

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
NOVEMBER 14-15, 2001**

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**INSTITUTION/AGENCY AGENDA**

**SUBJECT**

Institution/Agency Agenda items detailed on the following pages. The items for consideration include:

	<u>PAGE</u>
<b>BOISE STATE UNIVERSITY</b>	
Request approval of project and scope for student housing expansion. Preliminary planning estimate of maximum cost for the project is \$36 million.	5
 Information Item: Energy Conservation Proposal An ongoing energy conservation program.	 7
 <b>UNIVERSITY OF IDAHO</b>	
Request approval to spend carryover funds from FY2001.	11
 Request approval for a commercial loan agreement with Wells Fargo Bank, N.A.	 13
 <b>COLLEGE OF SOUTHERN IDAHO</b>	
Request approval of revised project budget–Fine Arts addition.	15
 <b>IDAHO SCHOOL FOR THE DEAF AND THE BLIND</b>	
Student Activity Fund Report (Required by Idaho Code 33-705)	17

**DISCUSSION**

Review Institution/Agency Agenda items. Include all items in the following motion or move nonroutine items to a separate motion.

**IMPACT**

Impact as stated on individual issue description.

**BOARD ACTION**

A motion to approve the Institution/Agency Agendas as presented on pages 5-18 for Boise State University, University of Idaho, College of Southern Idaho, and Idaho School for the Deaf and the Blind.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried: Yes \_\_\_\_\_ No \_\_\_\_\_

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**INSTITUTION/AGENCY AGENDA**  
**BOISE STATE UNIVERSITY**

**5.0 PHYSICAL PLANT**

**5.1 APPROVAL OF PROJECTS AND/OR ARCHITECTS**

**5.1.1 BOISE STATE UNIVERSITY STUDENT HOUSING EXPANSION**

**SUBJECT**

Request approval of the project scope and budget.

**BACKGROUND**

During fiscal year 2000-2001, the University conducted feasibility planning for future housing. The firm of Brailsford & Dunlavey was selected to assist the University in the process. Extensive market research, a student survey, and housing demand study (both on campus and in the Boise area) were conducted.

Ref. September '01 Agenda - 8.0.1 Informational Item  
Boise State University Student Housing Expansion

The University currently houses 888 undergraduate students in residence halls and 292 in apartments. The University is at full occupancy and is using overflow housing with waiting lists in the residence halls. In addition, more than 85 individuals are on the waiting list for apartments.

**DISCUSSION**

Studies were conducted for feasibility, market condition, various financing options, and site planning. These studies have resulted in the development of a Housing Master Plan. The plan initially calls for a project to enhance an existing campus neighborhood in order to incorporate integrated living and learning spaces with residence life offices. It is the intent of the institution to provide adequate housing facilities at below market cost to students.

The preliminary planning estimate of maximum cost for this project is \$36 million, contingent upon actual enrollment. This estimate has been developed as a part of the conceptual design and financial planning process for the project. The project budget incorporates funding for new student housing (in the vicinity of Driscoll and Morrison Halls), demolition and replacement of University Courts apartments, and related property acquisition. (A facilities assessment was conducted by Hutchinson Smith & Associates, which indicated that the University Courts apartments should be demolished.) The project will add up to 460 beds and will include associated academic space improvements.

**FISCAL IMPACT**

The project will be funded through student fee revenue bonds with pledged revenue only from room and apartment rental. No appropriated funds and no student activity fees will be utilized.

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**INSTITUTION/AGENCY AGENDA**  
**BOISE STATE UNIVERSITY continued**

**5.10 ITEMS NOT COVERED IN OTHER SECTIONS**  
**5.10.1 INFORMATION ITEM**

**SUBJECT**

Boise State University Energy Conservation Proposal

**BACKGROUND**

In the context of recent energy cost increases, coupled with budget holdbacks, Boise State has developed an ongoing energy conservation program to minimize the adverse impact of budget reduction's on students, faculty and staff. A campus-wide committee has proposed the implementation of a four-day academic calendar for summer 2002 session. Classes will be scheduled Monday through Thursday with consolidation of classes into the minimum number of buildings. In addition, it is proposed that the institution implement a flexible, revised workweek for summer 2002 (May 20-August 16) with office hours from 7:00 a.m. – 5:00 p.m., Monday through Thursday and 7:00 a.m. – 11:30 a.m. on Friday. Employees, through their superiors, will have the flexibility to work 40 hours within the established office hours; that is, employees will work nine hours each day, Monday through Thursday, and four hours on Friday. (RE: pages 8-10, Memo from Boise State Provost, Daryl Jones, to all University employees.)

**IMPACT**

A four-day academic calendar has been developed and will be able to meet the academic demands of students. The reduction of evening classes and commitments, along with the closing of offices at 11:30 a.m. on Fridays and other changes, will generate significant energy savings while continuing to serve the institution's constituencies.

**FISCAL IMPACT**

This action will generate annual savings of at least \$125,000 in energy costs.

**BOARD ACTION**

None Required

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
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**INSTITUTION/AGENCY AGENDA**  
**BOISE STATE UNIVERSITY continued**

**5.10.1 INFORMATION ITEM**

October 17, 2001

TO: All Faculty and Staff

FROM: Daryl Jones  
Provost and Vice President for Academic Affairs  
Boise State University

SUBJECT: Energy Conservation Proposals

In the context of the recent budget holdback and the possibility of additional budget reductions, energy conservation affords one means of reducing costs and thereby minimizing the adverse impacts of budget reductions on students, faculty, and staff.

As a follow-up to a discussion by the President's Cabinet, a committee comprised of representatives from all employee groups met recently and developed the following proposals for conserving energy and reducing costs. Implementation of these proposals can result in substantial savings over time.

Please review these proposals and forward your comments or suggestions to your representative (Faculty—Alex Feldman; Professional Staff—Kimber Shaw; Classified Staff—Rita Nuxoll) by Wednesday, October 24. After reviewing your input, the committee will forward its recommendations to President Ruch.

Energy conservation proposals for Summer 2002 and for year round are as follows:

**Summer 2002**

1. Implement a four-day academic calendar for the Summer 2002 session; that is, schedule classes Monday through Thursday only (a few exceptions will be made for evening or weekend workshops) and consolidate classes in the minimum number of buildings. Also, consolidate the number of general purpose computer laboratories open in the summer.
2. Implement a flexible, revised work week for Summer 2002 (May 20-August 16), as follows:

Monday-Thursday 7:00 a.m.—5:00 p.m., with “core hours” (hours that employees are required to be at work) from 7:30 a.m.—4:30 p.m.\*  
*Friday-7:00 a.m.—11:30 a.m.\*\**



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**INSTITUTION/AGENCY AGENDA**  
**BOISE STATE UNIVERSITY continued**

All Faculty and Staff

Page Two

October 17, 2001

- 5 Of the ten-hour daily schedule on Mondays through Thursdays, classified employees are expected to work nine hours each day, with either a half-hour or one-hour lunch period and with arrival as late as 7:30 a.m. or departure as early as 4:30 p.m., with supervisor's approval. For example, an employee may arrive at 7:00 a.m. and depart at 5:00 p.m., including a one-hour lunch period. Or, alternatively, an employee may arrive at 7:30 a.m. and depart at 5:00 p.m., with a half-hour lunch period. Or, an employee may arrive at 7:00 a.m. and depart at 4:30 p.m., with a half-hour lunch period. In any case, a minimum of a half-hour lunch period is mandatory, and it is expected that the schedule will be fixed and not change from day to day. Supervisor's approval is required, and supervisors are responsible for designating appropriate work schedules for their department.

\*\* For the Friday work schedule, classified staff are expected to work four hours. That is, an employee may arrive at 7:00 a.m. and depart at 11:00 a.m., or arrive at 7:30 a.m. and depart at 11:30 a.m. Supervisor's approval is required for any schedule.

Other Provisions:

- The flexible, revised schedule for Summer 2002 does not apply to those employees deemed "essential personnel" or to employees in other selected units, to be determined.
- Professional staff are expected to ensure, as usual, that offices are staffed during the university's open hours.
- Other exemptions from the official hours require approval by the appropriate vice president.
- The revised Summer hours apply to the Canyon County Center as well as to the Boise campus.
- Auxiliary units (e.g. Student Union, Pavilion, etc.) are exempted from these hours, since they cannot compromise revenue generation. These units are expected to develop energy conservation measures and balance these goals in their schedules and service practices.
- The Albertsons Library will develop revised Summer hours that conserve energy while accommodating academic needs and student demand in accord with the university's revised Summer hours.
- Buildings will not be air conditioned beyond the university's open hours, although certain laboratories and research facilities will be conditioned as required.

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
NOVEMBER 14-15, 2001**

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**INSTITUTION/AGENCY AGENDA  
BOISE STATE UNIVERSITY continued**

All Faculty and Staff  
Page Three  
October 17, 2001

**Year Round**

1. Consolidate evening and weekend classes in the minimum number of buildings.
2. Effective ASAP, trim heating/cooling of buildings by 45 minutes at the beginning or end of each day, where possible.

Please keep in mind that enhancing energy conservation is an ongoing process. We will be reviewing any new policies that are adopted, as well as trying to find more areas where we can conserve energy.

Please forward comments or suggestions to your representative by October 24. Thank you.

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
NOVEMBER 14-15, 2001**

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**INSTITUTION / AGENCY AGENDA  
UNIVERSITY OF IDAHO**

**4.0 BUSINESS AFFAIRS AND HUMAN RESOURCES**

**4.1 BUDGET AND BUDGET TRANSFERS**

**4.1.1 FY2001 CARRYOVER FUNDS**

**SUBJECT**

Request approval to spend carryover funds from FY01.

**BACKGROUND**

Board Policy requires that all carryover funds be used for nonrecurring expenses including the completion of multi-year grants, projects and programs.

**DISCUSSION**

Similar to the FY02 operating budgets, the application of FY01 carryover funds will be guided by the institution's strategic plan.

**FISCAL IMPACT**

**General Education**

The sources of funds carried over are: State General Account \$33; Miscellaneous Receipts to the Appropriation \$8,030,232 (includes \$18,201 excess receipts from FY01); Matriculation Fees \$147,164; and Land Grant Endowments \$19,583.

Encumbered Funds as of 6/30/2001	\$388,266
Purchase orders issued and commitments made, but goods or services not received as of 6/30/2001.	
Unencumbered Funds as of 6/30/2001	\$7,808,745
HERC Grants and Projects	\$794,177
Technology Incentive Grants	\$311,822
Other carryover funds:	
Libraries	\$452,443
Research Programs	\$615,308
Information Technology	\$712,080
Other Academic Departments	\$4,390,439
Other Institutional Support	\$350,021
Capital Projects – continuing	\$182,455

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**NOVEMBER 14-15, 2001**

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**INSTITUTION / AGENCY AGENDA**  
**UNIVERSITY OF IDAHO continued**

**Agricultural Research and Extension Service**

The sources of funds carried over are: State General Account \$7,955; Miscellaneous Receipts to the Appropriation \$90,397 (includes Equine funds); and Federal Formula Funds

(Hatch/Regional Research/Smith-Lever) \$2,337,384 (includes \$21,001 excess receipts from FY01).

Encumbered Funds as of 6/30/2001	\$986,845
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Purchase orders issued and commitments made, but  
goods or services not received as of 6/30/2001.

Other Carryover Funds as of 6/30/2001	\$1,448,891
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Start-up funding	\$273,700
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Information Technology Enhancements	\$56,000
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Other departmental carryover, includes previously allocated start-up funding and recruitment funds for vacant faculty.	\$1,119,191
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**UI Special Programs**

WWAMI Medical Education: Funds carried over for one-time expenses in FY02 are \$4,420 of State General Account and \$118,268 of Miscellaneous Receipts.

Idaho Geological Survey: Funds carried over for one-time expenses in FY02 are \$2,230 of State General Account.

Forest Utilization Research: Funds carried over for one-time expenses in FY02 are \$18,724 of State General Account.

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
NOVEMBER 14-15, 2001**

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**INSTITUTION/AGENCY AGENDA  
UNIVERSITY OF IDAHO continued**

**4.8 CONTRACTS FOR SERVICES/AGREEMENTS/AUTHORIZATIONS**

**4.8.1 \$1,125,000 COMMERCIAL LOAN WITH WELLS FARGO BANK, N.A.**

**SUBJECT**

Request approval for a commercial loan agreement effective November 15, 2001. The amount of the loan will not exceed \$1,125,000. The loan will be with Wells Fargo Bank, N.A. (the "Bank"), which currently provides banking services for the University. The interest rate will not exceed 6.5% per annum, with a thirteen-year amortization and balloon payment in five years, at which time the Bank may reset the terms.

