stated that the students believe differential mandatory fees are not in the best interest of the people and students of Idaho. They believe the fees are a contradiction to the Board's strategic plan to provide access for all Idaho students by increasing fees at a fast rate and thereby decreasing enrollment and revenue.

Mr. Hammond added that the resolution from the student senate raised valid questions and the students need to be a part of the discussion. However, he believed the issue deserves further consideration by the Board particularly the point made that differentiated fees will create an inequality in terms of access to certain programs. He stated the point missing was that different programs also offer different earning potential. As far as equity is concerned, he thought it might

BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE

not be fair for the education student to pay the same type of fee as an engineering student when the engineering student has a much larger earning capacity. Because of these questions, he thought the issue needed more consideration.

Mr. Eaton requested the following information:

- the concept and results of differential mandatory fees established on campuses elsewhere;
- the reasons UI believe the program will be successful; and
- detail on the parameters of the assessment including:
 1. length of time for the assessment;
 2. how it will be determined if it is a successful venture;
 3. how this information will be incorporated into the differential mandatory fee model;
 4. how the revenue generated from the program will be used;
 5. a list of programs and courses to be included in the test; and
 6. a statement of purpose addressing the reasons for establishing differential mandatory fees.

Mr. Eaton noted that from the Committee's perspective a clear distinction exists between differential pricing when there is only one program offered in the state (such as pharmacy or architecture) and programs that are offered by all institutions (such as business and engineering).

Any examination of the fees should include the impact of the two different scenarios. One unintended consequence of the program may be pricing wars. He also questioned whether the policy is for public education. The policy may be interpreted that the student's capacity to pay determines the career he or she selects. He questioned if one of the objectives of public higher education is to provide opportunities for students who may not have the initial capacity to pay, however, through education may move into a career that may provide a greater return. He was concerned about creating a system where economics either immediate or deferred is the fundamental driving principle.

Mr. Hammond offered the following motion:

A motion to recommend to the Board the approval to support the effort by higher education and board staff to collaborate on further development of a proposal to explore differentiated fees.

ACTION M/S/C Hammond Haws
ITEM #10 INFORMATION ITEM
BUSINESS AFFAIRS COMMITTEE TASK FORCE – UPDATE

Mr. Eaton cited two additional items regarding the task force update. First, page 94 of the agenda lists the trend as a nation one. He stated the task force should use in-state trends for the past 2-3 years. Several of the chosen indicators for the past 2-3 years should also be compared to the same indicators for the past 20 years as a measurement of progress. Secondly, he thought student debt should be included in the discussions as a source of financing

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

for higher education.

SECTION II - HUMAN RESOURCES AGENDA

Included in Section II of the BAHHR agenda.

Meeting adjourned at 11:35 A.

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

ROUTINE ACTION ITEMS

ITEM #2

INSTITUTIONAL/AGENCY ROUTINE AGENDAS

SUMMARY OF ROUTINE AGENDA ITEMS (see following pages for detail):

- | | |
|------------|---|
| 2.1 | BOISE STATE UNIVERSITY
Proposed Quest US West Wireless
Telecommunications Facilities
Windows Replacement-Towers Hall
<i><u>INFORMATION ITEMS</u></i>
BSU Foundation Financial Statements
Beer/Wine Service at the Pavilion |
| 2.2 | UNIVERSITY OF IDAHO
USDA Ground Lease
Parma Research & Extension Center |
| 2.3 | IDAHO SCHOOL FOR THE DEAF & THE BLIND
Audits and Financial Report |
| 2.4 | IDAHO STATE UNIVERSITY
Naming of Dragila Way |
| 2.5 | LEWIS-CLARK STATE COLLEGE
Purchase of Property at 612 9 th Avenue |

DISCUSSION:

Review routine agenda and move items to non-routine agenda, if appropriate.

STAFF COMMENTS:

Approve routine agenda.

COMMITTEE ACTION:

A motion to recommend to the Board the approval of the institutional/agency routine agendas for Boise State University, University of Idaho, the Idaho School for the Deaf and the Blind, Idaho State University, and Lewis-Clark State College.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BOARD ACTION:

A motion to approve the institutional/agency routine agendas for Boise State University, University of Idaho, the Idaho School for the Deaf and the Blind, Idaho State University, and Lewis-Clark State College.

