

**BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 3, 2002**

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

CONTRACTS FOR SERVICES/AGREEMENTS/AUTHORIZATIONS
AGREEMENT FOR LICENSING OF RADIO BROADCASTING

SUBJECT

Request approval of an agreement between Boise State University and Citadel Communications Corporation (KBOI) for a license for the radio broadcasting of certain Boise State athletic events.

REFERENCE

The agreement between Boise State University and Citadel Communications Corporation (KBOI) is presented as EXHIBIT 1.

BACKGROUND

State Board of Education policy requires approval from the Board for the licensing of any proprietary interest in the institution with a value over \$500,000. State of Idaho purchasing regulations require an open competitive bid process for this licensing.

DISCUSSION

Following a formal bid request, Citadel Communications Corporation (KBOI) has been determined to be the successful bidder for a license for the radio broadcasting of certain Boise State athletic events for four years through June 30, 2006. Details of the agreement are found in EXHIBIT 1.

FISCAL IMPACT

During this four year period, KBOI will pay to Boise State University \$646,000 for this license; \$63,295 for coach's compensation; and will provide commercial airtime valued at \$290,000.

STAFF COMMENTS

The formal bid process was followed in selecting Citadel Communications Corporation.

BOARD ACTION

A motion to approve Boise State University to enter into an agreement with Citadel Communication Corporation (KBOI) for broadcasting certain Boise State athletic events for four years through June 30, 2006 as detailed in EXHIBIT 1.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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EXHIBIT 1

AGREEMENT

This Agreement, made this 4th day of June, 2002, by and between BOISE STATE UNIVERSITY (hereinafter "BSU") and CITADEL COMMUNICATIONS CORPORATION d.b.a./KBOI, (hereinafter "KBOI").

WITNESSETH

WHEREAS, BSU has a proprietary interest in its intercollegiate athletic programs and in the use of any materials relating to those programs; and

WHEREAS, KBOI was the successful bidder for a license for the radio broadcasting of certain BSU athletic events; and

WHEREAS, the principal elements of the bid proposal are incorporated in this Agreement granting a license for radio broadcast rights to KBOI;

NOW, THEREFORE, in consideration of the covenants and terms of this Agreement, BSU hereby grants to KBOI an exclusive license to broadcast on radio certain intercollegiate athletic events, and KBOI hereby agrees to broadcast said events, as set forth herein.

RESERVED RIGHTS: BSU reserves all rights to the broadcast material and recordings, both live and delayed, of the sporting events and activities covered by this Agreement, whether or not the same are evidenced by formal copyright. Notice of BSU's reservation of these rights shall be included as a part of every broadcast made pursuant to this Agreement. BSU shall be entitled to all royalties, fees or other income which may be attributable to the use of said broadcast material and recordings and KBOI will provide any assistance needed by BSU to implement any use of said material other than by radio transmission.

TERM: The exclusive license granted by this Agreement shall be for a term of four (4) years, beginning the 1st day of July 2002, and extending through June 30, 2006.

RADIO BROADCAST COMMITMENT: KBOI will broadcast live on radio all men's intercollegiate football and basketball games, regular and post-season, whether the same are played in Boise or elsewhere.

KBOI is required to supply a cassette tape of each and every Boise State University football and men's basketball game(s) broadcast by close of business on Monday after said broadcast. (This includes any broadcasts of BSU women's sporting events and/or any broadcast of athletic events.)

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I. PROMOTION AND PUBLICITY:

1. KBOI will provide sports reports from the following events:
 - A. Conference Championship events held in Boise involving BSU men and women;
 - B. Other major events held in Boise of widespread interest such as conference championships, the NCAA Regional Championships, or a post-season invitational.
2. KBOI will broadcast a 3-hour live pre-game show for all home games and for all regular season games for Football (2002-03, through 2005-06 seasons), and a 2-hour live pre-game show for all away games.

KBOI will broadcast up to 2-hour post-game shows, from the end of each game to the top of the second hour, for all games, home or away. Shows will include appearances by BSU head coaches, game color and highlights, analysis, statistics and feature material. KBOI's broadcast team will host shows. KBOI will coordinate the content of these shows (pre-game and post-game) with BSU.

3. KBOI will run a weekly Monday morning 30-minute radio program featuring the BSU head football/basketball coach in season. Said show will run from 8:30-9:00 a.m. or 9:30-10:00 a.m. Boise State University will protect the exclusive nature of the relationship between head coaches of both football and men's basketball with Citadel Communications Corp., by not allowing those coaches to be available, in their prospective seasons up to and including post season play, to other area radio stations for extended interviews or talk appearances. Extended interviews or talk show appearances shall be defined as a radio appearance of more than three minutes.
4. KBOI will broadcast all pre-game, during-game, post-game, and weekly-featured shows for any additional post-season games for football and men's basketball, as done for all regular season games as stated in this proposal. The cash payment for these broadcasts is included in Item III.
5. KBOI will air each Saturday morning, 52 weeks per year, from 9:00 a.m. to 10:00 a.m. during the length of the contract, a one-hour program featuring and/or hosted by BSU's Athletic Director or his designee to discuss activities involving BSU Athletics or Boise State University. BSU will be allowed two (2) thirty second spots at no cost during each show to be used to thank and/or mention BSU's major corporate sponsors.

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6. KBOI will provide BSU with two (2) thirty second spots at no cost during each broadcast throughout the year to be used by BSU to thank and/or mention BSU's major corporate sponsors. Said spots will play during the game broadcast or in the pre-game or post-game shows within 30 minutes of the start or conclusion of the game.
7. KBOI will produce a weekly program, approximately one hour in length, called KBOI Sportsline, to be scheduled each Thursday from 6 pm to 7 pm during the football season. KBOI reserves the right, concurrent with the standards set by both Citadel and Boise State University, the location of all Coaches Shows.
 - 1) KBOI also proposes to air two (2) special "Sports Line" programs for Men's Basketball. KBOI reserves the right to pick which two games will be featured.
 - 2) KBOI will broadcast a minimum of one (1) women's basketball game. KBOI reserves the right to choose the game(s) based on perceived levels of interest in the Treasure Valley.
8. In addition to any other advertising by KBOI, KBOI will continue to support the Bronco Athletic Association (hereinafter "BAA") and will promote membership in the BAA. KBOI will attempt, whenever possible, to promote participation in all BAA functions including weekly luncheons at BSU. Paul J. Schneider or his agreed-upon replacement will attend and participate in these weekly luncheons whenever possible.
9. KBOI will provide miniature footballs and basketballs for each home game to be given away by the BSU cheerleaders. KBOI may obtain sponsors for these balls only if pre-approved by BSU.

II. ADVERTISING TIME: Citadel will provide commercial airtime on the stations owned by the parent company in Boise. This time is made available to the BSU Athletic Department to promote athletic events, ticket sales or other related events. Airtime may mention BSU's sponsors once per commercial. The commercial time may not be used as selling copy for the tie-in advertisers.