**BACKGROUND**

A capital project to design and construct a multi-tenant facility at the UI Post Falls Research Park was originally authorized by the Regents with the FY2000 Capital Improvement Plan. A HUD grant provided funding for initial construction of the building shell and associated site preparation and infrastructure. In April 2000, approval was given to proceed with the second phase of construction to include a 10,000 gross square foot addition to the existing structure, completion of finish work for office and conference spaces, and completion of a portion of the tenant improvements. This phase of work is funded by a grant from the Economic Development Administration (EDA). In June 2001, additional authorization was given to enable finish work to be completed for the entire building interior, since demand for tenant spaces in the facility has grown during the development period. The funding source identified for this final scope of work was debt financing supported by business tenant and research facility rents.

**DISCUSSION**

Loan documents are being prepared and will be reviewed by staff and will be in final form prior to the meeting.

**FISCAL IMPACT**

Repayments of the loan will be made from rental revenues from the facility and other local fund sources. Financing will be either at a tax-exempt (5.1%) or taxable rate (6.5%) depending on the qualification of allowable facility usage by the University. The loan will be amortized over a 13-year period and will be reviewed at the end of 5 years. At the end of five years, the University and Wells Fargo will negotiate a new interest rate or pay off the loan.

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**INSTITUTION/AGENCY AGENDA  
COLLEGE OF SOUTHERN IDAHO**

**SUBJECT**

Request approval of revised project budget – Fine Arts addition.

**BACKGROUND**

The College of Southern Idaho initially received \$150,000 in planning money from the State Permanent Building Fund (PBF) in FY1999. In FY2002, the PBF provided \$4,300,000 completing four years of State funding, totaling \$6,250,000 for this project. The addition includes a drama theatre, classrooms, bathrooms, offices, and lobby space.

**DISCUSSION**

Current cost estimates by the construction manager indicates a project budget of \$6,259,000. The additional \$1,009,000 will come from institutional funds.

**IMPACT**

Approval of the revised project budget will complete the Fine Arts addition.

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**INSTITUTION/AGENCY AGENDA  
IDAHO SCHOOL FOR THE DEAF AND THE BLIND**

**4.0 BUSINESS AFFAIRS AND HUMAN RESOURCES**

**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. (RE: Page 18)

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**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
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STUDENT ACTIVITY FUNDS AS OF OCTOBER 22, 2001. BELOW LISTING OF STUDENT ACTIVITY FUNDS IS A REPORT SUBMITTED TO STATE BOARD OF EDUCATION IN ACCORDANCE WITH IDAHO CODE 33-705.

	BAL-10/01/01	BAL-10/22/01	INC/(DEC)
SALES TAX	116.14	68.40	47.74
ATHLETICS	7,348.39	7,314.03	34.36
WSBC	4,401.90	4,401.90	0.00
ATHLETIC APPAREL	366.47	366.47	0.00
GIRLS SOCCER FUND	292.04	292.04	0.00
CHEERLEADING	415.37	415.37	0.00
M.S. CHEERLEADING	70.00	70.00	0.00
CLASS OF 2002	364.33	364.33	0.00
CLASS OF 2003	866.43	866.43	0.00
CLASS OF 2004	145.05	151.05	-6.00
CLASS OF 2005	40.00	40.00	0.00
MAINT. BREAK ROOM	150.97	177.52	-26.55
COTTAGE FUND	313.07	313.07	0.00
ELEM ACTIVITIES	61.65	61.65	0.00
PARENTS ADVISORY COM	168.61	168.61	0.00
M.S. STUDENT COUNCIL	555.74	50.03	505.71 *
H.S. STUDENT COUNCIL	812.12	812.12	0.00
JOURNALISM	584.98	584.98	0.00
ED STAFF POP MACHINE	961.02	1,001.47	-40.45
HEALTH & WELLNESS	235.00	515.00	-280.00
STUDENT ACT. FUND	5,437.60	5,554.84	-117.24
WORK EXPERIENCE	67.17	67.17	0.00
RAPTOR JAVA (NEW)	334.48	373.09	-38.61
STUDENT BOOK CLUB	186.86	533.82	-346.96 **
ACCELERATED READER	69.22	69.22	0.00
DRAMA FUND	36.92	36.92	0.00
ADVENTURERS	116.09	116.09	0.00
SUMMER DEAF CAMP	4,539.41	4,539.41	0.00
ART FUND	276.52	276.52	0.00
YEARBOOKS	1,863.32	1,863.32	0.00
LIONS WINTER CAMP	2.17	2.17	0.00
HRG AID MOLD & REPAIRS	240.00	41.09	198.91
HA GIFT F/HRG CM TCH	68.58	68.58	0.00
PERSONAL STUDENT ACCT	985.58	961.90	23.68
STUDENT AID	<u>1,337.05</u>	<u>1,327.15</u>	<u>9.90</u>
TOTALS	\$33,830.25	\$33,865.76	-\$35.51

\*PMT TO RED CROSS

\*\*BOOK FAIR SALES

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**NOVEMBER 14-15, 2001**

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**ACTION ITEM**

**SUBJECT**

First Reading: Board Governing Policies and Procedures, Section V. Fiscal.

**BACKGROUND**

The Board had maintained both policies and rules in the area of finance. During the past legislative session, the Board successfully requested that the administrative rules on finance be repealed, thus allowing the Board to govern financial matters by policy rather than rule. The repeal of the rules was effective on July 1, 2001, with the Board approving policies in the Finance sections F, I, K, and N in June 2001.

**DISCUSSION**

The bulk of the proposed changes are to reflect current descriptions of funds and offices, to realign sections to proper areas, and to consistently use title references. On page 27, it is recommended to delegate budget transfers and revisions to the chief executive officers. Also on page 27, the definition of Auxiliary Enterprises is changed to reflect the current definition. The campus security section, page 55, was changed to include the School for the Deaf and the Blind. Section V.S., page 73, could be revised based on the conclusion of the equity study.

**IMPACT**

When the rules were replaced with policies, the Board increased the delegation limits, which created a more efficient way of doing business. The current proposed changes provide limited delegation but “cleans-up” the policies to practices.

**COMMENTS**

Review the policies and, if acceptable, approve the policies for second reading.

**BOARD ACTION**

To approve for second reading the fiscal section of the Business Affairs and Human Resources policy as presented in TAB 3.

Moved by\_\_\_\_\_ Seconded by\_\_\_\_\_ Carried: Yes\_\_\_\_\_ No\_\_\_\_\_

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# Idaho State Board of Education

## GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: A. General Authority, Responsibilities, and Definitions

Published July 2001

### V. Financial Affairs

#### ~~A.~~ General Authority, Responsibilities, and Definitions

##### 1. Scope of Section

With the exception of the State Department of Education, each agency, institution, school, office, and department (hereinafter "agencies and institutions") under the governance of the State Board of Education and Board of Regents of the University of Idaho hereinafter the "Board" Board must conduct all of its financial and related affairs as provided in this section ~~and in the State Board of Education Rule Manual~~. The policies and procedures outlined here are to complement and not to supplant the state auditor's fiscal manual.

##### 2. General Policy

It is the policy of the State Board of Education and Board of Regents of the University of Idaho to cooperate fully in fiscal matters with the Idaho Legislature, the Office of the Governor, Office of the State Auditor, the State Board of Examiners, and the Division of Financial Management.

The Board also has specific constitutional status and powers as the Board of Regents of the University of Idaho, which it has a legal duty to maintain in its governance of the University of Idaho. (See Article IX, Section 10, Idaho Constitution; Standard Appropriations Act of 1945, Section 67-3601 *et seq.*, Idaho Code; Sections 67-3516 and 67-3523, Idaho Code, Sections 67-3511 and 67-3512, Idaho Code, and Chapters 10 and 11, Title 67, Idaho Code.)

##### 3. Definitions

For the purposes of this section, the following definitions apply:

###### a. Account

An account is a financial record into which are posted all transactions relating to the specific asset, liability, fund balance, revenue, expenditure, or budgetary item identified in the account title.

###### b. Allotment

An allotment is a plan for expenditure of appropriated funds during a fiscal year which is required by and subject to the approval by the Division of Financial Management and the State Board of Examiners.

###### c. Appropriation

An appropriation is an authorization to expend granted by a legislative body. Funds may be appropriated in a lump sum, by program, by fund, or by standard class. An

## Idaho State Board of Education

### GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: A. General Authority, Responsibilities, and Definitions

Published July 2001

appropriation is limited in amount and lapses after a specified time period (usually a fiscal year).

d. Encumbrances

Encumbrances are obligations in the form of purchase orders or requisitions, contracts, or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligation is paid, and thus expensed or otherwise removed.

e. Expenses

Expenses are obligations incurred and paid for operation, maintenance, interest, and other charges against current fiscal year appropriations.

f. Fiscal Year

A fiscal year is an accounting period, usually of twelve (12) months' duration, which may begin and end other than with the calendar year. The State of Idaho fiscal year begins July 1 of each calendar year and ends June 30 of the following year.

g. Fund

A fund is a separate fiscal and accounting entity with a self-balancing set of accounts recording cash or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

h. Miscellaneous Receipts

Miscellaneous receipts are revenues accruing to the institutions or agencies that are:

(1) In addition to State General Account appropriations, and

(2) Designated by the Board to be included as part of the total spending authority for each institution or agency. All such receipts are to be reported either in the ~~Transfer and Receipts Account (1106)~~ Unrestricted Current Fund (0650-00) or in the ~~Institutional Maintenance Account~~ Restricted Current Fund (1299 0660-00) -- College and Universities only).

(a) Included in the ~~Transfer and Receipts Account~~ Unrestricted Current Fund are revenues from such sources as nonresident tuition, graduate student fees, and general education fees.

(b) Included in the ~~Institutional Maintenance Account~~ Restricted Current Fund are revenues from the matriculation and vocational education fees. Expenditures from this account may be made only for noninstructional

## Idaho State Board of Education

### GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: A. General Authority, Responsibilities, and Definitions

Published July 2001

activities of the institution which include maintenance and operation of the physical plant, student services and institutional support.

(c) Typically not included as miscellaneous receipts are such revenues as fees and charges made by auxiliary services and local services, gifts, grants, contracts, agency funds, and miscellaneous fees and income dedicated by the Board for specific purposes.

#### i. Modified Accrual Basis

The modified accrual basis is a basis of accounting under which expenditures are recorded either at the time obligations are incurred in the form of encumbrances or when payment is made. Revenues should be recorded in the accounting period in which they become available and measurable.

#### j. Revenues

Revenues are additions to assets which:

- (1) do not increase any liability,
- (2) do not represent the recovery of an expenditure,
- (3) do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets, and
- (4) do not represent contributions of fund capital in enterprise and intragovernmental service funds.

### 5. Fiscal Identification Codes

For fiscal purposes, each agency and institution is identified by a numerical agency code issued by the state auditor. There is also maintained a more detailed set of codes for each agency and institution which must be used on all financial transactions. The agency code number and the detailed code identifiers may be changed only with prior approval by the executive director of the Office of the State Board of Education or his or her official designee and other specified state officials. (Any such change for the State Department of Education is approved instead by the state superintendent of public instruction or his or her official designee, as well as other designated state personnel.)

### 6. General Financial Responsibilities of the Office of the State Board of Education -- Statutory Authority

In accordance with Section 33-102A, Idaho Code, the Board vests its fiscal responsibilities in the Office of the State Board of Education (hereinafter "office") for purposes of coordinating fiscal activities and implementing this section and other fiscal policies and procedures approved by the Board.

## Idaho State Board of Education

### GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: A. General Authority, Responsibilities, and Definitions

Published July 2001

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a. Coordination and Data Collection

The office functions in a coordinating and data-collecting capacity. It has primary responsibility for developing budgetary and fiscal information the Board may use to set policies and making recommendations to be considered by the State Board. The office will, whenever possible, consult with and solicit comments and recommendations from the institutions and agencies affected.

b. Provision of Budgetary Information to the Division of Financial Management and the Legislative ~~Budget Office~~ Services Office – Budget and Policy Analysis.

(1) The office is generally responsible for providing budgetary information at the request of the Board, the Division of Financial Management, or the Legislative ~~Budget Office~~ Services Office – Budget and Policy Analysis.