Moved by _____ Carried Yes _____ No _____

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

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**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

**ROUTINE ACTION ITEM
BOISE STATE UNIVERSITY**

ITEM #2.1

- 4.0 BUSINESS AFFAIRS AND HUMAN RESOURCE COMMITTEE**
- 4.0 Contracts for Services/Agreements/Authorizations**
- 4.8 Proposed Quest U.S. West Wireless Telecommunications Facilities**

SUBJECT:

Boise State University requests approval to enter into an agreement with Quest U.S. West Wireless to install and test antennas at Bronco Stadium.

BACKGROUND:

Quest U.S. West has approached Boise State requesting permission to install a communications antenna on one of the light standards in Bronco Stadium.

DISCUSSION:

Pursuant to the original agenda item brought to the State Board of Education in June 2000, additional research has been undertaken to determine a fair market value for the lease of this space. An independent party, Mr. Craig Hixson of Mobex Communications, assisted the institution in this effort.

Mr. Hixson has determined that this technology is an advanced technology as compared with cellular systems, operating on a high frequency with low power usage and requiring minimal space. Rental fees will vary, but it is Mr. Hixson's opinion that \$150 per month is a reasonable fee for this type of installation.

FISCAL IMPACT:

Quest U.S. West has agreed to lease this space for \$200 per month the first year, with small increase in this amount over the next five years. Quest U.S. West will bear all costs associated with installation of the equipment.

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

**ROUTINE ACTION ITEM
BOISE STATE UNIVERSITY**

ITEM #2.1

5.0 PHYSICAL PLANT

5.1 Approval of Projects and/or Architects

5.11 Window Replacement in Towers Residence Hall

SUBJECT:

Boise State University requests approval for the replacement of the windows in J.B. Barnes Towers Residence Hall.

BACKGROUND:

Due to concerns over the failure of window frames in J.B. Barnes Towers Residence Hall and the safety of the existing windows, Boise State University needs to replace all of the window frames in the Residence Hall. The current windows and frames are original to the building (28 years old).

DISCUSSION:

Boise State has researched and tested several types of windows and a suitable replacement has been selected.

FISCAL IMPACT:

Estimated cost is \$120,000 and will be provided from Student Housing Reserves.

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

**INFORMATION ITEM
BOISE STATE UNIVERSITY**

ITEM #2.1

4.9 AUDITS AND FINANCIAL REPORTS

4.9.1 Boise State University Foundation, Inc., Financial Statements

SUBJECT:

Audited financial statements of the Boise State University Foundation, Inc., for the fiscal year ending June 30, 2000 have been mailed to the board office in accordance with State Board Of Education Governing Policies And Procedures sections v.d.7.c and v.e.2.a.

BACKGROUND:

Statements provided in accordance with policies and procedures as outline above.

DISCUSSION:

Not applicable

FISCAL IMPACT:

Not applicable

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

**INFORMATION ITEM
BOISE STATE UNIVERSITY**

ITEM #2.1

8.0 OTHER

8.0.1 Informational Item

SUBJECT:

Beer/wine service at the Pavilion at Boise State University

BACKGROUND:

In October of 1999, the SBOE granted permission for beer/wine service at selected events in the Pavilion. The following is a recap of the activity for the year.

DISCUSSION:

The Pavilion and Fine Host served beer/wine during the events listed below. There have been events where alcohol could have been sold, however, as an auxiliary enterprise on a university campus, great care has been taken in determining which events are appropriate for serving alcohol.

The Pavilion and Fine Host staffs have been working with Joe Schott, an investigator with the Idaho State Police/Alcohol Beverage Control. Mr. Schott has been notified in advance of events with beer/wine and arrangements have been made for him and his staff to attend. Mr. Schott has observed service, reviewed our policies and feels we are prudent and cautious. Incidents have been virtually non-existent.

<u>EVENT</u>	<u>DATE</u>	<u>ATTENDANCE</u>	<u>GROSS</u> <u>SALES</u>	<u>REBATE</u> <u>%</u>	<u>\$</u>
Gene Harris	4/7-8/00	5,313	7,649.98	42	3,212.99*
Jazz			1,700.77	25	425.19 **
Trisha Yearwood	5/16/00	2,422	2,442.87	42	1,026.01
Mark Lindsay (Zentel)	5/20/00	3,377	2,472.40	42	1,038.41
Tony Bennett	6/15/00	2,382	675.72	25	240.81
Tim McGraw/ Faith Hill (Soul2Soul)	8/15/00	10,711	14,774.80	42	6,205.42
BlackWatch	10/9/00	1,865	531.00	25	132.75
John Anderson (Zentel)	10/13/00	2,044	2,194.84	30	709.79
Total		28,114	32,446.38		12,991.37