1. The Cash Value of said air time is as follows:

2002-03 ~	\$65,000
2003-04 ~	\$70,000
2004-05 ~	\$75,000
2005-06 ~	\$80,000

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2. All commercial placements will be submitted to Citadel no later than 30 days prior to each scheduled start date, and at posted rates submitted with this proposal. The rates submitted with this proposal reflect those for the 2002-2003 season. Citadel will provide Boise State with new rate card for each season by June 1st of each year.
3. KBOI will run promotional billboards 52 weeks per year as the "Home for Boise State Sports". These "ID's" run a minimum of 20 times per week at a value of \$25 each.
4. KBOI will run promotional announcements, in season, for all BSU game broadcasts at a minimum of 20 per week for both football and men's basketball at a value of \$25 each (26 weeks total).

III. INTERNET BROADCAST RIGHTS/STADIUM EXPOSURE/SIGNAGE

1. Citadel shall retain Internet broadcast rights subject to all Western Athletic Conference rules & regulations. Citadel reserves the right to broadcast/re-broadcast via the Internet, all football, men's basketball games in full or in part; and coach's shows. Citadel retains content rights to its station web sites. Any materials audio or text that pertain to Boise State Athletics will be in full compliance with NCAA, Western Athletic Conference, and Boise State University advertising policies and standards. To include, but not limited to streaming, clips, signage, contesting, bios, profiles and pictures. KBOI will maintain a dominant presence on its front home page dedicated to BSU with click through banner to Boise State Athletics' Web Site. Additional content will include, but not limited to bios, schedules, audio and video clips, polls and register to win pages for tickets with links to BSU's ticket purchase web pages.
2. In addition to KBOI's home football game's pre-game exposure at the main entrance to stadium, Citadel will extend it's pre-game radio exposure to our 4 sister stations, KIZN, KQFC, KKGL & KZMG. BSU will make available 5 station locations for tailgate promotions. KBOI will be allowed to display one (non-competing) sponsor banner, not to exceed 6' x 8' in size at each location. All stations will promote home games and tailgate parties a minimum of 20x each week of a home football game.

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IV. CONSIDERATION IN CASH:

1. As further consideration for the rights granted by BSU herein, KBOI will pay to BSU a total of \$646,000 in cash during the four year term hereon. The cash payment for each fiscal year (July 1 to June 30) of the agreement is as follows:

2002-03	~	\$154,000
2003-04	~	\$159,000
2004-05	~	\$164,000
2005-06	~	\$169,000

The sum due each year will be paid in twelve equal monthly installments. Payments are due the first day of each month.

2. In addition to the above totals, KBOI will pay the Head Football Coach the total of \$15,000 for the 2002-03 season. KBOI will pay the Head Football Coach or BSU an increase of 3% each successive year thereafter as directed by BSU.
The above listed amounts are inclusive of all cash payments to be made to Boise State University or its designee.
3. BSU, at its sole discretion and with the concurrence of KBOI, may extend this agreement for two additional years if mutually agreed to by both parties prior to July 1, 2005.

AS CONSIDERATION FOR THE RIGHTS AND FEES PAID HEREIN BY KBOI:

1. KBOI is granted exclusive radio broadcast identification as the "Voice of the Broncos" and exclusive use of the phrase "Bronco Sports Network" including KBOI's five (5) sister stations.
2. KBOI shall be allowed to display one (1) KBOI banner at the BSU Pavilion for all men's basketball games and one (1) 3" x 30" KBOI banner on the east side of the stadium fencing for all home football games. KBOI to provide banners.
3. KBOI will receive visibility on Bronco vision twice per game, both football and men's basketball.
4. KBOI will receive three mentions per game as the "Voice of the Broncos" during each home football game and men's basketball game.

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5. BSU will not allow other radio stations (excluding BSU opponent play-by-play radio stations) to transmit any live actualities from the football or basketball facility during a KBOI-BSU broadcast.
6. BSU will allocate KBOI a total of 30 season tickets for each football and men's basketball home games. KBOI agrees to purchase 4 Roughrider and 1 Buckaroo Bronco Athletic Association memberships each year throughout the term of this agreement. KBOI will pay \$2450.00 for these memberships directly to the Bronco Athletic Association each year. KBOI will pay no additional cost for the football and basketball season tickets. 10 of the 30 seats KBOI receives will be in appropriate priority seat locations. The remaining 20 seats will be in non-priority areas. The price of the BAA membership (\$2450) will not change throughout the term of this contract. KBOI reserves the right to purchase additional season tickets at 50% value for both men's football and basketball home games based on their availability. These tickets cannot be used for resale.
7. KBOI will receive one full-page ad in BSU programs for both football and men's basketball. KBOI and BSU will mutually agree on the contents of said ads.
8. KBOI will receive four (4), 3-minute half-time promotions. "Two" for football and "Two" for Basketball. Example of these would be KBOI's annual "Airplane Toss". Citadel reserves the right to afford its advertisers the opportunity for exposure within these promotions. Only non-competing sponsors will be allowed. BSU will provide Citadel with a list of advertising categories that are exclusive by August 1st of each season. BSU reserves the right to disallow any advertiser from these promotions.
9. KBOI will allocate 2 minutes during each half-time show for the Athletic Director or designee. This two-minute feature, "Spotlight on BSU" is for the purpose of educating the audience to any point of university interest, both athletic and academic.
10. KBOI will be allowed to feed the radio station broadcast to those areas within the stadium and pavilion with internal speaker systems that would otherwise play music during limited times approved in advance by BSU.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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11. KBOI will be allowed to use the pavilion and the stadium for a three (3) hour period, for the purposes of a flag football game and basketball game for those sponsors and BSU supporters of the game broadcasts. Times to be scheduled off-season; date and time mutually agreed upon by BSU and KBOI. Citadel will provide special liability insurance and will hold harmless Boise State University in compliance with Item 14 in request for proposal document.
12. KBOI will be provided up to 3 seats on each charter flight when available at no additional cost.

ANNOUNCERS: BSU, acting through its Director of Athletics, shall have the right to approve all announcers, such approval not to be unreasonably withheld. It is contemplated that KBOI's Sports Director, Paul J. Schneider, will call the play-by-play of all regular season and post-season athletic events covered by this Agreement. Mr. Schneider will be assisted by KBCI-TV (Channel 2) Sports Director, Wayne Dzubak, during home football and men's basketball games. Brad Larrondo will do the color commentary for away football games. KBOI must obtain BSU's approval if for any reason personnel changes are required. BSU's right to approve all announcers in advance, and to terminate this Agreement if such advance approval is not obtained by KBOI, shall extend to all changes in announcers and shall be effective throughout the term of this Agreement. Whenever this Agreement confers the right upon BSU to approve announcers in advance or to exercise any remedies if such advance approval is not obtained, BSU agrees that such approval will not be unreasonably withheld. KBOI and BSU will meet regularly throughout the term of this agreement to critique and review the announcers and to make changes if deemed appropriate.