(2) The office, when relying upon institutional and agency personnel for such data, designates the appropriate format for reporting such information.

(3) When the Division of Financial Management, the Legislative ~~Budget Office~~ Services Office – Budget and Policy Analysis, or ~~-an individual legislator or legislative committee makes a request -for~~ information from an institution or agency, a copy of the institution or agency's response must be provided to the office.

c. Institutional and Agency Management Prerogatives

A responsibility of the office is to assure the Board that its policies and procedures are being properly implemented by the institutions and agencies. However, in performing this responsibility, the office should not intervene directly in the internal institutional or agency management responsibilities.

d. Assistance and Counsel

The office provides assistance and counsel on fiscal matters to institutions and agencies as necessary or when such assistance and counsel is requested.

#### 7. Responsibility for Implementation of Board Financial Decisions

The chief executive officer of each agency and institution is responsible for establishing and administering detailed procedures for implementation of Board financial decisions, allocations, policies, and procedures.



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### ~~B.~~Budget Policies

#### 1. Budget Requests

For purposes of this subsection, the ~~junior~~-community colleges, the State Historical Society, and the State Library are included.

##### a. Submission of Budget Recommendations

The Board is responsible for submission of budget recommendations for the institutions and agencies under its governance to the executive and legislative branches of government. Only those budget requests which have been formally approved by the Board will be submitted by the office to the executive and legislative branches.

##### b. Direction by the Office of the State Board of Education

The preparation of all annual budget requests is to be directed by the Office of the State Board of Education which designates forms to be used in the process. The procedures for the preparation and submission of budget requests applies to operational and capital improvements budgets.

##### c. Preparation and Submission of Annual Budget Requests

Annual budget requests to be submitted to the Board by the agencies and institutions under Board governance are due in the Office of the State Board of Education on the date established by the executive director of the Board.

##### d. Presentation to the Board

~~Annual~~ Budget requests are formally presented to the ~~Finance~~designated Committee, ~~after consultation with the Program Committee, by the chief executive officer of each institution or agency or his/her designee. The designated committee will review the requests and provide recommendations to the Board for their action.~~ for review and recommendation before Board action each year, by the chief executive officer or his or her designee of each agency or institution, at a time established by the committee.

#### ~~2. Allocation of Lump-Sum Appropriations — Colleges and Universities~~

~~The Board will approve the allocation of the lump-sum General Account appropriation to colleges and universities. The Board's executive director has authority to approve technical adjustments to the distribution.~~

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**2. Budget Requests and Expenditure Authority**

- a. Budget requests must include projected miscellaneous receipts ~~student fee revenue~~ based on the enrollment of the fiscal year just completed (e.g., the FY ~~1986~~2003 budget request, prepared in the summer of ~~1984~~2001, projected miscellaneous receipts revenue based on academic year ~~1984~~2001 enrollments which ended with the Spring ~~1984~~2001 semester).
- b. Approval by the executive director, as authorized, ~~in Subsection V.B.2,~~ for all increases and decreases of spending authority caused by changes in miscellaneous receipts ~~student revenue~~ is required.
- c. Miscellaneous receipts collected by an institution will not be allocated to another institution. The lump sum appropriation will not be affected by changes in receipts.

**3. Operating Budgets (Appropriated)**

a. Availability of Appropriated Funds

- (1) Funds appropriated by the legislature from the State General Account for the operation of the agencies and institutions (exclusive of funds for construction appropriated to the Permanent Building Fund) become available at the beginning of the fiscal year following the session of the legislature during which the funds are appropriated, except when appropriation legislation contains an emergency clause.
- (2) These funds are generally allotted on a semiannual basis ~~and-or~~ are disbursed on submission of expenditure vouchers to the Office of the State Auditor.

b. Approval of Operating Budgets

- (1) The appropriated funds operating budgets for the agencies and institutions under Board supervision are based on a fiscal year, beginning July 1 and ending on June 30 next following.
- (2) During the spring of each year, the chief executive officer of each agency or institution prepares an operating budget for the next fiscal year based upon guidelines adopted by the Board. Each budget is then submitted to the Board in a summary format prescribed by the executive director of the Board for review and formal approval before the beginning of the fiscal year.

~~(3) Cost Estimates for Program Proposals~~

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~~Except for inflationary adjustments, agencies and institutions may not allocate operating funds which are in excess of the amount reported in program proposals approved pursuant to Section III, Subsection G, 4., without prior Board approval.~~

### c. Budget Transfers and Revisions

#### (1) Chief Executive Officer Approval

The chief executive officer of each agency, institution, school, office, or department is responsible for approving all budget transfers ~~except:~~

~~(a) Revisions of the Board approved operating budget which exceed 5.0 percent (cumulative annually) of the affected budget category, which must be approved by the Board.~~

~~(b) Revisions of operating budgets caused by increases in estimated income, which must be approved by the Board.~~

~~(c) Significant shortfalls in estimated income, which must be reported to the Board.~~

#### ~~(2) Emergency Approvals~~

~~The executive director is authorized to consider and approve an emergency revision of the budget on request of an agency or institution. The agency or institution must report such emergency approval at the next Board meeting. Emergency revisions to the State Department of Education budget may be approved by the superintendent of public instruction.~~

#### (3) Allotment and Allotment Transfers

Requests for allotments or changes in allotments are submitted by the agency or institution to the administrator of the Division of Financial Management and copies provided concurrently to the Office of the State Board of Education. (Refer to allotment form in the Fiscal Reference Manual of the Division of Financial Management)

## 4. Operating Budgets (Nonappropriated -- Auxiliary Enterprises)

### a. Auxiliary Enterprises Defined

~~An auxiliary enterprise is an operation conducted to furnish goods or services to students, faculty, or staff, which charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The public may be served incidentally by auxiliary enterprises. The distinguishing characteristic of auxiliary enterprises is that they are managed as essentially self-supporting activities.~~

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An auxiliary enterprise directly or indirectly provides a service to students, faculty, or staff and charges a fee related to but not necessarily equal to the cost of services. The distinguishing characteristic of most auxiliary enterprises is that they are managed essentially as self-supporting activities, whose services are provided primarily to individuals in the institutional community rather than to departments of the institution, although a portion of student fees or other support is sometimes allocated to them. Auxiliary enterprises should contribute and relate directly to the mission, goals, and objectives of the college or university. Intercollegiate athletics and student health services should be included in the category of auxiliary enterprises if the activities are essentially self-supporting.

### ~~b. Board-Designated Auxiliary Enterprises~~

All operating costs, including personnel, utilities, maintenance, etc., for ~~the following~~ auxiliary enterprises are to be paid out of income from fees, charges, and sales of goods or services. No state appropriated funds may be allocated to cover any portion of the operating costs. However, rental charges for uses of the facilities or services provided by ~~the following~~ auxiliary enterprises may be assessed to departments or programs supported by state-appropriated funds based on criteria acceptable to the Board:

- ~~(1) Student housing~~
- ~~(2) Campus store or bookstore~~
- ~~(3) Associated students organization~~
- ~~(4) Student health services~~
- ~~(5) Stadium or athletic facilities~~
- ~~(6) Student union building~~
- ~~(7) Cafeteria and food service~~

### ~~c. Intercollegiate Athletics~~

~~(1) All institution-sponsored, or institution-authorized athletic activities, programs, and services which use facilities or employees of the institution are managed as integral activities of the institution.~~

~~(2) Normal institutional policies and practices are used in the employment of personnel, use of facilities, and accounting for all expenditures and receipts.~~

~~(3) The Board prohibits any appropriated fund support for intercollegiate athletics, other than personnel costs, unless specified by the Board. (See Board Policy III-T-2.)~~

### ~~d. Operating Budgets~~

~~The fiscal year operating budgets for auxiliary enterprises must be submitted to the Board for review after approval by the chief executive officer of each institution~~

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~~before the beginning of each fiscal year. The budgets should indicate the beginning balance and projected ending balance of all reserve accounts.~~

~~eb. Budget Status Reports~~Operating Budgets

~~(1) Not later than the September Board meeting, each institution must submit to the Board a budget status report for auxiliary enterprises for the preceding fiscal year in a format prescribed by the executive director. Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.~~

(2) All proposed expenditures from accumulated operating reserves in excess of ~~\$5,000~~\$50,000 above that initially approved by the chief executive officer must be reported to the Board.

**5. Operating Budgets (Nonappropriated -- Local Service Operations)**

a. Local Service Operations Defined

Local service operations provide a specific type of service to various institutional entities and are supported by charges for such services to the user. Such a service might be purchased from commercial sources, but for reasons of convenience, cost, or control, is provided more effectively through a unit of the institution. Examples are mailing services, duplicating services, office machine maintenance, motor pools, and central stores.

b. The policies and practices used for appropriated funds are used in the employment of personnel, use of facilities, and accounting for all expenditures and receipts.

c. Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.

**6. Operating Budgets (Nonappropriated -- Other)**

~~a. The policies and practices used for appropriated funds are used in the employment of personnel, use of facilities, and accounting for all expenditures and receipts.~~

~~b. Reports of revenues and expenditures must be presented submitted to the State Board of Education at the request of the Board.~~

**~~67. Operating Budgets (Nonappropriated -- Agency Funds)~~**

a. Agency funds are assets received and held by an institution or agency, as custodian or fiscal agent for other individuals or organizations, but over which the institution or agency exercises no fiscal control.

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- b. Agency funds may be expended for any legal purpose prescribed by the individual or organization depositing the funds with the institution or agency following established institutional disbursement procedures.

~~7. Operating Budgets (Nonappropriated—Other)~~

- ~~a. The policies and practices used for appropriated funds are used in the employment of personnel, use of facilities, and accounting for all expenditures and receipts.~~
- ~~b. Reports of revenues and expenditures must be presented to the State Board of Education at the request of the Board.~~

**87. Major Capital Improvement Project -- Budget Requests**

For purposes of this subsection, the community colleges, the State Historical Society, and the State Library are included.

a. Definition

A major capital improvement is defined as the acquisition of an existing building, construction of a new building or an addition to an existing building, or a major renovation of an existing building. A major renovation provides for a substantial change to a building. The change may include a remodeled wing or floor of a building, or the remodeling of the majority of the building's net assignable square feet. An extensive upgrade of one (1) or more of the major building systems is generally considered to be a major renovation.

b. Preparation and Submission of Major Capital Improvement Requests

Board approval is required for all major capital improvement projects regardless of the funding source.

(1) Permanent Building Fund Requests

Requests for approval of major capital improvement projects to be funded from the Permanent Building Fund are to be submitted on a date and in a format established by the executive director of the Board. Only technical revisions may be made to the request for a given fiscal year after the Board has made its recommendation for that fiscal year. Technical revisions must be made prior to November 1.

(2) Other Requests

Requests for approval of major capital improvement projects from other fund sources are to be submitted in a format established by the executive director of the Board ~~not less than 30 days prior to the Board meeting at which Board approval will be requested.~~ Substantive and fiscal revisions to a requested project are

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resubmitted to the Board for approval. This subsection shall not apply to the community colleges.

**c. Approval by the Board**

Requests for approval of major capital improvement projects ~~are formally considered by the Finance Committee for review and recommendation prior to~~ must be submitted for Board action. Major capital improvement projects, which are approved by the Board and for which funds from the Permanent Building Fund are requested, are placed in priority order prior to the submission of major capital budget requests to the Division of Public Works.

**d. Submission of Approved Major Capital Budget Requests**

The Board is responsible for the submission of major capital budget requests for the institutions and agencies under this subsection to the Division of Public Works. Only those budget requests which have been formally approved by the Board will be submitted by the office to the executive and legislative branches.

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**Subsection: C. Spending Authority**

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~~C.~~Spending Authority

**1. Monies Subject to Appropriation**

**a. Legal Spending Authority Required**

- (1) No agency or institution may expend, encumber, or otherwise use monies subject to appropriation without a specific appropriation or other spending authority under Idaho law (hereinafter "spending authority").
- (2) No agency or institution may expend, encumber, or otherwise use monies other than for the purposes and in the amounts authorized pursuant to the spending authority.
- (3) Any expenditure, encumbrance, or other use of monies without spending authority, in excess of the spending authority, or contrary to the purposes authorized by the spending authority, is void.
- (4) Each agency and institution is responsible for determining that spending authority exists to expend, encumber, or otherwise use monies under its control.
- (5) Any person expending, encumbering, or otherwise using such monies other than pursuant to spending authority is subject to statutory penalties and disciplinary action. (*See, for example*, Sections 18-5701, 18-5702, and 59-1013, Idaho Code.)