* beer ** bottled wine

BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE

ROUTINE ACTION ITEM
UNIVERSITY OF IDAHO

ITEM #2.2

5.0 PHYSICAL PLANT

5.10 Leases of Land or Facilities

5.10.1 USDA Ground Lease Parma Research & Extension Center

SUBJECT:

Request authorization for the Vice President for Finance and Administration to enter into an agreement leasing approximately 0.10 acres of land to the U.S. Department of Agriculture (USDA) at the Parma Research & Extension Center.

BACKGROUND:

The FY00 federal budget provided funding for an Agricultural Research Service (ARS) scientist (viticulturalist) to be placed at the Parma R&E Center. The USDA-ARS now wishes to place a facility at the Parma R&E Center to support the work of that scientist.

In recognition of the cooperative partnership between the University and the USDA-ARS, the University wishes to enter into a no-cost ground lease consistent with agreements for other federal facilities at the Aberdeen R&E Center and at Moscow.

DISCUSSION:

The USDA-ARS plans to place a modular building at Parma that would house office and lab space in support of the viticulturalist. Both the University and the USDA-ARS desire to enter into a ground lease agreement that would allow the federal government to locate the building on the Parma R&E site. The term of the lease would be 25 years, with options for renewal. The USDA-ARS will be responsible for the cost of the facility, including planning, installation, and any utility infrastructure costs. The USDA-ARS will also be responsible for ongoing utilities, maintenance, and repair costs for the facility. Placement of the viticulturalist, and the facility, at the Parma site benefits and complements University research activities.

FISCAL IMPACT:

None. The presence of this facility at the Parma R&E Center is mutually beneficial to the University and the USDA.

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

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**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

ROUTINE ACTION ITEM

ITEM #2.3

IDAHO SCHOOL FOR THE DEAF AND THE BLIND

4.0 FINANCE COMMITTEE

4.9 Audits and Financial Reports

ISDB submits the attached record of the Student Activity Funds for Board review in accordance with Idaho Code 33-705.

STUDENT ACTIVITY FUNDS AS OF OCTOBER 24, 2000, BELOW LISTING OF STUDENT ACTIVITY FUNDS IS A REPORT SUBMITTED TO STATE BOARD OF EDUCATION IN ACCORDANCE WITH IDAHO CODE 33-705

	BAL-09/22/00	BAL-10/24/00	INC/(DEC)
SALES TAX	132.79	51.38	(81.41)
ATHLETICS	6,226.18	6,372.85	146.67
WSBC	2,366.90	2,366.90	0.00
ATHLETIC APPAREL	300.01	312.01	12.00
GIRLS SOCCER FUND	546.16	626.31	80.15
CHEERLEADING 415.37	415.37		0.00
CLASS OF 2001	329.72	329.72	0.00
CLASS OF 2002	190.95	190.95	0.00
CLASS OF 2003	651.43	651.43	0.00
CLASS OF 2004	20.00	20.00	0.00
MAINT. BREAK ROOM	205.93	181.83	(24.10)
COTTAGE FUND	313.07	313.07	0.00
ELEM ACTIVITIES6	1.65	61.65	0.00
PARENTS ADVISORY COM	168.61	168.61	0.00
M.S. STUDENT COUNCIL 26.68		26.68	0.00
H.S. STUDENT COUNCIL 812.12		812.12	0.00
JOURNALISM	584.98	584.98	0.00
ED STAFF POP MACH	1,207.56	1,357.56	150.00
HEALTH & WELLNESS	125.00	125.00	0.00
STUDENT ACT. FUND	4,687.19	4,779.09	91.90
WORK EXP (PREV CANDY)	189.85	189.85	0.00
RAPTOR JAVA (NEW)	(4.67)	151.44	156.11
STUDENT BOOK STORE 1.30		1.30	0.00
ACCELERATED READER 69.22		69.22	0.00
DRAMA FUND	36.92	36.92	0.00
ADVENTURERS 106.09		106.09	0.00
SUMMER DEAF CAMP	3,239.41	3,239.41	0.00
ART FUND	276.52	276.52	0.00
YEARBOOKS	1,829.96	1,841.36	11.40
LIONS WINTER CAMP	2.17	2.17	0.00
HRG AID FUND-MOLDS 625.15		26.18	(598.97)
HA GIFT F/HRG CM TCH 68.58		68.58	0.00
PERS. STUDENT ACCT	1,361.99	1,013.78	(348.21)
STUDENT AID	955.58	1,206.90	251.32
TOTALS.....	28,130.37	27,977.23	(153.14)