RELEASE OF LIABILITY: Citadel will hold BSU harmless and indemnify Boise State University from and against all suits, causes of action or claims, which arise out of or are caused by an action or activities undertaken by KBOI pursuant to this agreement. In addition, Boise State University shall, subject to the limits of the Idaho Tort Claims Act, hold harmless and indemnify Citadel Communications Corp. from and against all suits, causes of action or claims which arise out of or are caused by an action or activities undertaken by BSU pursuant to this agreement.

COVERAGE AREA: All events broadcast by Citadel will maximize Citadel's 50,000-watt coverage in Idaho, Oregon, Nevada, Montana, Washington, Arizona and California.

NCAA AND CONFERENCE POLICIES: KBOI will independently become acquainted with and be bound by all National Collegiate Athletic Association and Conference policies regarding advertising. Said policies will be observed by KBOI. Any NCAA and Conference advertising policies which conflict with the terms of this Agreement shall supersede this Agreement without reduction of the amounts due hereunder or any other penalty to BSU.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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COOPERATION BETWEEN PARTIES: BSU hereby pledges to KBOI full cooperation to enable KBOI to broadcast the athletic events within the scope of this Agreement. KBOI will be provided with reasonable access to broadcast booths in Bronco Stadium or in the Pavilion and will be allowed to install customary communication lines and equipment at KBOI's expense and risk. Each of the parties hereto pledge their cooperation with the other in order to facilitate quality radio broadcasts.

ENTIRE AGREEMENT: This agreement constitutes the entire agreement between the parties hereto and there are no other agreements, warranties, guarantees, promises, statements or representations that will be binding upon the parties to this Agreement which are not expressly and specifically set forth herein. All of the provisions of this Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors or assigns.

NONASSIGNABLE: The rights granted to KBOI hereunder are not assignable or transferable by KBOI without the express written consent of BSU.

NOTICE: Any notice given in connection with this Agreement shall be in writing and sent by certified or registered mail, postage prepaid, addressed to receiving party as follows:

Director of Athletics
Department of Athletics
Boise State University
1910 University Drive
Boise, Idaho 83725

Vice President, Finance & Administration
Boise State University
1910 University Drive
Boise, ID 83725

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Citadel Communications Corporation
KBOI AM/FM
Post Office Box 1280
Boise, Idaho 83701

DEFAULT: Failure by a party to require strict performance of any term of this Agreement shall not affect that party's right to enforce the terms of this Agreement nor shall waiver of a default be construed to be a waiver of any succeeding default or a waiver of any portion of this Agreement. Should either party default in performance of any of its obligations under this Agreement, which default is not cured within thirty (30) days after written notice of default is given by the other party in the manner provided above, then the party giving such notice shall be entitled to exercise all remedies which it may possess at law or in equity, including but not limited to the right to bring suit for money damages or to compel specific performance of the terms hereof, and additionally, the nondefaulting party shall have the right to terminate this Agreement without liability or further obligation on its part. Notwithstanding the foregoing, the parties expressly agree that BSU's right to terminate this Agreement for failure by KBOI to obtain BSU's advance approval of announcers shall not require a 30 day notice of default but may be exercised immediately and without prior notice in the event of KBOI's breach of its obligation to obtain such advance approval.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first set forth herein above.

CITADEL COMMUNICATIONS CORPORATION BOISE STATE UNIVERSITY

By _____
Kevin Godwin
General Manager

By _____
Harry E. Neel, Jr., Vice President
Finance and Administration

Subject to final approval by the Idaho
State Board of Education at its
October 3, 2002, meeting.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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Appendix A
Schedule of Cash Payments from Citadel to BSU

July 1 st 2002:	\$11,500 BSU	\$1,250 Coach
August 1 st 2002:	\$11,500 BSU	\$1,250 Coach
September 1 st 2002:	\$11,500 BSU	\$1,250 Coach
October 1 st 2002:	\$11,500 BSU	\$1,250 Coach
November 1 st 2002:	\$11,500 BSU	\$1,250 Coach
December 1 st 2002:	\$11,500 BSU	\$1,250 Coach
January 1 st 2003:	\$14,166.66 BSU	\$1,250 Coach
February 1 st 2003:	\$14,166.66 BSU	\$1,250 Coach
March 1 st 2003:	\$14,166.67 BSU	\$1,250 Coach
April 1 st 2003:	\$14,166.67 BSU	\$1,250 Coach
May 1 st 2003:	\$14,166.67 BSU	\$1,250 Coach
June 1 st 2003:	\$14,166.67 BSU	\$1,250 Coach
Totals `02-`03 season	\$154,000 BSU	15,000 Coach
(12) Equal Monthly Payments:	\$13,250 BSU	\$1,287.50 Coach
Totals `03-`04 season	\$159,000 BSU	\$15,450 Coach
(12) Equal Monthly Payments:	\$13,666.67 BSU	\$1,326.17 Coach
Totals `04-`05 season	\$164,000 BSU	\$15,914 Coach
(12) Equal Monthly Payments:	\$14,083.33 BSU	\$1,365.92 Coach
Totals `05-`06 season	\$169,000 BSU	\$16,391 Coach

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

CAPITAL CONSTRUCTION PROJECTS
CHANGE ORDER APPROVAL

SUBJECT

Request approval to increase project budget with interest income.

REFERENCE

Minutes of January 2002 Board meeting: Motion 20 and 30 (page 9 and 12) Bond Approval. Minutes of November 2001 Board meeting: Motion 16 (page 2) Project Approval.

BACKGROUND

On November 14, 2001, the Board considered the Boise State Housing Master Plan recommendations and approved the Student Housing and Apartment projects. On January 22, 2002, the Board approved the bond issuance for construction of student residence halls and student apartments, the property acquisition budget, and issuance and bond defeasance costs. A total of \$39,755,000 was approved with the Housing Bonds & Property Acquisition actions at the January meeting.

The current project approval is as follows:

Current authorization	\$38,255,000 (bonds)
	+ <u>\$1,500,000</u> (property acquisition from reserves)
	\$39,755,000
	- <u>\$6,287,000</u> (prior bond refunding payments and bond issuance costs)
	\$33,468,000 (total construction project approval)

Details on the two Projects	
New Residence Hall Project	\$14,718,000
New Apartment Project	\$16,250,000
Property acquisition	<u>\$2,500,000</u>
	\$33,468,000

Supplementary Project Authorization Request:	\$1,100,000 (From dedicated interest income – see Fiscal Impact below)
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New Total Authorization for both Projects:	\$34,568,000
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BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA
BOISE STATE UNIVERSITY continued

DISCUSSION

The need for supplementary authorization on both projects. While all on site construction is being estimated within the current budget, issues outside the construction have necessitated the supplementary request. Extensive study of the site and utility infrastructure has identified necessary additional work in water, sewer, steam, and electrical lines to service the site. These infrastructure design and placement issues were not discoverable until the design process was completed. The issues stem from campus planning decisions and implementations made 30 or more years ago before the prior growth of the campus. While we can meet the construction requirements in the current budget, the additional infrastructure costs must be completed prior to construction.