**b. General Account and Special Accounts.**

- (1) All General Account monies are subject to annual or continuing appropriations by the Idaho Legislature.
- (2) Certain special account monies, such as direct federal appropriations, state endowment income and trust accounts, and miscellaneous receipts, are the subject of continuing or perpetual spending authority. (*See, for example*, Sections 67-3608 and 67-3611, Idaho Code (miscellaneous receipts); Section 67-3607 and Section 33-3301 *et seq.*, Sections 33-2909 and 33-2910, Sections 33-2913 and 33-2914, Sections 33-2911 and 33-2912, Sections 66-1106 and 66-1107, Idaho Code (state endowment income and trust accounts).)

**c. University of Idaho**

The University of Idaho and the Board of Regents of the University of Idaho may expend certain monies which are not General Account monies without the overall supervision and control of any other branch, department, office, or board of Idaho state government by virtue of their constitutional status and unique standing under federal or state law. (*See, for example*, *State ex rel. Black v. State Board of Education*, 33 Idaho 415 (1921).)



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**d. Board Authorization Always Required**

Irrespective of any other spending authority, agencies and institutions under the governance of the Board must not expend, encumber, or otherwise use monies under their direct control without the specific or general approval by the State Board of Education or the Board of Regents of the University of Idaho and only in such amounts and for such purposes as are so authorized.

**e. Noncognizable Funds**

(1) Noncognizable funds are those funds not identified at the time of appropriations to the agencies and institutions. Noncognizable funds are generally those not reasonably foreseeable by the agency or institution, or, if foreseeable in source, not reasonably foreseeable in amount. (Cognizable funds should be accurately reflected in projected budgets of agencies and institutions.)

(2) As a general rule, noncognizable funds may not be expended without the prior approval by the Administrator of the Division of Financial Management and the State Board of Examiners, pursuant to Section 67-3516(2), Idaho Code.

(3) Under certain circumstances, the University of Idaho and the Board of Regents of the University of Idaho may expend noncognizable funds without prior approval by the Administrator of the Division of Financial Management or State Board of Examiners. However, Board approval is always necessary to expend noncognizable funds.

**2. Monies Not Subject to Appropriation**

a. Monies under the direct control of agencies and institutions by virtue of auxiliary enterprises, local service operations, federal, state, and private gifts, and grants and contracts, may be expended in such amounts and for such purposes as authorized by the Board without express legislative spending authority.

b. Agency funds may be expended in accordance with the provision and controls of the depositor and are not subject to Board authorization.

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Subsection: D. Fiscal Officer, Banking, and Investments

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~~D.~~Fiscal Officers, Banking, and Investments

### 1. Bursars

Each agency and institution must have a fiscal officer, titled "bursar," designated by the Board. The fiscal officer is primarily responsible for receipt and remittance of money and other evidence of indebtedness and for making reports on fiscal matters directly to the Board. The Board may, from time to time, fix additional duties for the fiscal officers and fix the amount of any performance bond. The financial vice president of each of the institutions of higher education serves as the chief fiscal officer and/or bursar of that institution.

### 2. Deposits

Each agency and institution must deposit with the state treasurer all money and other evidence of indebtedness received for or on account of the State of Idaho (Section 59-1014, Idaho Code). The University of Idaho may deposit money and other evidence of indebtedness belonging to the University of Idaho in financial institutions approved by the Board of Regents. (*Melgard V. Eagleson*, 31 Idaho 411 (1918).) Deposits with the state treasurer must be made daily when the amount is \$200 or more or weekly when the amount is less than \$200 in any 24-hour period. The depositor must take in exchange a receipt from the state treasurer (Section 59-1014, Idaho Code). The University of Idaho will make deposits at the intervals provided above. By resolution, the State Board of Examiners may authorize an agency or institution to make deposits with the state treasurer less frequently, but in no event less than once a month (Section 67-2025, Idaho Code). Prior approval by the Board is required if any financial institution other than the state treasurer is to receive deposits.

### 3. Treasurer for Non-State Monies

The Board may authorize the fiscal officer or other employee of any institution to act as treasurer for any organization or association of students or faculty at the institution and to collect, receive, deposit, and disburse money and other evidence of indebtedness on its behalf. (Section 67-2025, Idaho Code)

### 4. Local Depositories

Pending payment of money or other evidence of indebtedness to the state treasurer or to the person otherwise entitled to receive the same, an agency may deposit the same in a suitable bank or trust company in the State of Idaho, subject to the provisions of the public depository law, whether the money is owned by the State of Idaho or otherwise.

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**5. Security of Funds**

Any employee of any agency or institution under the governance of the Board having money or other evidence of indebtedness in his or her physical custody or administrative control must at all times see that it is safe and secure from loss or theft. A cash receipt should be generated and a reasonable effort made for immediate deposit of the funds with the state treasurer or a suitable financial institution.

**6. Misappropriation a Felony**

Any employee of the Board charged with receipt, safe-keeping, transfer, or disbursement of money or other evidence of indebtedness who willingly and wrongfully uses or keeps the same may be guilty of a felony under Sections 18-5701 and 18-5702, Idaho Code. (See also Section 59-1014, Idaho Code.)

**7. Investments**

- a. General Account funds may not be invested by the Board or any agency or institution under its governance.
- b. Permanent Endowment funds are invested by the Permanent Endowment Fund Investment Board.
- c. Other funds within the control of an agency or institution may be invested in FDIC passbook savings accounts, certificates of deposit, U. S. securities, federal funds repurchase agreements, reverse repurchase agreements, federal agency securities, large money market funds, bankers acceptances, corporate bonds of Aa grade or better, mortgage backed securities of Aa grade or better and commercial paper of prime or equivalent grade without prior Board approval. Authority to make investments in any other form requires prior Board approval. Such Board approval may be in the form of general authority to invest or reinvest cash, securities, and other assets obtained and becoming a part of foundation trusts such as the Consolidated Investment Trust of the University of Idaho. The Board requires an annual report on the Consolidated Investment Trust.

# Idaho State Board of Education

## GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: E. Gifts and Institutional Foundations

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### ~~E.~~ Gifts and Institutional Foundations

#### 1. Acceptance of Gifts

The Board may accept gifts, legacies, and devises (hereinafter "gifts") of real and personal property to the State of Idaho for the benefit of any agency or institution under its governance. Gifts worth more than \$10,000 must be accepted by the Board before the gift may be expended or otherwise used by the agency or institution. The chief executive officer of any agency or institution is authorized to receive, on behalf of the Board, gifts worth \$10,000 or less and of a routine nature. (Section 33-3714, Idaho Code.)

#### 2. Institutional Foundations

- a. Private support for public higher education is an accepted and firmly established practice throughout the United States. Tax-exempt foundations are one means of providing this valuable support to help public colleges and universities raise money through contributions.
- b. The ~~State Board of Education/Board of Regents of the University of Idaho, hereinafter referred to as the Board,~~ recognizes that foundations:
  - (1) provide an opportunity for private individuals and organizations to contribute to college and university programs with the assurance that the benefits of their gifts supplement, not supplant, state appropriations to the institutions;
  - (2) provide assurance to donors that their contributions will be distributed and utilized for specified purposes; and
  - (3) create an effective forum for alumni and community leaders to help strengthen the colleges and universities through participation in the solicitation, management, and distribution of private gifts to these institutions.
- c. The Board, aware of the value of tax exempt foundation to the well-being of our colleges and universities, adopts this policy with the following objectives:
  - (1) To preserve and encourage the operation of foundations associated with public colleges and universities in Idaho, and
  - (2) To ensure that foundations associated with Idaho public colleges and universities conduct their business in a responsible fashion, fulfilling their obligation to contributors, to those who benefit from their programs, and to the general public.

#### 3. Definition of Foundations

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Foundations are separate, legal entities, tax-exempt under Section 501(c) of the Internal Revenue Code of 1986, as amended, associated with a public college or university and established for the purpose of receiving, holding, and/or using funds from the private sector for charitable, scientific, cultural, educational, athletic, or related endeavors that support, enrich, and improve the institution. The institutions shall develop agreements, subject to Board approval, which define the relationship between the institutions and their related foundations. Technology transfer organizations, including the Idaho Research Foundation, are not subject to this policy.

**4. Accountability**

- a. The Board does not have direct control over such foundations. The Board does, however, have the responsibility to ensure that the institutions under its governance act responsibly and are accountable to the public and to the legislature. The Board also has the responsibility to protect the good names of the colleges and universities and ensure that activities conducted in their names are proper.
- b. The institutions may provide limited and reasonable support to such foundations, including but not limited to the cost of utilities, maintenance, and janitorial services, and all or part of the salary and related personnel costs of staff support, provided such support is authorized in the agreement referred to in Topic 3 above.
- c. The institutions shall ensure that foundations provide adequate insurance to cover their operations and the activities of their directors, officers, and employees. Foundations shall not operate on state property or on any property under the control of the Board unless liability insurance coverage in amounts of not less than statutorily prescribed minimums is in effect.

**5. Conflict of Interest**

Board members, administrative officers and officials and all other employees of the institutions and agencies are subject to the Board's conflict-of-interest policy as stated in Section I, Subsection G, of the Board's Governing Policies and Procedures and any other applicable laws or regulations.

**6. Financial and Auditing Procedures**

Agreements between the institutions and their foundations shall include the following provisions:

- a. The foundations shall maintain financial and accounting records in accordance with generally accepted accounting principles.
- b. The foundations shall be audited annually by a qualified firm of independent certified public accountants. The audit shall be conducted in accordance with generally

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accepted auditing standards. Copies of these audit reports shall be distributed to the presidents of the institutions and the Board.

- c. The audit reports shall contain the foundations' financial statements and the auditor's independent opinion regarding these financial statements. Donor anonymity shall be protected to the extent allowable by law.
- d. The foundations shall permit the institutions and the Board to inspect and audit foundation books and records at reasonable times in order to ensure compliance with applicable laws, regulations, and policies.

**7. Transfers from Foundations to Institutions**

- a. A formal procedure shall be established for institutions to accept gifts and donations transferred from the foundations. The institutions are not obligated to accept any gifts or donations from the foundations that are not consistent with the institutions' identified purposes and Board policies. In addition, the institutions shall not accept gifts or donations from the foundations if restrictive terms and conditions exist which do not comply with Board and institutional policies.
- b. A procedure shall be established to authorize transfers from the foundations to the institutions. All foundation transfers to the institutions shall be documented and reported annually to the presidents of the institutions and the Board. Where restrictions apply to transfers, the foundations shall be certain that the institutions have access to any relevant documentation concerning donor intent.
- c. Transfers of real property from the foundations to the institutions are subject to all approvals required by Board ~~rules and~~ policies for acceptance of gifts or real estate.

**8. Institutional Employees**

Salaries, loans, perquisites, or other benefits provided to or on behalf of an institutional employee by foundations shall be:

- a. Approved by the Board
- b. Paid by the foundations to the institutions, which in turn will make payments to the employee in accordance with normal practices, except where the Board approves a different form of payment.
- c. All payments made from the foundations to institutional employees shall be paid through the institutions. Employees shall not receive any payments or other benefits directly from the foundations or athletic associations. This provision shall include reimbursements for expenses incurred for authorized institution and foundation purposes.

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**9. Foundation Employees**

Employees hired by the foundations in positions solely funded by the same are not entitled to state employment rights and benefits. These appointments are not subject to Board approval.

**10. Capital Facilities**

- a. When foundation-controlled resources are used to build or acquire facilities for the institution's use, these facilities shall be related to the needs and purposes of that institution. In addition, where state general account appropriated funds will be used in the construction, operation, or maintenance of such facilities, prior Board and legislative approval shall be obtained pursuant to Section 33-3805A, Idaho Code.
- b. Planning, design, and construction of such facilities shall be in accordance with all applicable building codes and state and federal laws. Plan review coupled with adequate communication shall be conducted in cooperation with appropriate agencies as required.

**11. Foundations for Other Agencies**

Other agencies under the Board's jurisdiction may establish foundations to accept gifts made for the benefit of the agencies' operating purposes. These agencies are subject to the same policies as the institutional foundations. However, agency foundations with annual revenues less than \$25,000 are not required to obtain an independent audit. These agencies must instead submit an annual report to the Board of gifts received and the disposition of such gifts.

**12. Idaho Educational Public Broadcasting System Foundations and Friends Groups**

Foundations and Friends groups that exist for the benefit of the Idaho Educational Public Broadcasting System (IEPBS) are required by Federal Communications Commission (FCC) regulations to have specific spending authority designated by the Board. Audits of the IEPBS Foundation and Friends groups will be conducted by the Legislative Auditor.