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

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**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

**ROUTINE ACTION ITEM
IDAHO STATE UNIVERSITY**

ITEM #2.4

5.0 PHYSICAL PLANT

5.8 Naming/Memorializing Buildings and Facilities

SUBJECT:

Idaho State University recommends that the access road from Memorial Drive to the parking lot on the south side of Holt Arena be named Dragila Way, in honor of Stacy Dragila.

BACKGROUND:

IDAPA 08.01.03102.08 requires prior approval of the State Board of Education for the naming or memorializing of a facility for other than functional use. The proposed name was initiated by the Associated Students of Idaho State University and recommended by the Campus Planning Committee, the University's Facilities Name Designation Committee, the Faculty Senate, and President Richard Bowen, as outlined in the ISU Faculty/Staff Handbook, Part 3, Section V,D.

DISCUSSION:

Ms. Dragila came to ISU in 1992, after being recruited by the track and field coach, to pursue her education. During this time, she began training and competing in the pole vault, breaking and setting records. Ms. Dragila vaulted 15'1" on September 25, at the 2000 Olympics in Sydney, Australia, and became the first ever Olympic gold medallist in women's pole vault. It is felt that Ms. Dragila is indeed an ambassador of the State of Idaho and Idaho State University.

Following her graduation in 1995, Ms. Dragila was employed by ISU as an assistant track coach while continuing her training for the Olympics. She has been on an unpaid leave of absence since July 1, 2000.

In recognition of Stacy Dragila's success as a gold medallist at the Summer 2000 Olympics in Sydney, Australia, the University strongly encourages the adoption of this recommendation.

FISCAL IMPACT:

Not applicable.

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

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**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

**ROUTINE ACTION ITEM
LEWIS-CLARK STATE COLLEGE**

ITEM #2.5

**5.0 PHYSICAL PLANT
5.5 Purchase or Sale of Land and Facilities
5.51 Acquisition of Property**

SUBJECT:

Board approval is requested for the college to purchase a piece of property.

BACKGROUND:

The Campus Master Plan indicates the long-range need for the college to acquire additional property near campus which will eventually be used for parking. The property listed below is immediately adjacent to the campus.

	<u>Appraisal Value</u>	<u>Purchase Price</u>
Property (612 9 th Ave.)	\$135,000	\$150,000

Because this property includes a three bedroom living unit, it will be incorporated into the Housing/Food Service auxiliary until such time that it can be converted into parking. Funds for the acquisition will be borrowed and repaid from the income generated from the rental and with funds from the Campus Activity Center project budget.

DISCUSSION:

The college administration seeks authority to:

Complete the loan agreement, by using the First Security Loan Agreement approved by the Board in January 1999, for the purchase of the property. The Loan amount will not exceed \$150,000.

Complete the purchase agreement for the property.

Authorization is also requested for the college Vice President for Administrative Services and Bursar to execute the loan and purchase agreement on behalf of the Board.

FISCAL IMPACT:

The college will borrow the funds necessary for the purchase of the property and will repay the loan with the revenue from the rental of the house and with funds from the Campus Activity Center project budget.

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

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**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

**NON-ROUTINE ACTION ITEM
UNIVERSITY OF IDAHO**

ITEM #3.1

4.0 FINANCIAL MANAGEMENT

4.8 Contracts for Services/Agreements/Authorizations

**4.8.1 \$1,500,000 (Not to Exceed) Commercial Line-of-Credit with
First Security Bank, N.A.**

SUBJECT:

Request approval for a new commercial line-of-credit at tax-exempt rates, effective December 1, 2000, lasting five years. The amount of the line-of-credit will not exceed \$1.5 million. The line-of-credit will be with First Security Bank, N.A., which currently provides banking services for the University. The interest rate will be established at closing and will be the higher of 5% or the 5-year U.S. Treasury Note Index, less 1.35%. For example, the index was 5.70% on October 30, 2000, so 5% would be the rate for the 5-year period of the commitment if it had closed on that day.