Residence Halls Project – The schematic design for the Residence Halls is complete and design development is more than 50% complete. The buildings will total 115,931 gross sq. ft., which includes 4,550 gross sq. ft. of classrooms and computer lab, and 111,049 gross sq. ft. for 350 beds in two buildings consistent with the initial plan. The Idaho Division of Public Works is proceeding with the design development for this project. Permission to increase the budget in the amount of \$750,000 for necessary utility improvements and relocation, soils preparation work, and additional general construction costs is requested.

Apartment Project – The Idaho Division of Public Works is using the “design-build” delivery method for the construction of the new apartment project. Three design build finalist teams have been identified. The additional budget request is due to the required relocation of major utilities on the expanded site. Permission to increase the budget in the amount of \$350,000 is requested.

IMPACT

As required by Board Policy (V.D.7), the bond proceeds have been invested in safe, interest bearing accounts and such investment has yielded an additional \$1,100,000 in interest that, by Board Policy (V.F.5), may only be expended on an approved project. Thus, authority to expend an additional \$1,100,000 of interest income from the bond proceeds is requested.

STAFF COMMENTS

An adequate infrastructure for utilities needs to be created for these major building projects.

BOARD ACTION

A motion to approve the request by Boise State University to increase the Student Housing and Apartment project budget by \$1,100,000, an amount equal to the interest income from bond proceeds.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

INSTITUTION / AGENCY AGENDA
IDAHO STATE UNIVERSITY

APPROVAL OF PROJECT
IDAHO ACCELERATOR CENTER ADDITION

SUBJECT

Idaho State University requests approval to construct an 8,500 square foot addition to the Idaho Accelerator Center (IAC) to house the \$15,000,000 Spiral Line Induction Accelerator that was donated to the University by the Titan Systems Corporation.

BACKGROUND

In September 2001, the Titan Systems Corporation donated a Spiral Line Induction Accelerator (SLIA) to Idaho State University. The Idaho Accelerator Center does not have room to install and operate the accelerator, so it is currently stored in several large shipping containers. In an effort to fund an expansion of the IAC to support the SLIA, permission was granted from the Permanent Building Fund Advisory Council to use money budgeted to install a new boiler for the canceled classroom building project. During their August, 2002 meeting, they authorized the Division of Public Works to use \$80,000 of the \$998,000 budget to contract with a design firm to begin the project. The remaining money would be transferred when the design was completed. Before the design firm could be contracted, the funding was eliminated to support the State's budget shortfall.

The installation and operation of the SLIA has the potential for significant economic benefits to the State; therefore, Governor Kempthorne supported finding a way to allow the project to continue. On September 9, 2002, Governor Kempthorne approved his support of ISU's request to commit \$1,000,000 of ISU's FY2003 budget reserves.

DISCUSSION

Idaho State University will work with private industry and government agencies on commercial and national defense projects that have a high potential for economic development. The estimated cost for the addition is \$1,118,350, however, the project has not yet been designed and ISU is looking for ways to reduce the cost. The Mayor of Pocatello has also expressed an interest in assisting with the funding of this project.

IMPACT

Transfer of \$1,000,000 from voluntarily reserved portion of FY2003 budget.

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

STAFF COMMENTS

ISU has made this a top priority project to be funded. It will provide the ability to use the accelerator.

BOARD ACTION

A motion to approve the request by Idaho State University to construct an 8,500 square foot addition to the Idaho Accelerator Center to house the \$15,000,000 Spiral Line Induction Accelerator that was donated to the University by the Titan Systems Corporation.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
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INSTITUTION / AGENCY AGENDA
UNIVERSITY OF IDAHO

PHYSICAL PLANT - LEASES
GROUND LEASE TO USDA/ARS FOR WEST FARM, MOSCOW

Ref: Regents Minutes for April 15-16, 1999, p. 10

SUBJECT

The University requests authorization for the Vice President for Finance and Administration to enter into a long-term lease (25 Years) with the United States Department of Agriculture, Agricultural Research Service (USDA/ARS) on the University of Idaho's West Farm in Moscow. The ground lease is presented as EXHIBIT 2.

BACKGROUND

The University and USDA/ARS entered into a Memorandum of Understanding in 1982 allowing USDA/ARS to utilize approximately 1.4 acres of land and permitting the development of a research barn and related facilities. The facilities have supported USDA and UI research programs continuously since that time. Current research focuses on diseases transmitted to horses and livestock by insects and is linked to the USDA/ARS animal disease unit at Washington State University.

DISCUSSION

With the Memorandum of Understanding between the University of Idaho and USDA expiring, in 1999 the Regents authorized the University to enter into a five-year lease on the property. However, as a result of more significant facility improvements now planned by USDA/ARS in Moscow, that agency is currently requesting that the previously authorized lease be extended to a 25-year term to support the construction investment proposed. The longer term will also promote a continued research partnership between USDA/ARS and the UI Animal & Veterinary Science program.

IMPACT

There is no fiscal impact to the University from this lease. The property is currently being utilized by USDA/ARS for programs benefiting the University and USDA/ARS. USDA/ARS will be responsible for all property improvements, maintenance, and utility costs.

STAFF COMMENTS

If substantial facilities improvements will be made on the property, a long-term lease is appropriate.

BUSINESS AFFAIRS AND HUMAN RESOURCES
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BOARD ACTION

A motion to approve the University of Idaho's request to enter into a 25-year ground lease with the USDA/ARS on the University of Idaho's West Farm in Moscow.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 3, 2002

EXHIBIT 2

LONG-TERM LEASE AGREEMENT

By and Between the
Regents of the University of Idaho
And the
United States of America, Department of Agriculture

THIS LEASE is made and entered into this _____ day of _____, 2002, by and between the Regents of the University of Idaho, a state educational institution and a body politic and corporate organized and existing under the Constitution and Laws of the State of Idaho, whose address is: Vice President for Finance and Administration, University of Idaho, P.O. Box 443168, Moscow, Idaho 83844-3168, and whose interest in the property hereinafter described is that of fee simple (hereinafter called the "Lessor"), and the United States of America, Department of Agriculture, acting by and through the Administrator, Agricultural Research Service (hereinafter called the "Government").