- a. By action of the State Board of Education, the Idaho Educational Public Broadcasting System Foundation, Inc., has been designated to accept gifts made for the benefit of public television in the State of Idaho. The Foundation will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the State Board of Education.
- b. By action of the State Board of Education, the Friends of Channel 4, Inc., has been designated to accept gifts made for the Benefit of KAID TV, Channel 4. The Friends of Channel 4, Inc., will conduct its activities in a manner consistent with the Federal

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Communications Commission (FCC) regulations and the FCC license held by the State Board of Education.

- c. By action of the State Board of Education, the Friends of Channel 10, Inc., has been designated to accept gifts made for the benefit of KISU TV, Channel 10. The Friends of Channel 10, Inc., will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the State Board of Education.
- d. By action of the State Board of Education, the Friends of KUID, Inc., has been designated to accept gifts made for the benefit of KUID TV, Channel 12. The Friends of Channel 12, Inc., will conduct its activities in a manner consistent with the Federal Communications Commission (FCC) regulations and the FCC license held by the State Board of Education.

**13. Foundation Land Transactions**

- a. When an institution's ~~president–chief executive officer~~ becomes aware that a foundation is considering the purchase of land for the eventual or possible future use by, donation to, or development for the benefit of the institution, the ~~president–chief executive officer~~ shall report such possible land acquisition to the Board in executive session pursuant to Idaho Code 67-2345 (1) (c).
- b. Such reporting shall be at the first Board meeting following the ~~president–chief executive officer~~ becoming aware of the possible land transaction.



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**Subsection: F. Bonds and Other Indebtedness**

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**F. Bonds and Other Indebtedness**

**1. General Powers**

The University of Idaho, Idaho State University, Lewis-Clark State College, and Boise State University may, by a majority vote of all the members of the Board, borrow money with or without the issuance of bonds pursuant to Chapter 38, Title 33, Idaho Code. The Board must act by formal resolution. Such indebtedness is not an obligation of the State of Idaho but is an obligation solely of the respective institutions and the respective board of trustees. Any indebtedness is to be used to acquire a project, facility, or other asset that may be required by or be convenient for the purposes of the institution. Student fees, rentals, charges for the use of the projected facility, or other revenue may be pledged or otherwise encumbered to pay the indebtedness. Refunding bonds also may be issued.

Eastern Idaho Technical College is not authorized to borrow money under chapter 38, Title 33, Idaho Code.

**2. Attorney General's Opinion**

The Board or the institution may request the Attorney General of Idaho to review and pass upon the validity of a proposed bond issue. If found valid, the bond is an incontestable, binding obligation on the institution.

**3. Private Sale**

A private sale of bonds is permitted only with the prior approval of the Board as the governing body of the institution. The chief executive officer of the institution must explain why a public sale is not desirable and explain the benefits of a private sale of bonds.

**4. Responsibility of the Chief Executive Officer**

The chief executive officer of the institution is responsible for compliance with state law and these provisions when any indebtedness is incurred.

**5. Expenditure of Excess Revenue**

Expenditure of project revenues over and above that pledged or otherwise encumbered to meet the indebtedness is limited to expenditures for projects identified in the bond's Official Statement. Expenditure of excess revenue for other projects requires prior Board approval. Expenditures between two hundred fifty thousand dollars (\$250,000) and five hundred thousand dollars (\$500,000) require prior approval from the executive director and expenditures greater than five hundred thousand dollars (\$500,000) require prior Board approval.

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**SECTION: V. FINANCIAL AFFAIRS**

**Subsection: G. Payroll**

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**G. Payroll**

1. The employee payroll will be prepared by each agency and institution in accordance with the guidelines of the state auditor, or the Board of Regents in the case of the University of Idaho.
2. Each institution and agency is responsible for employee time keeping, calculations of gross pay amounts, certain descriptive codes concerning the employee, and all deduction information.

# Idaho State Board of Education

## GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: H. Audits

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### H. Audits

#### 1. Finance Committee Audit Responsibilities

The Finance Committee serves as the Board's liaison with its internal auditor, external auditor and with the fiscal and internal audit operations of the agencies and institutions. The Finance Committee reviews agency and institution fiscal operations, including the coordination or development of new administrative data-processing systems, and works toward more standardized accounting and reporting processes for the agencies and institutions. The Finance Committee chairperson reports periodically to the Board on the activities of the committee, including any recommended changes or additions to the Board's policies and procedures.

#### 2. Board Internal Audit Function

##### a. Responsibility

An internal audit function is established within the office of the Board to provide an independent review and appraisal activity as a service to the Board. The primary responsibility of the internal audit function is to ensure compliance with the rules, policies, procedures, and programs established by the Board and the applicable laws of the State of Idaho. In addition, the internal auditor shall provide technical assistance to the institutions and agencies to improve operations and to implement procedures necessary to comply with accounting standards and financial requirements. The State Department of Education and the public schools are excluded from this policy statement.

##### b. Internal Audit Plan

The Board's internal auditor submits an audit plan to the Finance Committee and the Board for review and approval on an annual basis. The internal auditor is responsible for coordinating the Board's internal audit plan with the audit plans for the external auditor, the legislative auditor, and the internal auditors at the institutions and agencies to ensure that all audit requirements are met and to prevent duplication of effort.

##### c. Internal Audit Reports

Internal audit reports shall be distributed to the executive director of the Board, the chief executive and fiscal officers of the auditee institution or agency, the external auditor, and the appropriate committee of the Board. The internal auditor is responsible for reviewing findings and recommendations with appropriate management personnel prior to presentation and distribution to the Board.

##### d. Internal Audit Organization

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The internal auditor reports directly to the executive director of the Board.

**3. External Audits**

The following sections apply to Boise State University, Idaho State University, the University of Idaho, Lewis-Clark State College, and Eastern Idaho Technical College (the institutions).

**a. Financial Statements**

Financial statement audits shall be conducted annually by an independent certified public accountant that is selected by the Board, subject to the bid and contract requirements set forth by the State Division of Purchasing. These audits shall be conducted in accordance with generally accepted auditing standards and shall include the auditor's opinion on the basic financial statements.

In the event that material weaknesses in the internal control structure of the colleges and universities is found, the auditors shall report it in a letter directly to the Finance Committee. In addition, management letters shall be written that identify the auditor's findings and recommendations concerning non-material internal control items and productivity issues. These letters shall include the institutions' responses to the findings and recommendations. The audited financial statements and management letters shall be distributed to Board members, the Board's executive director, the presidents\agency heads, and the chief financial officers of the institutions prior to the formal presentation of the audit to the full Board.

**b. Federal Single Audits**

Federal Single Audits shall be conducted in accordance with federal and state laws and requirements. These reports shall be distributed to the appropriate federal and state agencies by the institutions. In addition, these reports shall be distributed to the Finance Committee, the Board's executive director, the presidents\agency heads, and the chief financial officers of the institutions.

**c. Management Consulting Services**

Plans for management consulting services that are included as part of the auditing services contract for the Board shall be reviewed and approved by the Board's executive director. The results of these consultation services shall be reported to the Finance Committee.

**d. Work Contracted Directly with the Institutions and Agencies**

All National Collegiate Athletic Association (NCAA) and National Association of Intercollegiate Athletics (NAIA) audits and agreed-upon procedures reports shall be

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forwarded by the presidents of the institutions to the Finance Committee and the Board's executive director. All other external audit reports for work contracted directly with the institutions and agencies shall be forwarded to the Board's executive director by the institutions.

**e. Legislative Audits**

All state agencies under the Board's jurisdiction will receive financial statement audits and federal single audits in accordance with federal and state laws and regulations.

The Finance Committee must be informed immediately of any audit activity being conducted by the legislative auditor. The respective chief executive officer or chief fiscal officer must keep the Finance Committee informed of the progress of the legislative audit, including presenting a full report on preliminary and final audit findings and recommendations. The legislative auditor will be invited to share his or her preliminary and final report with the Finance Committee.

**4. Internal Audits**

- a. The state colleges and universities shall develop and maintain an internal audit function to perform audits of the activities within their institutions and to ensure compliance with the policies and procedures of the Board and the applicable laws of the State of Idaho. Internal audits shall be conducted in accordance with generally accepted auditing standards.

**b. Internal Audit Plan**

Each institution shall submit an annual internal audit plan to the president of the university and to the Board's Finance Committee for review and approval. The audit plan may include financial audits required by external funding agencies, audits of internal control procedures, and performance audits directed at improving internal operations and management of the respective institutions. Copies of these internal audit plans shall be forwarded to the Board's executive director and the external auditors.

**c. Audit Reports**

A copy of each internal audit report must be transmitted to the president of the institution, to the Finance Committee, the Board's executive director, and the external auditor. Furthermore, the internal auditor has the authority to bring significant findings directly to the attention of the Finance Committee and the Board's executive director.

**d. Internal Audit Organization**

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Internal auditors in each institution or agency should report directly either to the president of the institution or agency or to a person designated by the president who reports directly to the president.

**5. Employee Severance Audits**

When key administrative personnel leave an agency or institution, the Finance Committee will bring to the full Board a recommendation as to whether an audit will be conducted and the scope of the audit.

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**Subsection: I. Real and Personal Property and Services**

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**Real and Personal Property and Services**

**1. Authority**

- a. The Board may acquire, hold, and dispose of real and personal property pursuant to Article IX, Section 2 and Article IX, Section 10, Idaho Constitution, pursuant to various sections of Idaho Code.
- b. Leases of office space or classroom space by any agency or institution except the University of Idaho are acquired by and through the Department of Administration pursuant to Section 67-5708, Idaho Code.
- c. All property that is not real property must be purchased consistent with Sections 67-5715 through 67-5737, Idaho Code, except that the University of Idaho may acquire such property directly and not through the Department of Administration. Each agency and institution must designate an officer with overall responsibility for all purchasing procedures.
- d. Sale, surplus disposal, trade-in, or exchange of property must be consistent with Section 67-5722, Idaho Code, except that the University of Idaho may dispose of such property directly and not through the Department of Administration.
- e. If the executive director of the Office of the State Board of Education finds or is informed that an emergency exists, he may consider and approve a purchase or disposal of equipment or services otherwise requiring prior Board approval. The agency or institution must report the transaction in the financial section of its agenda at the next regular Board meeting together with a justification for the emergency action.

**2. Acquisition of Real Property**

- a. Any interest in real property acquired for the University of Idaho must be taken in the name of the Board of Regents of the University of Idaho.
- b. Any interest in real property acquired for any other agency or institution under the governance of the Board must be taken in the name of the State of Idaho by and through the State Board of Education.
- c. This does not preclude a foundation or other legal entity separate and apart from an agency or institution under Board governance from taking title to real property in the name of the foundation or other organization for the present or future benefit of the agency or institution. (See Section V.E.13)

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- d. Acquisition of an option, lease, or any other present or future interest in real property by or on behalf of an agency or institution requires prior Board approval if the term of the lease exceeds five (5) years or if the cost exceeds two hundred fifty thousand dollars \$250,000 annually.
- e. Appraisal. An independent appraiser must be hired to give an opinion of fair market value before an agency or institution acquires fee simple title to real property.
- f. Method of sale - exchange of property. The Board will provide for the manner of selling real property under its control, giving due consideration to Section 33-601(4), applied to the Board through Section 33- 2211(5), and to Chapter 3, Title 58, Idaho Code. The Board may exchange real property under the terms, conditions, and procedures deemed appropriate by the Board.
- g. Execution. All easements, deeds, and leases excluding easements, deeds, and leases delegated authority granted to agencies and institutions must be executed and acknowledged by the president of the Board or another officer designated by the Board and attested to and sealed by the secretary of the Board as being consistent with Board action.

#### **3. Acquisition of Personal Property and Services**

- a. Purchases of equipment, data processing software and equipment, and all contracts for consulting or professional services either in total or through time purchase or other financing agreements, between two hundred fifty thousand dollars (\$250,000) and five hundred thousand dollars (\$500,000) require prior approval by the executive director. The executive director must be expressly advised when the recommended bid is other than the lowest qualified bid. Purchases exceeding five hundred thousand dollars (\$500,000) require prior Board approval.
- b. Administrative systems. Acquisition or development of new administrative software or systems that materially affect the administrative operations of the institution by adding new services must be reviewed with the executive director before beginning development. When feasible, such development will be undertaken as a joint endeavor by the four institutions and with overall coordination by the Office of the State Board of Education.