BACKGROUND:

Over the years, the University has relied on this type of tax-exempt financing to deal with smaller projects or acquisitions that do not fit within the University's criteria for long-term bond issues. The last line-of-credit was approved by the Board in January of 1998 for \$1.5 million with First Security Bank, N.A.

DISCUSSION:

A part of the bank services agreement, negotiated with First Security Bank, N.A. earlier this year, includes a new commercial line-of-credit at tax-exempt rates. The commercial line-of-credit provides a very efficient vehicle for financing smaller scale projects or acquisitions that fit within the University's strategic and financial plan. The resolution appears at EXHIBIT A.

FISCAL IMPACT:

The fiscal impact of using a tax-exempt line-of-credit is measured against a taxable or non-qualified financing. Current rates for equivalent non-qualified financings would be approximately 6.40%.

STAFF COMMENTS:

Approve the request.

BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE

COMMITTEE ACTION:

A motion to recommend to the Board the approval of University of Idaho's request to enter into an agreement with First Security Bank, N.A, for a new commercial line-of-credit at tax-exempt rates, effective December 1, 2000, lasting five years, and in an amount not to exceed \$1,500,000.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

BOARD ACTION:

A motion to approve University of Idaho's request to enter into an agreement with First Security Bank, N.A, for a new commercial line-of-credit at tax-exempt rates, effective December 1, 2000, lasting five years, and in an amount not to exceed \$1,500,000.

Moved by_____ Carried Yes_____ No_____

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

**NON-ROUTINE ACTION ITEMS
UNIVERSITY OF IDAHO**

**ITEM #3.1
EXHIBIT A**

**RESOLUTION
OF
The Regents of the University of Idaho
(up to \$1,500,000 Commercial Open Line-of-Credit)**

THE UNDERSIGNED, being the President and Secretary of The Regents of the University of Idaho (the Regents), do hereby certify the following actions took place at the regular meeting of the Regents held on November 16 -17, 2000.

WHEREAS, the Regents enter into a variety of smaller real and tangible personal property transactions which often require temporary short-term financing. Examples include real property acquisition and improvements that become components of future bond issues or require separate financing for a limited number of years, equipment or vehicle acquisitions requiring short-term financing, utility upgrades, emergency repairs and building renovations or remodels;

WHEREAS, the Regents believe lower financing costs and more efficiency can be achieved with a line-of-credit to finance certain smaller transactions than to negotiate financing on each individual transaction. The line-of-credit will be accounted for by each separate transaction and will be repaid from dedicated departmental funding sources. An annual report on the status of borrowings on the line-of-credit will be provided to the Regents;

WHEREAS, the Regents desire to obtain a commercial open line-of-credit at tax-exempt rates in an amount not to exceed \$1,500,000 (the Loan) with First Security Bank, N.A. (the Bank), who currently provides banking services for the Regents;

WHEREAS, the Regents desire to borrow an amount up to the sum of One million, five-hundred thousand Dollars (\$1,500,000) and to issue a promissory note (the Note) in the same amount, in favor of the Bank and to enter into a Loan Agreement with the Bank for the purposes described above;

WHEREAS, the Regents have determined in negotiations with the Bank that the Regents will achieve a more advantageous interest rate by designating the Loan as a qualified tax exempt obligation under Section 265(b)(3) of the Internal Revenue Code;

BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE

NOW, THEREFORE, the Regents hereby authorize and approve the Note and Loan Agreement (which are attached hereto and made a part hereof in substantially the form attached hereto, with such further changes as are required in the judgment of Jerry Wallace, Vice President for Finance and Administration and Bursar of the University of Idaho and Treasurer of the Regents, in order to consummate the funding of the tax exempt Loan in an amount not to exceed \$1,500,000 and at an interest rate equal to the higher of 5.0% or the five year U.S. Treasury Note Index, less 1.35%. The exact amount of the Note will be determined by the amount the University may designate under the next paragraph.

FURTHER, RESOLVED, that the Regents hereby designate said Note and Loan Agreement as a qualified tax exempt obligation for the purposes and within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986. The Regents hereby certify that the amount of such Loan and other tax exempt obligations of the University of Idaho will not exceed \$10 million during the calendar year 2000.