AUTHORITIES: The authority of the Government to enter into this Lease is Title 7, United States Code, sections 428a and 2250. The authority of the Lessor to enter into this Lease is Article IX, Section 10, of the Idaho Constitution.

RECITALS:

WHEREAS, the Government wishes to lease certain land described below for the purpose of constructing, operating, and maintaining thereon certain agricultural research facilities so as to increase the research base of the Agricultural Research Service; and

WHEREAS the land subject to this Lease is owned in fee simple by the Lessor; and

WHEREAS the Lessor desires to have the Government so lease and utilize the leased premises described below, and thereby add to the educational and research base of the University of Idaho;

NOW THEREFORE, the parties hereto for the consideration hereinafter mentioned, covenant and agree as follows:

1. Leased Premises. The Lessor hereby leases to the Government the following described premises:

A parcel of land situate in the Southeast quarter of Section 12, T39N, R6W BM, Latah County, Idaho, and being more particularly described as follows: beginning at the Southeast corner of said Section 12, thence N 88°30'44" W., 2,639.08 feet, along the section line, thence north, 237.95 feet, thence east, 231.86 feet, to the True Point of Beginning;

BUSINESS AFFAIRS AND HUMAN RESOURCES
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Thence N 34°00'00" W, 283.95 feet;
Thence N 88°50'00" E, 242.92 feet;
Thence S 34°00'00" E, 146.07 feet;
Thence S 56°00'00" W, 200.00 feet;

to the True Point of Beginning. A site plan showing the Leased Premises is contained in Exhibit A and is incorporated and made a part hereto.

2. Term. To have and to hold the said premises with their appurtenances for the term beginning October 1, 2002 and ending on September 30, 2027, subject to termination and renewal rights as may be hereinafter set forth.
3. Rent. The Government shall pay the Lessor annual rent of \$1.00, receipt of which is hereby acknowledged by Lessor.
4. Early Termination. The Government may terminate this lease at any time by giving at least 120 days' notice in writing to the Lessor so long as the Government completely vacates the premises by the early termination date. Said notice shall be computed commencing with the day after the date of mailing.
5. Renewal. With the written approval of the Lessor, this lease may be renewed in writing by the Government for two additional 20-year terms.
6. Services. The Government may be permitted to connect to existing or future Lessor-owned utilities and or services including natural gas, electricity, water, steam and sewer systems, if available. Such connections are subject to the written approval of the Lessor's Director of Facilities Maintenance and Operations. The Lessor shall not be obliged to enlarge or extend such connections to the premises. The cost of utilities and services provided to the premises shall be paid for through the Research Support Agreement between the Lessor and the United States Department of Agriculture, Agricultural Research Service (USDA-ARS).
7. Insurance. The Government is self-insured. The liability of the Government for any loss, damage, claim, demand, or action caused by, arising out of, or connected with the operations authorized by this Lease, shall be governed by the provisions of the Federal Tort Claims Act (62 Stat. 869, 982; 28 U.S.C. 2671, et seq.).
8. Indemnity and Liability.
 - 8.1 Government shall indemnify, defend and hold Lessor, its agents and assigns, harmless from and/or against any and all claims, damages, and liabilities (including reasonable attorney's fees) that may be suffered or incurred and that arise as a direct result of and which are caused by Government's use of the premises.

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- a. Government shall give prompt notice to Lessor in case of casualty or accident on the premises and shall cooperate fully with Lessor in the defense of the same.
 - b. This indemnification does not apply when such claims, damages, and liabilities are the result of negligent acts, errors, omissions or fault of Lessor, its agents or assigns, or when the claim or suit is made against Lessor by Government.
- 8.2 Lessor shall not be liable for injury or damage which may be sustained by the person, goods, wares, merchandise or property of Government, its employees, invitees or customers or by any other person in or about the premises caused by or resulting from fire, steam, electricity, gas, water or rain which may leak or flow from or into any part of the premises or from the breakage, leakage, condensation, obstruction or other defects of the pipes, wires, appliances, plumbing, or lighting fixtures of the same, whether said damage or injury results from conditions arising upon the premises or from other sources.
9. Special Provisions. Upon termination of this Lease, the Government may elect to (1) remove all Government-owned material, property or structures from the premises and to restore the premises to their condition immediately prior to the commencement of this Lease, normal wear and tear excepted, or (2) leave any or all of the material, property or structures located on the premises in lieu of restoration of the site, with the written concurrence of the Lessor. In such event, title to such material, property or structures shall be transferred to the Lessor. The Government shall execute all documents reasonably necessary to effectuate such a transfer and shall cause to be released any and all liens, encumbrances, deeds of trust, mortgages, and security interests existing upon such material, property, or structures.
10. General Provisions. The following General Provisions are made a part of this Lease Agreement:
- a. Sublet. The Government shall not sublease the premises or permit the use or occupancy of the premises and any material, property or structures thereon, by anyone other than persons working directly for the USDA-ARS or collaborating on research and operations conducted by the USDA-ARS.
 - b. Maintenance. The Government agrees to maintain the premises, and any material, property or structures located on the premises, in good condition consistent with maintenance of Lessor's land and facilities in the vicinity for the term of the Lease.

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- c. Access. The Lessor agrees that the Government shall have right of ingress and egress to the premises over developed roadways on the Lessor's property for the term of this Lease.
- d. Destruction. If at any time during the term of this Lease, the structures and facilities erected upon the Leased Premises are substantially damaged or destroyed by fire or other casualty, then the Government shall have the option of (1) commencing and thereafter proceeding with reasonable diligence (subject to a reasonable time allowance for appropriation of any additional funds required and for any other unavoidable delay), at its sole cost and expense, to restore or rebuild the same as nearly as possible to its condition immediately prior to such damage or destruction, or (2) terminating this Lease in accordance with paragraph 4 hereof. In case of partial destruction or damage rendering the premises uninhabitable, as determined by the Government, the Government may terminate the Lease by giving written notice to the Lessor within 45 calendar days thereafter.
- e. Inspection. A joint physical survey and inspection report of the premises will be made as of the effective date of this lease, reflecting the then present condition, and will be signed by the parties hereto.
- f. Codes. The Government, as part of the rental consideration, agrees to comply with codes and ordinances applicable to the ownership and use of the property and, at its own expense, to obtain all necessary permits and related items, required to develop and operate the premises.
- g. Alterations. The Government shall have the right during the existence of this Lease to make alterations, attach fixtures, and erect structures or signs in or upon the premises hereby leased, which fixtures, additions or structures so placed in, on, upon, or attached to the said premises shall be and remain the property of the Government and may be removed or otherwise disposed of by the Government.
- h. Officials not to Benefit. No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit arising from it. However, this clause does not apply to this contract to the extent that this contract is made with a corporation for the corporation's general benefit.