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**4. Hold of Personal Property**

**a. Inventory**

An inventory of all items of chattel property valued at two thousand dollars (\$2,000) or limits established by Department of Administration owned or leased by any agency or institution must be maintained in cooperation with the Department of Administration as required by Section 67-5746, Idaho Code.

**b. Insurance**

Each agency and institution must ensure that all insurable real and personal property under its control is insured against physical loss or damage and that its employees are included under any outstanding policy of public liability insurance maintained by the State of Idaho. All insurance must be acquired through the State Department of Administration or any successor entity.

**c. Vehicle Use**

Vehicles owned or leased by an agency or institution must be used solely for agency or institutional purposes. Employees may not, with certain exceptions, keep institutional vehicles at their personal residences. Exceptions to this policy include the chief executive officers of the institutions and other employees who have received specific written approval from the chief executive officer of the institution or agency.

**5. Disposal of Real Property**

**a. Temporary Permits**

Permits to make a temporary and limited use of real property under the control of an agency or institution may be issued by the agency or institution without prior Board approval.

**b. Board approval of other transfers**

(1) Leases to use real property under the control of an agency or institution require prior Board approval - if the term of the lease exceeds five (5) years or if the lease revenue exceeds two hundred fifty thousand dollars (\$250,000).

(2) Easements to make a permanent use of real property under the control of an agency or institution require prior Board approval - unless easements are to public entities for utilities.

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(3) The transfer by an agency or institution of any other interest in real property requires prior Board approval.

**6. Disposal of Personal Property**

Sale, surplus disposal, trade-in, or exchange of property with a value greater than two hundred fifty thousand dollars (\$250,000) requires prior Board approval.

**a. First Refusal**

When the property has a value greater than five thousand dollars (\$5,000), the agency or institution must first make a good faith effort to give other agencies and institutions under Board governance the opportunity of first refusal to the property before it turns the property over to the Department of Administration or otherwise disposes of the property.

**b. Sale of Services**

The sale of any services or rights (broadcast or other) of any agency or institution requires prior approval of the Board when it is reasonably expected that the proceeds of such action may exceed two hundred fifty thousand dollars (\$250,000). Any sale of such services or rights must be conducted via an open bidding process or other means that maximizes the returns in revenues, assets, or benefits to the agency or institution.

**c. Inter-agency Transfer**

Transfer of property from one Board agency or institution to another agency or institution under Board governance may be made without participation by the State Board of Examiners or the Department of Administration, but such transfers of property with a value greater than two hundred fifty thousand dollars (\$250,000) require prior Board approval.

**7. Litigation**

The chief executive officer may negotiate settlement regarding litigation matters, or any claims made that may result in litigation, for up to \$25,000. All such settlements must be reported to the Board in executive session.

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**8. Intellectual Property**

The chief executive officer may license intellectual property rights of their respective institutions and agencies up to (to be developed as the intellectual property policy is finalized).

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**Subsection: J. Travel and Moving Expenses**

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**Travel and Moving Expenses**

**1. Limitations**

Reimbursable travel is restricted to agency and institutional business. Reimbursable travel, whether in-state or out-of-state, requires prior approval by the chief executive officer or his/her designee of the agency or institution ~~or designee~~.

**2. Economic Travel**

All travel must be accomplished in the most economic manner overall, taking into account travel time and expense and office or teaching responsibilities.

**3. Certified Airline Travel**

Nonscheduled airline travel by students, or by faculty or administrative personnel must be only by aircraft and airline certified by the Federal Aviation Administration.

**4. Policy on Moving Expenses**

**a. Institutional or Agency Policies**

Each agency and institution must establish ~~and submit to the Board for approval~~ a policy and procedures on reimbursement for or payment of moving expenses consistent with policies approved by the State Board of Examiners.

**b. Approval of Expenses**

Reimbursement for or payment of moving expenses requires approval by the chief executive officer before the move and must be consistent with the policy approved by the Board.

**c. Report to the Board**

All reimbursements for, or payment of, moving expenses which exceed a total of \$10,000 for any one (1) employee must be reported to the Finance Committee Board at its next regularly scheduled meeting upon request, along with an explanation of the need for the expenditure.

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**Subsection: K. Construction Projects**

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**~~K.~~Construction Projects**

**1. Major Project Approvals - Proposed Plans**

Without regard to the source of funding, before any agency or institution under the governance of the Board begin formal planning to make capital improvements, either in the form of renovation or addition to or demolition of existing facilities, when the cost of the project is estimated to exceed five hundred thousand dollars (\$500,000), must first be submitted to the Board for its review and approval. All projects identified on the agencies' or institutions' six-year capital plan must receive Board approval.

**2. Project Approvals**

Without regard to the source of funding, proposals by any agency or institution under the governance of the Board to make capital improvements, either in the form of renovation or addition to or demolition of existing facilities, when the cost of the project is estimated to be between two hundred fifty thousand dollars (\$250,000) and five hundred thousand dollars (\$500,000), must first be submitted to the executive director for review and approval. Without regard to the source of funding, proposals by any agency or institution under the governance of the Board to make capital improvements, either in the form of renovation or addition to or demolition of existing facilities or construction of new facilities, when the cost of the project is estimated to exceed five hundred thousand dollars (\$500,000), must first be submitted to the Board for its review and approval. Project cost must be detailed by major category (construction cost, architecture fees, contingency funds, and other). When a project is under the primary supervision of the Board of Regents or the Board and its agencies or institutions, a separate budget line for architects, engineers, or construction managers and engineering services must be identified for the project cost. Budgets for maintenance, repair, and upkeep of existing facilities must be submitted for Board review and approval as a part of the annual operating budget of the agency or institution.

**3. Fiscal Revisions to Previously Approved Projects**

Project revisions that substantially alter the use of the project causing changes in project costs between two hundred fifty thousand dollars (\$250,000) and five hundred thousand dollars (\$500,000) must first be submitted to the executive director for review and approval. Changes in project costs of more than five hundred thousand dollars (\$500,000) must first be submitted to the Board for its review and approval. Requests must be supported by a revised detailed project budget and justification for changes.

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**4. Project Acceptance**

Projects under the supervision of the Department of Administration are accepted by the Department on behalf of the Board and the State of Idaho. Projects under the supervision of an agency or institution are accepted by the agency or institution and the project architect. Projects under the supervision of the University of Idaho are accepted by the University on behalf of the Board of Regents.

**5. Statute and Code Compliance**

- a. All projects must be in compliance with Section 504 of the Rehabilitation Act of 1973 and must provide access to all persons. All projects must be in compliance with applicable state and local building and life-safety codes and applicable local land-use regulations as provided in Chapter 41, Title 39, and Section 67-6528, Idaho Code.
- b. In designing and implementing construction projects, due consideration must be given to energy conservation and long-term maintenance and operation savings versus short-term capital costs.

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**SECTION: V. FINANCIAL AFFAIRS**

**Subsection: L. Campus Security**

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~~L.~~Campus Security

1. Each institution ~~and ISDB~~ must develop a campus security plan to maintain the physical security of persons and property on the campus; ~~and~~ in full cooperation with state and local law enforcement agencies.
- ~~2. The campus security plan and major amendments to the plan must be approved by the Board prior to implementation.~~
- ~~3.2~~ Overall responsibility for campus security rests with the chief executive officer of the institution ~~or school~~. Each chief executive officer must designate a senior administrative officer and an alternate to serve as liaison between the institution and state and local law enforcement agencies.

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**SECTION: V. FINANCIAL AFFAIRS**

**Subsection: M. Intellectual Property**

**Revised July 1, 2001**

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**~~M.~~ Intellectual Property**

**1. Objectives and Purposes**

The State Board of Education, on behalf of the state of Idaho, and the Board of Regents, on behalf of the University of Idaho, (hereinafter collectively referred to as the State Board) recognize the dynamic relationship between research and education in postsecondary institutions. The State Board recognizes the inventions, discoveries and published works of commercial importance may be the natural outgrowth of research. The State Board intends to promote the use of intellectual properties for the public good. While postsecondary institutions must remain open to intellectual inquiry, at times this openness is juxtaposed with the obligations to contribute to the economic growth and development of Idaho and the nation. The following intellectual property policies balance the institutional obligations to preserve open inquiry and realize the commercial value of intellectual property produced by employees of the State's postsecondary educational institutions.

**2. Intellectual Property**

- a. Claim of ownership interest. The State Board of Education, on behalf of the state of Idaho, and the Board of Regents, on behalf of the University of Idaho, claim ownership of any invention or patentable discovery developed under any of the following circumstances:
  - (1) Arising from any work performed by an employee of the State Board during the course of his duties to the agency or institution;
  - (2) Arising from any work performed by an employee of the State Board using state resources not similarly available to members of the general public; or
  - (3) Arising from any work performed by an employee of the State Board under contract in a program or project sponsored by a State Board agency or institutions or a closely related research foundation.
- b. Disclaimer of ownership interest. The State Board of Education and the Board of Regents of the University of Idaho claim no ownership interest in any invention or patentable discovery developed by the employees or contractors under the following circumstances:
  - (1) When the work is performed outside their assigned duties; and



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- (2) When the employee/contractor is without benefit of State facilities except those available to members of the general public, such as libraries.
- c. Agency policy review - Agencies and institutions under the governance of the State Board must secure to the state of Idaho their ownership interest in inventions and patentable discoveries. Agency and institutional policies setting out patent administration, including evaluating, financing, assignment, marketing, protection, and the division and use of royalties, as well as amendments thereto, must be submitted to the State Board for its review and approval.
- d. Condition of employment - State Board employees and contractors must, as a condition of employment or contract, agree and adhere to the State Board approved policy on inventions and patentable discoveries.

**3. Copyrights**

- a. When employees or contractors are expressly directed to produce specific work for publication in the course of their employment, the agency or institution may reserve the right to copyright the publication in the name of the state of Idaho or the University of Idaho or to publish such work without copyright.
- b. Except as noted in 3.a. above, the State Board of Education and the Board of Regents of the University of Idaho claim no ownership interest in works submitted for publication by State Board employees and contractors. Employees and contractors retain the right to copyright and publish their own works. That is, as a general rule, all rights to copyrightable material are the property of the creator. The distribution of royalties, if any, is a matter of arrangement between the creator and his publishers or licensees. However, institutions subject to this rule may elect, by contract or policy, to claim an interest in copyrightable material produced, in whole or part, by their employees or contractors. For example, different treatment may be accorded by an institution in cases of specific contracts providing for an exception, in cases where the constituent institution or sponsor may employ personnel for the purpose of producing a specific work, where different treatment is deemed necessary to reflect the contribution of the institution to the work as in the case of software, mask works for microcircuit chips, or audiovisual material, or where a sponsored agreement requires otherwise.

**4. Intellectual Property Transfer**

- a. The State Board of Education and the Board of Regents of the University of Idaho delegate to Idaho's postsecondary educational institutions the right to transfer and convey ownership in intellectual properties developed within the institutions under the patents and copyright rule. This rule will allow the institutions to play appropriate

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roles in knowledge transfer and economic growth and development. Under this rule, the institutions may:

- (1) Grant rights to owned intellectual properties to research foundations for further development or transfer.
  - (2) Themselves act as licensors to convey intellectual property rights to commercial ventures.
  - (3) Grant exclusive rights to a licensee.
  - (4) Collect and disburse license payments to inventors and their departments and colleges, as well as to their institutions, for the general support of research within the institutions.
  - (5) Permit institutional employees the right to participate in ownership and governance of companies licensed by the institutions to produce and market the discoveries, provided the conflict of interest rules are followed.
- b. Each of Idaho's postsecondary institutions shall, within twelve (12) months of the promulgation of this rule, submit its policy on the transfer of intellectual properties (technology transfer) for State Board review and approval. At a minimum, the policy should include:
- (1) The name of the institutional position (or office) with the authority and responsibility for carrying out the policy and binding the institution contractually.
  - (2) Policy and plans for patent acquisition (i.e., who initiates, who pays the lawyers, and an enumeration of the duties, responsibilities, and a process for settling debates).
  - (3) The range of allowable institutional involvement in the transfer process (i.e., from licensing to acceptance of institutional ownership interests, continued development in institutional facilities for the benefit of the licensee, business planning or production assistance).
- c. The appropriate officer of each postsecondary institution shall report, two (2) weeks in advance of the State Board meeting, on patent, copyright, and technology transfer activities that have occurred at the institution since the prior meeting of the Board. With respect to patents, the report shall include what public notice was given prior to the licensee(s) being selected. Further, that report will also indicate whether employees of the institution or its respective research foundation have a financial

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interest in the company to which the intellectual property was transferred. Terms of any license or technology transfer contract will be made available in confidence upon request for inspection by the State Board.