FURTHER RESOLVED, the Regents take whatever actions it deems necessary or appropriate to consummate the Loan; and it is

FURTHER RESOLVED, that the Regents do hereby appoint Jerry N. Wallace, Vice President for Finance and Administration and Bursar of the University of Idaho and Treasurer of the Regents as its true and lawful agent in fact to execute its name on the Regents behalf to the Note and Loan Agreement and any and all such other agreements and certificates as may be required by the Bank or are otherwise necessary to consummate and cause the funding of the tax exempt Loan.

IN WITNESS WHEREOF, the Regents have caused this resolution to be executed this _____ day of _____, 2000 by its president and attested by its secretary.

THE REGENTS OF THE UNIVERSITY OF IDAHO

President

ATTEST:

Secretary

BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE

ACTION ITEM

ITEM #4

SUBJECT:

Annual Financial Audit by Deloitte & Touche LLP

BACKGROUND:

The Board contracts with Deloitte & Touche, LLP, an independent certified public accounting firm, to conduct the annual financial audit for University of Idaho, Boise State University, Idaho State University, Lewis-Clark State College, and Eastern Idaho Technical College. The audits are conducted in accordance with generally accepted auditing standards and include an auditor's opinion on the basic financial statements.

DISCUSSION:

The audit reports consist of three reports: Financial Statements for Year Ending June 30, 2000 and Independent Auditor's Reports; the Letters of Comments and Recommendations for the Year Ending June 30, 2000; and the 2000 Audit Executive Summary. These reports are included with your Board material. Representatives from Deloitte & Touche LLP will present a summary of audit.

FISCAL IMPACT:

No fiscal impact.

STAFF COMMENTS:

Accept the reports.

COMMITTEE ACTION:

A motion to recommend to the Board acceptance of the FY2000 financial audit reports for the University of Idaho, Boise State University, Idaho State University, Lewis-Clark State College, and Eastern Idaho Technical College as presented by Deloitte & Touche LLP.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

BOARD ACTION:

A motion to accept the FY2000 financial audit reports for the University of Idaho, Boise State University, Idaho State University, Lewis-Clark State College, and Eastern Idaho Technical College as presented by Deloitte & Touche LLP.

Moved by_____ Carried Yes_____ No_____

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

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BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE

ACTION ITEM

ITEM #5

GASB 34 IMPLEMENTATION DATES

SUBJECT:

GASB Implementation Dates

BACKGROUND:

During the August 2000 meeting, the Board had a discussion on the Governmental Accounting Standards Board (GASB) approved statements No. 34 and No. 35 which will require a significant change in reporting financial information for state governments and colleges and universities. The new reporting requirements must be reflected in the FY02 audited statements. However, states can elect to implement these standards a year early. The new standards would affect the State's Comprehensive Annual Financial Report (CAFR), which is completed by the State Controller's Office (SCO). At the August meeting, the SCO expressed a desire to implement early. A GASB Task Force has been formed that meets regularly to identify implementation issues for higher education institutions. This group includes the controllers at the institutions and representatives from the SCO.

DISCUSSION:

The next meeting of the task force is November 14, 2000, where the group will complete a resource analysis which will identify the hours and cost of implementing GASB in the two time frames. Hopefully this can be used to determine the feasibility of implementing GASB early.

FISCAL IMPACT:

A report from GASB Task Force will identify the fiscal impact at the institutions regardless of the year of implementation. However, implementing the standards for FY01 will require increased resources to meet the short time frame. This report will be distributed at the BAHHR Committee meeting.

STAFF COMMENTS:

The new reporting requirement must be adopted by FY02. From the resource analysis report it can be determined if it is beneficial to implement early.

COMMITTEE ACTION:

A motion to recommend to the Board the institutions' implementation of the new reporting format for the FY__ __ audit.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

BOARD ACTION:

A motion to approve the institutions' implementation of the new reporting format for the FY__ __ audit.

Moved by_____ Carried Yes_____ No_____

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

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BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE

ACTION ITEM

ITEM #6

SUBJECT:

Audit of Idaho School to Work Program

BACKGROUND:

The Board engaged Deloitte & Touche to conduct a review of the Idaho School to Work Program. The Board used part of the "600 hours" Deloitte & Touche provides for discretionary projects.

DISCUSSION:

The reports are included with your Board material. They consist of two reports entitled "Statement of Cash Receipts and Disbursements for the Years Ending June 30, 1999 and 1998 and Independent Auditors' Reports" and "Letter of Comments and Recommendations Years Ended June 30, 1998 and 1999". Representatives from Deloitte & Touche will be available to discuss the report and respond to any questions.