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11. Notices. All notices or official communications which may be required under this Lease shall be given as follows:
- a. To Lessor: Vice President for Finance and Administration
University of Idaho
P.O. Box 443168
Moscow, Idaho 83844-3168
Phone: (208) 885-6174
- b. To Government: U.S. Department of Agriculture
Agricultural Research Service
Office of the Director, Facilities Division
5601 Sunnyside Avenue
Beltsville, MD 20705-5123
Phone: 301-504-1151
12. Amendment. This Lease may be amended by mutual agreement in writing executed by the officials executing this Lease or their successors, and appended herewith.
13. Entire Agreement. This Lease represents all the transactions contemplated by the parties hereto pertaining to the Leased Premises. It is understood and agreed by the parties that there are no verbal promises or implied promises, agreements, stipulations or other representations of any kind or character pertaining to the Leased Premises between them other than as set forth in this Lease.

{Signature Page Follows}

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IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

LESSOR

By _____

Date: _____

Name: Jerry Wallace

Title: Vice President for Finance and Administration,
Regents of the University of Idaho

GOVERNMENT

By _____

Date: _____

Name: EDWARD B. KNIPLING

Title: Acting Administrator
Agricultural Research Service

**BUSINESS AFFAIRS AND HUMAN RESOURCES
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**INSTITUTION / AGENCY AGENDA
IDAHO SCHOOL FOR THE DEAF AND THE BLIND**

AUDITS AND FINANCIAL REPORTS

STUDENT ACTIVITY FUNDS AS OF SEPTEMBER 16, 2002. BELOW LISTING OF
STUDENT ACTIVITY FUNDS IS A REPORT SUBMITTED TO STATE BOARD OF
EDUCATION IN ACCORDANCE WITH IDAHO CODE 33-705.

	BAL-07/25/02	BAL-09/16/02	INC/(DEC)
SALES TAX	34.57	95.18	60.61
ATHLETICS	7,725.91	8,012.18	286.27
WSBC	4,615.47	4,615.47	0.00
ATHLETIC APPAREL	79.23	265.61	186.38
CHEERLEADING	415.37	415.37	0.00
M.S. CHEERLEADING	70.00	70.00	0.00
CLASS OF 2003	1,616.43	1,599.93	-16.50
CLASS OF 2004	140.68	180.68	40.00
CLASS OF 2005	211.22	283.22	72.00
CLASS OF 2006	0.00	4.00	4.00
MAINT. BREAK ROOM	56.61	166.11	109.50
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	36.63	36.63	0.00
H.S. STUDENT COUNCIL	812.12	812.12	0.00
JOURNALISM	584.98	584.98	0.00
ED STAFF POP MACHINE	1,084.63	1,084.63	0.00
HEALTH & WELLNESS	201.00	111.48	-89.52
STUDENT ACT. FUND	5,935.57	5,701.44	-234.13
WORK EXPERIENCE	67.17	67.17	0.00
RAPTOR JAVA (NEW)	462.52	462.52	0.00
STUDENT BOOK CLUB	186.10	298.10	112.00
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	5,836.61	5,836.61	0.00
ART FUND	276.52	276.52	0.00
YEARBOOKS	-504.60	504.83	1,009.43
LIONS WINTER CAMP	2.17	2.17	0.00
HRG AID MOLD & REPAIRS	297.39	316.36	18.97
HA GIFT F/HRG CM TCH	68.58	68.58	0.00
PERSONAL STUDENT ACCT	290.63	838.22	547.59
STUDENT AID	<u>1,270.55</u>	<u>1,173.63</u>	<u>-96.92</u>
TOTALS	\$32,639.62	\$34,649.30	\$2,009.68

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BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 3, 2002

SUBJECT

College & Universities' Request to Carry-Over Authorized but Unspent Funds From FY03 to FY04 for One-Time Expenditures.

BACKGROUND

The college and universities appropriation includes general account funds, endowment funds and student fee revenue funds. Spending authority is established to control expenditures from these funds through the State Controllers Office. Funds that are authorized (funds appropriated and other Board approved adjustments) but unspent at the end of the year can be carried over to the following fiscal year. For FY03, appropriation language did not authorize the carry-over of general account funds but the endowment funds and student fee revenue funds are subject to perpetual spending authority so any authorized but unspent funds can be carried-over. Board policy states, "the institutions, school and agencies 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." The institutions are requesting approval to carry-over authorized but unspent funds from FY02 to be expended in FY03.

DISCUSSION

The ability to carry-over funds from one fiscal year to another is a very valuable in managing an institution over fiscal years. Expenditures can be planned instead of creating a spending frenzy to spend all funds by the end of the fiscal year. The institutions have identified the funds available to be carried over and the planned expenditure of these funds. Since carry-over funds are one-time, these funds are limited to one-time expenditures.

IMPACT

Approval will increase the spending authority for FY03 so the institutions can expend the funds. The expenditure plans are included in the institutional requests.

STAFF COMMENTS

The amount carried over ranges from 2.2% of the appropriated funds to 8.9%. The funds will help the institutions deal with critical financial issues for FY03.

BOARD ACTION

A motion to approve the requests from the college and universities to carry-over authorized but unspent funds from FY02 to FY03 as requested.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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BUSINESS AFFAIRS AND HUMAN RESOURCES
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BOISE STATE UNIVERSITY

General Education

The source of funds carried over are: General Account - \$0.00; Student Fees 8,592,300 Carryover funds will be used for non-recurring expense as summarized below:

Encumbered Funds as of 6/30/2002 \$613,000

These are purchase orders issued and commitments made as of June 30, although the goods or services were not received as of June 30.

Un-encumbered Funds as of 6/30/2002 \$7,979,300

- HERC and technology funds \$222,595
(multi-year carryover is necessary for research grants and projects)
- Library \$11,458
- Academic Support \$395,028
- Faculty Research Projects \$235,626
- Other Academic Departments \$2,496,860
- Physical Plant Projects (includes continuing capital projects) \$1,697,289
- Student Services \$285,922
- Institutional Support \$291,742
- Information Technology Support for Academic Departments \$334,605
- General Institution Reserve \$2,008,175
(these reserves and other carry forward funds from salary savings and expenditure reductions are set aside for future potential holdbacks)

**BUSINESS AFFAIRS AND HUMAN RESOURCES
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IDAHO STATE UNIVERSITY

General Education

The source of funds carried over are: General Account - \$ 0.00; Student Fees - \$3,868,037.77; Endowment - \$0.00. All carryover funds will be used for non-recurring expense as summarized:

Encumbered Funds as of 6/30/2002	\$ 383,165.23
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Purchase orders issued and commitments made,
but goods or services not received as of 6/30/2002.

HERC and Technology	\$ 605,919.23
---------------------	---------------

Research & Technology grants and projects are made for
a two or three year period. Carryover necessary to complete
those grants and projects.