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**Subsection: N. Grants and Contracts**

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**N. Grants and Contracts**

**1. Approval of Grant and Contract Applications**

All applications for grants and contracts that require the institution or agency to dedicate current funds or facilities or will obligate the institution or agency or state to dedicate future funding or significant facilities require approval by the executive director. Cost sharing or other types of in-kind matching requirements are not considered as dedicated commitments. If there is no dedicated funding or facilities obligation, the application shall be approved by the chief executive officer of the agency or institution or his or her designee. When requests for approval of such applications are presented to the executive director the following information must be included:

- a. Agency to which application is made.
- b. Amount of the proposal
- c. Period of the grant or contract
- d. Purpose of the grant or contract
- e. Nature of obligations including amount of funds involved or facilities to be committed

**2. Acceptance of Grants and Contracts**

Grants and contracts accepted by the agency or institution must be reported to the executive director quarterly by the agency or institution of official notification, when the amount of the grant or contract award exceeds ~~\$50,000~~ 100,000. When grant or contract awards are presented to the executive director, the following information must be provided:

- a. Name of grantor or contractor
- b. Amount of the grant or contract
- c. Grant or contract period
- d. Purpose of the grant or contract
- e. Indicate nature of agency's or institution's obligations in the form of dedicated funding or dedication of significant facilities. If there is none, the following statement

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should be included: "No future state obligation will be incurred with the acceptance of this grant or contract."

**3. Facilities and Administrative Cost Recovery**

a. The following cost recovery rates will be used by agencies and institutions under the governance of the Board for grant and contract services:

- (1) For grants and contracts with the federal government, the cost recovery rates are those negotiated between the agency or institution and the federal government. The indirect cost rate may vary from one class of contract services to another, but agencies and institutions are encouraged to maximize indirect cost reimbursement rates.
- (2) For grants and contracts with other State of Idaho departments, the cost recovery rate is twenty percent (20%) of the total direct cost.
- (3) For grants and contracts with Idaho municipal, county, health district, joint planning, and other public non-profit agencies, the cost recovery rate is not less than twenty percent (20%) of total direct cost.
- (4) For grants and contracts with private entities, whether profit or non-profit, cost recoverys are charged at either the negotiated federal indirect cost rate for research projects or twenty-five percent (25%) of total direct costs, whichever rate will generate the greater amount of revenue for the institution or the agency.

a. Reduction or Waiver of Cost Recoverys

- (1) For good cause, the chief executive officer or designee of the agency or institution is authorized to reduce or waive cost recoverys.
- (2) Where cost recoverys are anticipated to total more than ten thousand dollars (\$10,000) over the life of the contract, reduction, or waiver of indirect costs must be reported to the executive director.

**4. Restrictions on Contract Services**

a. Prior to the consideration of any contract for services that is required to be submitted to the Board for approval, all agencies or institutions shall include in the agenda an opinion from legal counsel stating the proposed institution contract obligation is consistent with applicable rules and policies of the State Board of Education. The

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opinion statement shall include the name, address, and phone number of legal counsel. Contracts presented to the Board for consideration which do not contain this information shall be determined disapproved. Grants and those educational agreements designed for articulation or affiliation shall not be construed to be within the jurisdiction of this subsection unless a fiscal liability is created for the Board, its agencies or institutions.

- b. Research or consultant entities of agencies and institutions under the governance of the Board may not bid on contract services when it appears that the contract services are reasonably available from the private sector.
- c. If the product of contract work is to be privileged or its dissemination restricted, the agency or institution may not undertake the contract work without the written approval of the chief executive officer of the agency or institution. The chief executive officer must report all such approvals to the Board at its next scheduled meeting.

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**O. Payments for Consulting and Services**

~~Any payments made by one Board institution or agency for consulting services performed by employees of another institution or agency must be paid to the institution or agency in which the employee is regularly appointed and not directly to the employee. In such instances, compliance with the indirect cost requirements as provided for in Board policies and procedures is left to the discretion of the respective chief executive officers.~~

All institutions and agencies shall have policies that ensure that full-time regular employees of institutions and agencies are prohibited from being paid as full-time regular employees of another institution or agency. Such policies may allow payment for consulting services of employees of another institution or agency as long as such services are for short-term consulting engagements as independent contractors and the independent contractor status, scope of work, compensation, and the appropriate tax documentation are set forth in a written agreement.

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**Subsection: P. Assignment of Delinquent Loans**

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**P. Assignment of Delinquent Loans**

1. The chief financial ~~vice-presidents-officers~~ of the higher education institutions are authorized to approve the assignment of qualifying delinquent ~~National-Direct-Student Perkins~~ Loans to the U.S. Department of Education based on criteria established by Department of Education.
2. An annual report of all such transfers is developed by the institutions at the end of each fiscal year and is made available to the Office of the State Board of Education upon request.



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**Subsection: Q. Deposits and Miscellaneous Receipts Accounts**

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**Q. Deposits and Miscellaneous Receipts Accounts**

**1. Revenue Deposited into Account**

To provide for greatest equity in distribution of state appropriated funds, all or a portion of the following fees or charges, as determined by the Board, are deposited into ~~miscellaneous receipts accounts~~the following accounts:

a. ~~Institutional Maintenance Account (1299)~~ Restricted Current Fund (0660-01)

- (1) Matriculation fee
- (2) ~~Vocational Professional-Technical~~ eEducation fee

b. ~~Transfer and Receipts Account (1106)~~ Unrestricted Current Fund (0650-01)

- (1) General education fee
  - (2) Nonresident tuition
  - (3) Western Undergraduate Exchange (WUE) fee
  - (4) Graduate fee
  - (5) In-service teacher education fee
  - (6) Employee/spouse fee
  - (7) Federal Morrill Act funds, if appropriated
  - (8) Senior citizen fee
  - (9) WICHE fee
  - ~~(10) Interest earned on investment of state appropriated monies excluding state general account~~
  - ~~(11) Revenue derived from rental of state-constructed and/or state-maintained facilities to noninstitutional users~~
  - ~~(12) Revenue from sales and services of educational activities associated with general education programs~~
- ~~(13)~~ (1) Summer school fee

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(142) Course overload fee

**~~2. Budget Requests and Expenditure Authority~~**

- ~~a. Budget requests must include projected miscellaneous receipts revenue based on the enrollment of the fiscal year just completed (e.g., the FY 1986 budget request, prepared in the summer of 1984, projected miscellaneous receipts revenue based on academic year 1984 enrollments which ended with the Spring 1984 semester).~~
- ~~b. Approval by the executive director as authorized in Subsection V.B.2, for all increases and decreases of spending authority caused by changes in miscellaneous receipts is required.~~
- ~~c. Miscellaneous receipts collected by an institution will not be allocated to another institution. The lump sum appropriation will not be affected by changes in receipts.~~

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**Subsection: R. Establishment of Fees**

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**R. Establishment of Fees**

**1. Definitions and Types of Fees**

The following definitions are applicable to fees charged to students at the University of Idaho, Boise State University, Idaho State University, Lewis-Clark State College, and Eastern Idaho Technical College.

~~Cost analysis terms used in this section shall be defined as they are defined in the Idaho College and Universities Statewide Cost Study: General Education Funds (Final Costs Analysis).~~

**a. General Education Fees**

General education fees are to be deposited into the ~~miscellaneous receipts~~ unrestricted or restricted current fund accounts as required by Section V, Subsection Q.

**(1) Tuition**

Tuition is defined as the fee charged for the cost of instruction at the colleges and universities. The cost of instruction shall not include those costs associated with said colleges and universities, such as maintenance and operation of physical plant, student services and institutional support, which are complementary to, but not part of the instructional program. Tuition may be charged only to nonresident, full-time and part-time students enrolled in any degree granting program and to ~~vocational~~ Professional-Technical Education students enrolled in pre-employment, preparatory programs.

**(2) Matriculation Fee**

Matriculation fee is defined as the fee charged for maintenance and operation of physical plant, student services, and institutional support for full-time students enrolled in academic credit courses and ~~vocational~~ Professional-Technical Education pre-employment, preparatory programs.

**(3) ~~Vocational~~ Professional-Technical Education Fee**

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

**(4) Part-time Education Fee**

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

**(5) Graduate Fee**

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

**(6) Summer School Fee**

Summer school fee is defined as the fee charged for educational costs for students enrolled in academic programs in summer semester.

**(7) Western Undergraduate Exchange (WUE) Fee**

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

**(8) Employee/Spouse Fee**

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

**(9) Senior Citizen Fee**

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

**(10) In-Service Teacher Education Fee**

The fee shall be one-third of the average part-time undergraduate credit hour fee or one-third of the average graduate credit hour fee. This special fee shall be applicable only to approved teacher education courses. The following guidelines will determine if a course or individual qualifies for this special fee.

- (a) The student must be an Idaho public school teacher or other professional employee of an Idaho school district.

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- (b) The costs of instruction are paid by an entity other than an institution.
- (c) The course must be approved by the appropriate academic unit(s) at the institution.
- (d) The credit awarded is for professional development and cannot be applied towards a degree program.

**(11) Course Overload Fee**

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

**b. Local Fees**

Local fees are both full-time and part-time student fees which are to be deposited into the local institutional accounts. Local fees shall be expended for the purposes for which they were collected.

**(1) Facilities Fee**

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

**(2) Activity Fee**

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

**(3) Technology Fee**

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

**(4) Professional Fee**

Professional fee is defined as the additional fee charged for educational costs for students enrolled in specialized degree granting programs such as pharmacy, law,

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medicine, veterinary medicine, dentistry, physician assistant, physical therapy, architecture and landscape architecture.

### (5) Contracts and Grants

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

### (6) Continuing Education

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

## 2. Board Policy on Student Fees

Consistent with the Statewide Plan for Higher Education in Idaho, the institutions shall maintain fees that are competitive with those of western peer institutions. Therefore, the total fee for full-time undergraduate and graduate students for both residents and nonresidents shall not exceed the peer group average of the prior year. An institution cannot request more than a ten percent (10%) increase in the total full-time student fee unless otherwise authorized by the Board.

## 3. Fees Approved by the Chief Executive Officer of the Institution

### a. Special Course Fees or Assessments

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

### b. Student Health Insurance Premiums or Room and Board Rates

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

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semester the change is to become effective. The chief executive officer shall report such changes to the Board at its next meeting.

**c. Activity and Facility Fees**

The chief executive officer of the institution shall approve the amount of each of these fees ~~no later than prior to the April Board meeting of each year prior to the academic year~~ prior to the beginning of the academic year following the change. The change is to become effective prior to the beginning of the academic year following the change. The chief executive officer or his or her designee shall meet and confer with the associated student body before approving these fees. The institution shall hold a public meeting on the fee changes, and a report of the meeting shall be made available to the Board.

**4. Fees Approved by the Board**

**a. Fees Requiring Board Approval**

- (1) Tuition
- (2) Matriculation
- (3) Professional-Technical Education Fee
- (4) Part-time Education Fee
- (5) Graduate Fee
- (6) Summer School Fee
- (7) Professional Fee
- (8) Course Overload Fee

**b. Initial Notice**

A proposal to alter a student fee covered by Subsection V.R.4.a shall be formalized by initial notice of the chief executive officer of the institution at least six (6) weeks prior to the Board meeting at which a final decision is to be made. Notice will consist of transmittal, in writing, to the student body president and to the recognized student newspaper during the months of publication of the proposal contained in the initial notice. The proposal will describe the amount of change, statement of purpose, and the amount of revenues to be collected.

The initial notice must include an invitation to the students to present oral or written testimony at the public hearing held by the institution to discuss the fee proposal. A

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record of the public hearing as well as a copy of the initial notice shall be made available to the Board.

**c. Board Approval**

Generally, Board approval for fees will be considered at the April Board meeting of each year. This requirement is intended to provide the institutions with sufficient time to prepare the subsequent fiscal year operating budget.