FISCAL IMPACT:

NA

STAFF COMMENTS:

Accept the report.

COMMITTEE ACTION:

A motion to recommend to the Board to receive the Idaho School to Work Program review that was conducted by Deloitte & Touche.

Moved by_____ Seconded by_____ Yes_____ No_____

BOARD ACTION:

A motion to receive the Idaho School to Work Program audit that was conducted by Deloitte & Touche.

Moved by_____ Yes_____ No_____

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

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**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

INFORMATION ITEM

ITEM #7

SUBJECT:

Higher Education Financial Analysis and Outlook

BACKGROUND:

At the August 2000 Board meeting, Mr. Eaton proposed a project that would assess of the financial condition of higher education and provide an outlook for future financial issues. A detailed proposal was brought back at the September meeting where the Board approved the project (Item #7.1). During the October Board meeting, institutional debt analysis and student debt analysis was added to the project. Institutional representatives met on September 28, 2000 to develop the plan to accomplish the project's goals. This group met again on October 26, 2000 to discuss the financial ratios to use in the project and to examine the variables to develop the outlook.

DISCUSSION:

Task force members will provide the Finance Committee with an update on the financial ratios currently developed and with plans on developing the financial outlook.

FISCAL IMPACT:

NA

STAFF COMMENTS:

Determine if the task force is on the right track to provide a meaningful product at the end.

COMMITTEE ACTION:

No action required.

BOARD ACTION:

No action required.

**BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE**

ITEM #7.1

**State Board of Education
Business Affairs Committee Task Force**

Statement of Purpose:

- To provide the Board with a report on the financial condition and fiscal health of the colleges and universities.
- To conduct a strategic assessment of all funding sources.
- Assess the impact that changing demographics will have on future demand and strategic development of the institutions.

Review Process:

- Review financial indicators used by other institutions in assessing financial condition.
- Invite experts in the field of higher education finance to provide assistance on the project.
- Review best practices of other states/institution in assessing financial condition.
- Project enrollment demands based on changing demographics and increasing the participation rate of high school graduates.
- Analyze funding sources to meet the enrollment demands projected.
- Review pertinent strategic plans.

Task Force Members:

- Board member, Chair of the Bus Aff/HR Committee
- Board member, assigned by president
- Larry Bird, Deloitte & Touche
- Financial Vice Presidents of the community colleges and college and universities
- OSBE Fiscal Officer
- Input will be sought from IACI, legislative leadership (Education Committees and JFAC) and governors office.
- Other as recommended by the Board

Timetable:

- Status report presented at the October and November Board meetings
- Final report presented at January meeting

INFORMATION ITEM

ITEM #8

SUBJECT:

BUSINESS AFFAIRS AND HUMAN RESOURCES COMMITTEE
NOVEMBER 16-17, 2000
LEWIS-CLARK STATE COLLEGE

Permanent Building Fund Advisory Council's Priority of FY02 Capital Projects

BACKGROUND:

The Board initially reviewed and prioritized capital projects at the June 2000 meeting but deferred final action until the August 2000 meeting. The prioritized list of projects was submitted to the Permanent Building Fund Advisory Council (PBFAC) for their review. The PBFAC reviews and prioritizes capital requests from institutions and agencies statewide. They met on November 7, 2000 and prioritized projects that will be submitted to the Governor and the legislature for their consideration.

DISCUSSION:

Item #8.1 identifies the funds available to the permanent building fund. Unless transfers are made from the State General Account, the permanent building fund receives approximately \$30,000,000. Of this, approximately \$15,000,000 is available for major projects, statewide. Requests usually exceed \$100,000,000 for these funds. The PBFAC priority list will be provided at the meeting.

FISCAL IMPACT:

Potential funding for capital projects in FY02.

STAFF COMMENTS:

No action required.

COMMITTEE ACTION:

No action required.

BOARD ACTION:

No action required.