Other Carryover Funds	\$2,878,953.31
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Instructional Support/Equipment	\$1,416,410.27
Faculty Research Projects	331,369.66
Physical Plant Projects	44,419.05
General Institutional Reserve	1,086,754.33

Idaho Dental Education Program

The source of funds carried over are: General Account - \$ 0.00; and Student Fees - \$23,958.02. All carryover funds will be used for non-recurring expense as summarized:

Planned expenditures for uncommitted funds are:	
Instructional Support/Equipment	\$23,958.02

**BUSINESS AFFAIRS AND HUMAN RESOURCES
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UNIVERSITY OF IDAHO

General Education

The sources of funds carried over are: Miscellaneous Receipts to the Appropriation \$7,890,912 (includes \$77,928 excess receipts from FY2002); Matriculation Fees \$12,477; and Land Grant Endowments \$12,718.

Encumbered Funds as of 6/30/2002	\$198,434
Purchase orders issued and commitments made, but goods or services not received as of 6/30/2002.	

Unencumbered Funds as of 6/30/2002	\$7,717,673
Research Programs and Projects (includes HERC)	\$1,189,219
Technology Incentive Grants	\$251,415
Libraries	\$481,203
Information Technology	\$1,119,439
Other Academic Departments and Institutional Support	\$4,542,017
Capital Projects – continuing	\$134,380

Agricultural Research and Extension Service

The sources of funds carried over are:

Equine Education funds \$3,970; and Federal Formula Funds (Hatch/Regional Research/Smith-Lever) \$1,393,190 (includes \$7,345 of excess receipts from FY02).

Encumbered Funds as of 6/30/2002	\$237,253
Purchase orders issued and commitments made, but goods or services not received as of 6/30/2002.	

Other Carryover Funds as of 6/30/2002	\$1,159,907
Information Technology Enhancements	\$50,000
Other departmental carryover, includes previously allocated start-up funding and recruitment funds for vacant faculty.	\$1,109,907

UI Special Programs and Health Programs

WWAMI Medical Education: Funds carried over for one-time expenses in FY2003 are \$86,074 of Miscellaneous Receipts.

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LEWIS-CLARK STATE COLLEGE

General Education

Encumbered Funds as of 6-30-02:

Purchase orders issued and commitments made, but goods or services not received as of 6-30-02.	\$ 103,900
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HERC and Tech Grants	\$ 73,200
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Non-recurring capital and operating expenses:	<u>\$ 202,100</u>
Total	<u>\$ 379,200</u>

BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 3, 2002

SUBJECT

Update on FY03 Operating Budget and FY04 Request

BACKGROUND

For FY03, the Governor issued Executive Order 2002-08 which reduced the general fund spending authority by three and half percent (3.5%). Fortunately, public schools support, college and universities, community colleges, School for the Deaf and the Blind, Professional-Technical Education, Health Programs, Agricultural Research and Cooperative Extension, and Special Programs were excluded from the order. Affected by the spending authority reduction are the Office of the State Board of Education, Historical Society, State Library, Public Broadcasting, Vocational Rehabilitation, and the Superintendent of Public Education. EXHIBIT 3 displays these reductions. In addition to the operating budget holdback, the revised spending plan deferred Permanent Building Fund (PBF) projects and maintenance projects until spring. This affects the PBF projects at College of Southern Idaho (fine arts addition) and Lewis-Clark State College (campus activity center) and several maintenance projects at the agencies, colleges, and universities.

For FY04, the Board approved a Maintenance of Current Operations (MCO) request for the agencies and institutions. The MCO request was developed according to the State's Budget Development Manual and Board policy. EXHIBIT 3 displays the MCO request by agency, institution or program. In addition, a request for college and universities funding equity, if funds are available.

DISCUSSION

The agencies affected by Executive Order 2002-08 have adjusted their operating budgets for FY03. EXHIBIT 4 is a summary of their plans to deal with the reduction.

IMPACT

For FY03, the agencies affected have revised their operating budgets for the funds now available.

For FY04, the request represents funds needed to maintain current operations, which has been submitted to the Division of Financial Management for the Governor's consideration and Legislative Services Offices for Joint Finance Appropriation Committees hearings.

STAFF COMMENTS

This provides an update for the FY03 operating budgets that have been reduced by Executive Order 2002-03 and provides a summary of the FY04 budget request. The FY04 request will be revised as current information becomes available that affects requested items.

BOARD ACTION

No Board action is required unless the Board wishes to direct changes to the FY03 operating budgets or the FY04 budget request.

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State Board of Education

Summary of FY03 Operating Budget / FY04 Budget Request

General Account Only

AGENCY/INSTIT/PROG	FY03 Oper Budget		FY04 Bdgt Request	
	FY03 Appropriation	Exec Order 3.5% Holdback	FY04 MCO Request	% Increase FY04 Req from FY03 Approp
1 Office of State Board				
2 Office of State Board	5,438,000	190,300	5,589,300	2.78%
3 School for Deaf & Blind				
4 School for Deaf & Blind	7,051,500	0	7,660,900	8.64%
5 Prof/Tech Education				
6 * State Ldership&Tech Asst	1,744,600		1,834,800	5.17%
7 * General Programs	10,019,500		11,311,600	12.90%
8 Postsecondary Programs	31,293,500		34,208,800	9.32%
9 Un/Underprep Adult&DHP	234,600		240,200	2.39%
10 Total Prof/Tech Educ	43,292,200	0	47,595,400	9.94%
11 Community Colleges:				
12 Total Comm Coll	18,821,600	0	19,902,500	5.74%
13 College & Universities:				
14 Total Coll & Univ	213,558,800	0	222,977,800	4.41%
15 Agr. Research & Ext.				
16 Agr. Research & Ext.	23,316,400	0	23,940,900	2.68%
17 Health Programs:				
18 WOI Vet. Medicine	1,501,500		1,544,700	2.88%
19 WWAMI Medical Educ.	3,011,900		3,140,000	4.25%
20 IDEP	775,300		841,600	8.55%
21 WICHE Health Educ.	921,800		812,700	-11.84%
22 Family Practice	1,012,900		1,043,700	3.04%
23 University of Utah			190,600	
24 Total Hlth Programs	7,223,400	0	7,573,300	4.84%
25 Special Programs:				
26 Forest Utilization	567,300		578,800	2.03%
27 Geological Survey	769,000		784,100	1.96%
28 Scholarships & Grants	7,369,500		7,558,200	2.56%
29 Museum of Natural Hist	485,100		495,800	2.21%
30 Small Business Centers	280,000		286,700	2.39%
31 TechHelp	160,600		164,500	2.43%
32 Council for Tech in Lrng	0		0	
33 Council for Econ Ed	51,800		53,000	2.32%
34 Total Spec Programs	9,683,300	0	9,921,100	2.46%
35 Board Agencies:				
36 Public Broadcasting	1,929,700	67,500	2,529,600	31.09%
37 State Library	2,439,300	85,400	2,616,600	7.27%
38 Historical Society				
39 * Hist Preservation & Educ	1,691,800	59,200	1,895,600	12.05%
40 * Hist Site Mtn & Interpre	215,300	7,500	251,300	16.72%
41 Total Hist Soc	1,907,100	66,700	2,146,900	12.57%
42 Vocational Rehab				
43 Epilepsy Services	72,900	2,600	72,900	0.00%
44 Independent Living Council	75,700	2,600	82,500	8.98%
45 Renel Disease Services	541,400	18,900	561,500	3.71%
46 Vocational Rehabilitation	3,129,100	109,500	3,277,200	4.73%
47 Total Voc Rehab	3,819,100	133,600	3,994,100	4.58%
48				
49 TOTAL BOARD AGENCIES/INST	338,480,400	543,500	356,448,400	5.31%
50				
51 Superintendent of Pub Instr	5,477,000	191,700		
52 * Public Schools	920,000,000	0	971,104,000	5.55%
53 TOTAL K-12 EDUCATION	925,477,000	191,700	971,104,000	