**d. Effective Date**

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



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**S. Allocation of Lump Sum Appropriation**

**1. Objectives**

- a. The funding process should offer maximum institutional flexibility to allocate funds internally to carry out roles and missions established by the Board.
- b. The funding process should be a straightforward approach that can be used by the Board to express system-wide priorities.
- c. There should be a clear and understandable relationship between institutional needs, the system-wide funding request, the legislative appropriations, the allocation of funds, and the ultimate use of the funds.
- d. The funding process should not penalize institutions as the result of decisions related to the internal allocation of resources by other institutions.
- e. Any incentives that the Board uses in the funding process should be explicit.
- f. The funding process should be applied consistently from year-to-year so that there can be some level of predictability in the allocation as well as increased confidence in the outcome.
- g. The funding process should encourage cooperative programs among institutions.
- h. The funding process should be compatible with the Statewide Plan for Higher Education.

**2. Methodology**

The allocation shall consist of the total of the lump sum general account appropriation and actual land grant endowment receipts. The allocation shall be made in the following order:

- a. Each institution shall be allocated its base allocation of the prior year.
- b. An enrollment Workload Adjustment shall be applied to the allocation of each institution. The adjustment shall be calculated as follows:
  - (1) A three-~~(3)~~ year moving average of credit hours multiplied by the program weights shall be used. The three (3) years to be used shall be those which precede the year of the allocation and shall consist of two (2) years of actual and one (1) year of estimated credit hours.

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- (2) Effective with the FY 1990 allocation, credit hours generated from externally funded sources and contracts shall be removed from this adjustment. Credit hours for in-service teacher education shall not be removed.
- (3) The total budget base of the institutions shall be multiplied by 0.33 and divided by the three-(3)year moving average of total weighted credit hours for the prior year. The resultant amount per credit hour shall be multiplied by the change from the prior three-(3)year moving average of weighted credit hours for each institution to calculate the adjustment by institution.
- (4) Program weights are the weighting factors applied to four (4) categories of instructional disciplines with different weight factors by category and course level. The groups and factors follow.

<u>Group I</u> Physical Education Law Letters Library Sciences Mathematics Military Science Psychology Social Sciences	<u>Group II</u> Area Studies Business & Management Education Communications Home Economics Public Affairs Interdisciplinary Studies
<u>Group III</u> Agricultural & Natural Resources Architecture & Environmental Design Biological Sciences Fine & Applied Arts Foreign Languages Physical Sciences	<u>Group IV</u> Engineering Health Professions Computer & Information Sciences

The weighting factors for the above categories are as follows:

<u>Course Level</u>	<u>Category</u>			
	I	II	III	IV
Lower Division	1.00	1.30	1.60	3.00
Upper Division	1.50	1.90	2.50	3.50
Graduate	3.50	3.50	6.00	6.50
Law	2.60	--	--	--

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An additional 5% emphasis factor is given to the Primary Emphasis areas at each institution. These areas are:

<u>Boise State University</u> Business Social Science (includes Economics) Public Affairs Performing Arts (excluding Art) Education Engineering	<u>Idaho State University</u> Health Professions Biological Sciences Physical Sciences Education
<u>University of Idaho</u> Agriculture Forestry Mines Engineering Architecture Law Foreign Languages Education	<u>Lewis-Clark State College</u> Business Criminal Justice Nursing Social Work Education

- c. Operations and maintenance funds (custodial, maintenance, and utilities) for new, major general education capital improvement projects shall be allocated to affect institutions.
- d. Decision units above the base shall be consistent with the legislative budget request. The allocation of these decision units to the institutions shall be based on the proportionate share of each institution in the total budget request for these decision units applied to the increase in appropriations above the base excluding special allocations.
- e. The Board may also allocate funds for special activities or projects at the discretion of the Board.

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**T. Fee Waivers**

**1. Authority for Fee Waivers**

An institution shall not waive any of the applicable fees specified in Section V, Subsection R, unless specifically authorized in this subsection. Special fees are not defined as a fee waiver.

**2. Waiver of Nonresident Tuition**

Nonresident tuition may be waived for the following categories:

**a. Graduate/Instructional Assistants**

Waivers are authorized for graduate assistants appointed pursuant to Section III, Subsection P.11.c.

**b. Intercollegiate Athletics**

For the purpose of improving competitiveness in intercollegiate athletics, the universities are authorized up to 225 waivers per semester and, Lewis-Clark State College is authorized up to 70 waivers per semester. The institutions are authorized to grant additional waivers, not to exceed ten percent (10%) of the above waivers, to be used exclusively for post-eligibility students.

**c. Disadvantaged or Deserving Students**

(1) The chief executive officer of each higher education institution is authorized to waive nonresident tuition for disadvantaged or deserving students not to exceed one percent of the institution's full-time equivalent enrollment.

(2) In addition, in order to meet the workforce demands in the fields of engineering, information technology, and related high technology disciplines, the chief executive officer of each higher education institution is authorized to waive nonresident tuition for students enrolled in these areas (if space is available) not to exceed two percent (2%) of the institution's full-time equivalent enrollment. Students eligible to receive the waiver must select engineering, information technology, or related high technology disciplines as their primary field of study. Information technology encompasses scientific and mathematical study of design and building computers and their applications; design and development of operational electronic data storage and processing systems; study and development of electronic systems for transmitting information via networks; analysis and the development of economic and public policy issues; and applying methods and procedures used in the design and writing of computer programs including the problem solving of information network systems.

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Each institution must submit a list of the primary fields of study for which tuition waivers can be awarded for Board approval. Any changes to the approved list must be submitted to the Board for their approval.

The institutions will provide an annual report to the Board on the use of these waivers in a format determined by the executive director of the Board.

**d. Reciprocity with the State of Washington**

Based on a limit approved by the Board, waivers may be allocated on an annual basis by the executive director of the Board to the college and universities in postsecondary education programs for Washington residents. An equal number of opportunities shall be afforded to Idaho residents in Washington postsecondary institutions.

**e. Reciprocity with Utah State University**

Based on a limit approved by the Board, Idaho State University is authorized to waive nonresident tuition for residents of the State of Utah when an equal amount of waivers are made available to Idaho residents at Utah State University.

**f. College of Mines**

Based on a limit approved by the Board, the College of Mines at the University of Idaho is authorized waivers to encourage enrollment in mining, metallurgy, and geology.

**g. Reciprocity with the State of Oregon**

Based on a limit approved by the Board, waivers are authorized for undergraduate students who are residents of the State of Oregon and who are majoring in mining engineering, metallurgical engineering, or geological engineering at the University of Idaho. The number of waivers to be awarded annually shall be limited by the number of waivers provided to Idaho residents in Oregon institutions of higher education.

**h. Domestic Student Exchange Program**

Waivers are authorized for nonresident students participating in this program.

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- i. Western Interstate Commission for Higher Education

Waivers are authorized for nonresident students participating in the WICHE Professional Student Exchange Program and the Graduate Student Exchange Program.

**3. Reporting Requirements**

Each institution shall submit an annual report on fee waivers on a date and in a format determined by the executive director of the Board.

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**Subsection: U. Entertainment and Related Expenses**

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**U. Entertainment and Related Expenses**

The ~~president~~chief executive officer, agency heads, and other designated employees are authorized to use foundation and local funds for entertainment and related expenses for official functions. Public relations expenses, such as flowers and plaques, social and business club memberships, charitable donations and contributions, and other out-of-pocket expenses are reimbursable if they are reasonable, necessary, and related to the function of the institution as determined by the ~~president~~chief executive officer. These expenses shall be properly documented to support the business purpose of the expenditure. In addition, actual expenses shall be reported to the Board ~~on an annual basis~~upon request.

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**V. Scholarships**

**College and University License Plates (Idaho Code § 49-418A)**

1. Funds from the college and university special license plate program shall be used only as follows:
  - a. To fund scholarships for Idaho residents attending the institution. Each institution may either create a new scholarship or fund existing scholarships so long as the scholarship recipients are Idaho residents as defined by Idaho Code and the rules of the Board.
  - b. To contribute to academic programs. Provided, however, that this use of such funds shall be on the following conditions:
    - (1) Such funds must be matched in at least equal amounts to non-state, non-federal, and non-local governmental funds.
    - (2) Such use requires prior approval of the Board. Such approval request shall be made annually to the Board in conjunction with the annual report required in this subsection.
2. Each institution participating in the college and university license plate program shall, by August 31 of each year, present a detailed report to the Board of all recipients and distributions of all funds from said program.

Said report shall include, at a minimum; a complete accounting of the receipts; a complete accounting of the disbursements; what scholarships were funded and in what amounts; a brief description of the scholarship requirements or criteria; a list of the recipients of scholarships funded; the academic programs to which contributions were made and in what amounts; the amount and source of non-governmental matching funds contributed to academic programs in ~~conjunction~~ conjunction with the license plate funds; and any projected future use of said funds.



**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**NOVEMBER 14-15, 2001**

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**ACTION ITEM**

**SUBJECT**

Task Force report on equity.

**BACKGROUND**

Equity has been a Board topic since the January 2001 meeting when the board asked for a review of the current allocation system. Since then, the Board has received an equity report conducted by a consultant and comments from the presidents on the issue. At the September meeting, the Board assigned Darrell Manning, Rod Lewis, Paul Agidius, and staff the task of developing recommendations on equity. That task force is in the process off formulating their recommendations, which will be distributed prior to the Board meeting.

**DISCUSSION**

Since the institutions have different roles and mission statements, it is difficult to compare them internally. External comparisons to selected peer institutions indicate inadequate funding for all the institutions. Differentiating between adequate funding and equity funding is very challenging.

**IMPACT**

The recommendations will impact the future budgets requests for the college and universities, as additional funding will be required to address the equity issue. In addition, recommendations concerning the calculation of the Enrollment Workload Adjustment will be presented in hopes to fully fund enrollment growth in the future.

**COMMENTS**

Part of report.

**BOARD ACTION**

Depends on report and discussion.

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**ACTION ITEM**

**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 the 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, 2001 and Independent Auditor's Reports.
- Letters of Comments and Recommendations for the Year Ending June 30, 2001.
- 2001 Audit Executive Summary.

These first two reports are included with the Board material. Representatives from Deloitte & Touche LLP, will present the executive summary at the meeting.

**IMPACT**

Provide the financial statements for FY2001, which are used for several analysis.

**COMMENTS**

Accept the reports.

**BOARD ACTION**

A motion to accept the FY2001 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\_\_\_\_\_

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**INFORMATION ITEM**

**SUBJECT**

FY2002 and FY2003 Budget Update.

**BACKGROUND**

Based on the current economic standing, the fiscal outlook for FY2002 and FY2003 is constantly changing. The Board will be briefed at the meeting on the latest predictions for the future.

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**ACTION ITEM**

**SUBJECT**

Millennium Income Fund requests.

**BACKGROUND**

Millennium Fund: In November 1998, the attorneys general and other representatives of 46 states signed an agreement with the largest tobacco manufacturers ending a legal battle between the states and the industry that began in 1994. While payments are expected to continue in perpetuity, the settlement requires the tobacco manufacturers to pay the states \$206 billion over the next 25 years, of which Idaho will receive a total of approximately \$711 million.

The legislature created the Idaho Millennium Fund as an endowment fund structure to receive, invest and disburse funds that the state receives as a result of the master settlement agreement reached with tobacco companies. The long-term capital value of these funds is preserved through a 5 percent annual distribution rule, ensuring that the state will never be left short of funds if future tobacco settlement payments, for unforeseen reasons, cease to be paid.

A Joint Millennium Fund Legislative Committee (JMFLC) was created to review requests for funding and to make recommendations to JFAC. JFAC appropriated \$2,756,000 for one-time projects for FY2002.

**DISCUSSION**

For FY2003, the Governor is also going to make recommendation on the use of the Millennium Income Fund. In order for these requests to be reviewed in that process, they need to be part of the total budget request, which requires Board approval. ISU and BSU have made requests to the JMFLC but these requests have not been presented to the Board. The requests are for:

- ISU  
Children's Mental Health Project                      \$300,000
- BSU  
Tobacco Use Prevention                                      \$431,200  
Tobacco Intervention Research                              \$304,500  
Surveillance and Evaluation                              \$121,000

Details will be presented during the Board meeting.

**IMPACT**

Approval will allow the Governor to consider these proposals in formulating his recommendation for FY2003 funds.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**NOVEMBER 14-15, 2001**

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**COMMENTS**

As the process for requesting Millennium Income Fund projects becomes more formal, we will include these requests in normal request process.

**BOARD ACTION**

A motion to approve the Millennium Income Fund requests from ISU and BSU for FY2003 as identified on page 87

Moved by\_\_\_\_\_ Seconded by\_\_\_\_\_ Carried: Yes\_\_\_\_\_ No\_\_\_\_\_