Permanent Building Fund

History of Appropriations

Source and Use of Funds	FY91 Actual	FY92 Actual	FY93 Actual	FY94 Actual	FY95 Actual	FY96 Actual	FY97 Actual	FY98 Actual	FY99 Estimate	FY00 Approp	FY01 Approp
1 Source of Funds:											
2 Ongoing Sources:											
3 Income Tax Filing Fee	4,236,100	3,351,200	5,280,900	4,412,200	4,709,700	4,955,300	4,485,700	5,101,000	5,192,800	5,286,300	5,556,500
4 Cigarette Tax	6,356,800	6,547,200	6,490,500	7,047,100	6,733,500	6,944,000	6,953,000	6,944,300	6,797,300	6,523,800	6,332,000
5 Beer Tax	1,125,200	1,163,400	1,194,700	1,201,900	1,161,400	1,138,000	1,144,400	1,137,000	1,158,500	1,176,100	1,207,700
6 Sales Tax	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	5,000,000
7 Lottery Proceeds	8,412,500	8,612,500	6,000,000	7,000,000	9,000,000	9,500,000	10,000,000	9,750,000	10,250,000	10,500,000	10,000,000
8 1) Interest Income (Bdgt Stabl Acct)	1,955,100	1,450,800	1,010,400	1,084,400	1,406,300	1,693,700	1,587,100	1,598,200	1,934,800	4,937,900	3,000,000
9 Miscellaneous					0	0	114,700	170,200	108,000	108,000	108,000
10 Total Ongoing Revenue	22,585,700	21,625,100	20,476,500	21,245,600	23,510,900	24,731,000	24,784,900	25,200,700	25,941,400	29,032,100	31,204,200
11 Onetime Funding:											
12 Prior Year Funds							(1,931,000)	3,142,200	544,200	1,155,900	3,711,800
13 Agency Funds/Reappropriations	1,500,000	857,900	4,150,800	1,245,000	0	3,510,500	1,360,100	0	3,067,600	0	2,902,800
14 Transfer-General Acct	42,000,000	4,083,500	0	0	38,142,600	45,609,100	1,200,000	0	2,000,000	1,000,000	0
15 Total Funds Available	66,085,700	26,566,500	24,627,300	22,490,600	61,653,500	73,850,600	25,414,000	28,342,900	31,553,200	31,188,000	37,818,800
16											
17 Use of Funds:											
18 Public Works Budget	1,148,500	1,196,900	1,253,400	1,352,500	1,381,100	1,465,600	1,249,400	1,348,200	1,543,800		1,690,300
19 Bond Payments	4,550,000	4,550,000	4,550,000	4,229,100	4,382,600	5,174,000	4,309,800	5,113,200	5,174,000	6,825,900	5,174,000
20 Alteration/Repair & Maintenance	10,015,000	10,000,000	10,000,000	10,533,000	10,050,000	11,000,000	11,729,512	13,104,000	11,978,000	11,077,900	11,000,000
21 Asbestos Abatement Projects	1,000,000	1,000,000	1,000,000	210,000	800,000	1,000,000		700,000	800,000	500,000	550,000
22 Underground Storage Tanks	500,000		500,000	500,000	500,000	500,000		500,000	250,000	250,000	150,000
23 EPA Green Light Program				100,000	0	0					
24 ADA Compliance				500,000	500,000	1,000,000		1,000,000	1,000,000	1,000,000	1,000,000
25 Contingency/Other					150,000	350,000		111,300	108,000	308,000	208,000
26 Capital Projects	40,890,000	16,653,500	11,682,700	2,180,000	44,875,400	57,788,000	4,983,000	5,922,000	9,543,500	11,218,000	17,645,000
27 Total Funds Used	58,103,500	33,400,400	28,986,100	19,604,600	62,639,100	78,277,600	22,271,712	27,798,700	30,397,300	31,179,800	37,417,300
28											
29 Total Funds Available less Funds Used	7,982,200	(6,833,900)	(4,358,800)	2,886,000	(985,600)	(4,427,000)	3,142,288	544,200	1,155,900	8,200	401,500
30											
31											
32 Normal Revenue Flow & On-going Budget:											
33 Revenue - Ongoing Only	22,585,700	21,625,100	20,476,500	21,245,600	23,510,900	24,731,000	24,784,900	25,200,700	25,941,400	29,032,100	31,204,200
34 Expend less Capital Projects	17,213,500	16,746,900	17,303,400	17,424,600	17,763,700	20,489,600	17,288,712	21,876,700	20,853,800	19,961,800	19,772,300
35 Funds Available for Capital Projects	5,372,200	4,878,200	3,173,100	3,821,000	5,747,200	4,241,400	7,496,188	3,324,000	5,087,600	9,070,300	11,431,900

1) Beginning 7/1/99 PBF will begin retaining interest earnings.