

STATE BOARD OF EDUCATION MEETING

January 14, 2008, 1:00 pm MST
JR Williams Building, East Conference Room
700 W State St.
Boise, Idaho



Monday, January 14th, 2008, 1:00 pm

Agenda Approval

1. BSU – Delegated Authority Legislation
2. Education Related Legislation
3. HERC One-Time \$75k Grant Program Recommendation
4. DRC Contract Amendment
5. ISU – Reed Gymnasium Complex
6. UI – Idaho Center for Livestock and Environmental Studies

Department of Education

1. IT Position Funding with ICTL Monies
2. NCLB Adequate Yearly Progress Sanctions

OTHER / NEW BUSINESS

EXECUTIVE SESSION (Closed to the Public)

A motion to go into executive session pursuant to Idaho Code Section 67-2345(1)(d) and (e) to consider records evidencing attorney-client communications that are exempt from disclosure pursuant to chapter 3, title 9, Idaho Code, and to consider and advise the Board's legal representatives in a matter of probable litigation.

EXECUTIVE SESSION ITEMS MAY BE DISCUSSED AND ACTED UPON, IF APPROPRIATE, IN OPEN SESSION.

If auxiliary aids or services are needed for individuals with disabilities, or if you wish to speak during the Open Forum, please contact the Board office at 334-2270 no later than two days before the meeting. While the Board attempts to address items in the listed order, some items may be addressed by the Board prior to or after the order listed.

**STATE BOARD OF EDUCATION
JANUARY 14, 2008**

BOISE STATE UNIVERSITY

SUBJECT

Legislative changes to delegated authority for public works projects

REFERENCE

August 2007 Board approves Legislative Idea to be submitted to DFM

September 2007 Board approves Boise State to continue to work with the
Governor's Office in the drafting the legislation

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Statute, 67-5710A and 67-5711

BACKGROUND

For the last couple of years, Boise State has been in discussions with the Board and the State Department of Administration in an effort to determine ways to increase flexibility relative to construction projects to ensure projects are approached most efficiently and without duplication of oversight efforts. Boise State is one of, if not the most active consumer of Division of Public Works services and construction oversight due to the large number of active construction projects on campus. The University of Idaho is exempt from Division of Public Works oversight currently for all projects regardless of fund source. The proposed change would give the other institutions substantially the same flexibility, upon mutual agreement of parties, granted to the UI currently for projects funded by non-state sources.

DISCUSSION

Boise State University requests Board approval to pursue legislation that would allow for increased flexibility for public, four-year institutions relative to public works projects funded entirely by non-state funds. The legislation would also provide increased flexibility for the State Division of Public Works to delegate projects to state agencies. This legislation is a result of an idea submitted through the Board and Governor's Office in Fall 2007, and subsequent discussions and compromises between Boise State University and the Idaho State Department of Administration.

The legislation proposes two major changes to Idaho Code: (1) Upon mutual agreement between the Director of the Department of Administration and the appropriate college or university president, project management may be transferred to said college or university for construction projects that are funded through non-state sources. The Permanent Building Fund Advisory Council is designated as final arbiter if mutual agreement cannot be reached. (2) Increases the threshold by which the division of public works may delegate any project, regardless of fund source, from \$150,000 to \$500,000.

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Because this legislation has evolved as a joint effort between Boise State and the State Department of Administration, provisions are included to benefit both entities, while maintaining options for higher education institutions that do not wish to pursue transfer of authority for non-state funded constructions projects as well as maintaining state board oversight authority for all construction projects and ensuring that all other statutory requirements relative to life safety and building codes continue to apply regardless of who manages the project.

IMPACT

The impact of this action would be to allow Boise State and the Department of Administration to continue to pursue legislative sponsors and action on this legislation in the 2008 session.

ATTACHMENTS

Attachment 1 – Proposed Legislation

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BOARD ACTION

A motion to approve Boise State University's request to pursue legislative changes to Idaho Code 67-5710A and 67-5711 as presented herein.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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STATEMENT OF PURPOSE

This legislation proposes two changes to the statutes governing the construction of facilities on the campuses of Idaho's four year institutions of higher education:

1. It provides Idaho's other public, four-year institutions of higher education--Boise State University, Idaho State University, and Lewis-Clark State College--with authority similar to, but not to the same extent as, that--allowed the University of Idaho provided that the source of funding for the projects comes entirely from non-state sources.

The transfer of authority contemplated in this bill would not occur unless a project-specific, written agreement exists between the institution president and the director of the Department of Administration. The Permanent Building Fund Advisory Council is given the final authority to decide if a specific project shall be transferred to an institution. This decision is discretionary to the PBFAC and is not an IDAPA type matter.

2. It increases the delegation dollar limit from \$150,000 to \$500,000. This gives the Department of Administration (Division of Public Works) the option of delegating more projects to state agencies regardless of fund source to reflect the rapidly increasing cost of construction projects.

Currently, the Department of Administration can only delegate to all state agencies the authority to undertake construction and alteration & repair projects valued at less than \$150,000.

Currently, for new construction and alteration & repair projects valued over \$100,000, the Department of Administration (Division of Public Works) manages the projects from start to finish for all state agencies except the UI. The law gives the UI the authority to manage their self-funded projects while still binding them to State Board of Education oversight and all applicable state laws and rules.