* Includes One-time

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EXHIBIT 4

Office of the State Board of Education

OSBE will reduce three programs to comply with the 3.5% holdback. The Assessment/Accountability program will be reduced by \$138,800 with the majority of the reduction in the contract with Northwest Evaluation Association (NWEA). NWEA will provide the contracted services for a reduced amount. The Office will be reduced by \$48,200 and the Governor's Innovative Teacher Grant program will be reduced by \$3,300.

Idaho Public Broadcasting

Reduce DTV Capital in General fund by \$25,000, DDF will cover the reduction. Reduce DTV one-time Operating by \$25,000, DDF will cover the reduction. Reduce ongoing Operating Expense by \$17,500. Idaho PTV will generate operating expense savings over the course of the fiscal year.

DDF refers to the Digital Distribution Fund grant that Idaho PTV received about three weeks ago from the Corporation for Public Broadcasting for our DTV conversion.

Vocational Rehabilitation

There will be no layoffs or office closings. The amount will be made up through a combination of capital outlay, operating, and salary savings. No major impact on delivery of services. The Epilepsy League of Idaho and the State Independent Living Council will bear their share of the request.

Idaho State Library

The Management Team took the position that ISL should continue to position the State Library for the future in line with the reorganization of last spring and the recently completed strategic plan. In order to do this, we approached this issue by going beyond the immediate holdback requirements and projected a staffing configuration as of July 1, 2003.

On September 19, 2002, the State Library Board reviewed and approved the recommendation made by staff.

The 3.5% holdback will be made up completely with Personnel funds. This decision, coupled with the staffing changes to position the agency to meet the challenges facing us in the upcoming months and years, results in at least the following actions:

1. All part-time temporary positions will be terminated no later than November 1, 2002. This will affect four individuals. The work being performed by these individuals will either be reassigned to full time employees or be done by volunteers recruited for the activities.
2. There will be a reduction in force that will affect either two or three positions. We are currently working with the Department of Human Resources to finalize the details related to the implementation of this action.

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Idaho State Historical Society

The action to be taken by the ISHS was determined following lengthy consideration of various options and proposals for reducing the agency's spending. They took into account suggestions that came from members of the general staff, the ISHS Board of Trustees, and agency administrators.

Specifically, on or before September 30, 2002, the agency will:

- Declare vacant the position of publications editor/research specialist. To the best of its ability the agency will continue production of *Mountain Light*, *Idaho Yesterdays*, *Time Line* and other publications by adding additional responsibilities on a shared basis to other employees with writing/editing/design capabilities within Administration, the Library and Archives, and the Museum. The Library and Archives staff will also assume research work previously done by the publications editor/research specialist for patrons whenever possible.
- Close the Capitol Education Center by shifting the tours portion of the program to Legislative Services during the Legislative session and canceling hosted tours the remainder of the year (in essence, turning back time to pre-1998 operating procedures in that building). Education outreach and information projects will be terminated. This will eliminate one part-time position and save on operating expenses for printing, phones, etc. The interpretive specialist position (funded from dedicated money in the agency) will be shifted to the Old Penitentiary to help with anticipated increases in visitation since many of the 18,000 individuals taking tours (most being school children) are likely to shift over to that historic site program from the Statehouse.
- Drop coordination of the Idaho History Day program, thus saving operating expenses and the annual fee to National History Day, and also recognizing the inability to assure that adequate planning and preparation for that statewide (grade 4-12) education program could take place due to current staffing levels
- Reduce operating hours at the Historical Museum by closing on Sunday and Monday (the lowest attendance days). That will save on some utility and custodial costs, as well as allow a shift of an existing receptionist to Tuesday-through-Saturday duties. That, in turn, will allow lay off of two part-time weekend workers currently covering Saturday and Sunday.
- Reducing public hours at the Historical Library by closing on Tuesday, in addition to the current closure on Sunday and Monday. That will also allow the entire staff a full and uninterrupted day to work at the Wells Archives Building on the critical backlog that needs to be processed there - and subsequently make more material available to patrons during public hours of operation. (Fulfilling the needs of other state agencies for material and support services will continue on Tuesdays, just as is currently done on Mondays).

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As you are aware, these actions will be taken in addition to those carried out by the agency earlier this year to fulfill the 10 percent in general fund holdbacks. Those previous actions have included laying off three full-time employees; cutting all maintenance funding for the 59 buildings for which it is responsible; reducing travel and community outreach programs; eliminating the purchase of most library and archival materials needed to continually update historic records and documentation; and ending 50 years of free admission to the Historical Museum by beginning to charge an entrance fee.

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BUSINESS AFFAIRS AND HUMAN RESOURCES
OCTOBER 3, 2002

SUBJECT

Update on Changes to the Financial Statements Due to Governmental Accounting Standards Board (GASB) 35.

BACKGROUND

In December of 1999, the Governmental Accounting Standards Board issued statement #35, which would significantly change the reporting requirements for public colleges and universities. These changes must be implemented by the FY02 annual audit. The institutions, State Controllers Office, and Deloitte & Touche began working in June of 2000 to develop an implementation schedule. The task force's first meeting was in August of 2000. Several meetings were over the next year held to ensure consistent implementation of the numerous changes.

DISCUSSION

Deloitte & Touche will present the audited financial statements to the Board at the December meeting. Since these statements will be significantly different from past financial statements, representative from Deloitte & Touche will preview the changes in the reporting requirements.

IMPACT

By updating the Board on the changes to the financial reporting requirements, the Board will be able to better understand the financial statements that will be reported in December.

STAFF COMMENTS

The changes to the reporting requirements are substantial so this presentation will help in understanding future financial reporting for public colleges and universities.

BOARD ACTION

No Board action is required.

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