What is not changed by this bill are the following state and taxpayer protections:

- There is no change to the State Board of Education's oversight authority for higher education construction projects.
- The higher education institutions must still comply with all applicable public works statutes, life safety and building codes and other applicable codes and regulations.
- The higher education institutions must continue to comply with any guidelines or procedures for design and construction adopted by the Division of Public Works and the Permanent Building Fund Advisory Council.
- The higher education institutions would continue to be bound by all other applicable laws and rules.
- Any construction or alteration & repair project at BSU, ISU or LCSC receiving any state funding would not be affected by this change and would continue to be managed by the Department of Administration (Division of Public Works).

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FISCAL NOTE

This legislation would not require new appropriated funding. By eliminating some inherent duplication in the current system used to manage the construction of campus facilities, this bill is expected to reduce overall costs to the state and higher education institutions.

CONTACT:

Senator _____

Representative _____

Boise State University, 426-4081

]]]] LEGISLATURE OF THE STATE OF IDAHO]]]]
Fifty-ninth Legislature Second Regular Session - 2008

IN THE HOUSE OF REPRESENTATIVES

A BILL

BY STATE AFFAIRS COMMITTEE

1
2 AN ACT
3 RELATING TO PUBLIC WORKS CONTRACTING; AMENDING SECTION 67-5710A, IDAHO CODE,
4 TO ALLOW THE ADMINISTRATOR OF THE DIVISION OF PUBLIC WORKS TO DELEGATE
5 CONTROL OVER THE DESIGN, CONSTRUCTION AND ALL OTHER ASPECTS OF A
6 PUBLIC WORKS OR MAINTENANCE PROJECT WHICH COST LESS THAN FIVE HUNDRED
7 THOUSAND DOLLARS (\$500,000) TO A STATE AGENCY REGARDLESS OF FUND
8 SOURCE; AND AMENDING SECTION 67-5711, IDAHO CODE, TO EXEMPT FROM THE
9 PROVISION BOISE STATE UNIVERSITY, IDAHO STATE UNIVERSITY, AND LEWIS-
10 CLARK STATE COLLEGE WHEN THE SOURCE OF FUNDS IS FROM NON STATE OF
11 IDAHO SOURCES PROVIDED THAT A WRITTEN AGREEMENT BETWEEN AN INSTITUTION
12 AND THE DEPARTMENT OF ADMINISTRATION EXISTS AND PROVIDING THAT THE
13 PERMANENT BUILDING FUND ADVISORY COUNCIL HAS FINAL AUTHORITY TO DECIDE
14 IF A SPECIFIC PROJECT SHALL BE EXEMPTED FROM THE PROVISION.

15
16 Be It Enacted by the Legislature of the State of Idaho:

17
18 SECTION 1. That Section 67-5710A, Idaho Code, be, and the same is hereby
19 amended to read as follows:

20
21 67-5710A. REQUIREMENT OF PLANS AND SPECIFICATION APPROVAL BY PERMANENT
22 BUILDING FUND ADVISORY COUNCIL AND DELEGATION OF PROJECT OVERSIGHT BY THE
23 ADMINISTRATOR FOR THE DIVISION OF PUBLIC WORKS.

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(1) (a) Unless an emergency exists as defined in section 67-5711B, Idaho Code, an existing public works may not be altered, repaired, constructed or improved on property owned or occupied by any state institution, department, commission, board or agency, if the estimated cost of work exceeds the limit established in section 67-5711, Idaho Code, and except for those institutions and agency exemptions listed in section 67-5711, Idaho Code, without regard to source of funding, until the location, design, plans and specifications are approved by the permanent building fund advisory council and the project supervised by the division of public works or its designee.

(b) Facilities to be built with funds under the control of a non-state entity, and owned or occupied by state entities, must have plans and specifications prepared, and all plans and specifications must be reviewed and approved by the permanent building fund advisory council prior to the advertising, bidding, construction and/or negotiation for construction of the facilities.

(2) (a) The administrator for the division of public works may delegate control over design, construction and all other aspects of a public works or maintenance project which costs less than ~~one five hundred fifty thousand~~ **dollars (\$1500,000)** to agencies of state government on a project-by-project basis, if a responsible party of the state agency requests that delegation in writing and the permanent building fund advisory council approves the delegation.

(i) The state agency to whom control is delegated shall assume all responsibility for project budgets and shall receive funds appropriated for the project upon application and approval by the permanent building fund advisory council.

(ii) Delegation of project control does not exempt the state agency from complying with public works statutes, life safety and building codes or other applicable codes and regulations. The state agency also must comply with any guidelines or procedures for design and construction adopted by the division of public works and the permanent building fund advisory council.

(iii) State agencies that receive delegated projects may not have access to permanent building fund advisory council contingency funds unless approved by the permanent building fund advisory council or authorized by appropriation.

(iv) Prior, written approval from the administrator must be granted for any public works utilizing sole source or limited competition. No agency will be delegated the ability to declare an emergency as defined in section 67-5711B, Idaho Code.

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(v) The permanent building fund advisory council may elect to audit any project for compliance with applicable codes and policies.

(vi) The delegated state agency will use standard documents for professional services contracts and for construction contracts as adopted by the division of public works.

(vii) Delegation is subject to cancellation by the administrator for the division of public works with the concurrence of the permanent building fund advisory council.

SECTION 2. That Section 67-5711, Idaho Code, be, and the same is hereby amended to read as follows:

67-5711. CONSTRUCTION, ALTERATION, EQUIPPING, FURNISHING AND REPAIR OF PUBLIC BUILDINGS AND WORKS. The director of the department of administration, or his designee, of the state of Idaho, is authorized and empowered, subject to the approval of the permanent building fund advisory council, to provide or secure all plans and specifications for, to let all contracts for, and to have charge of and supervision of the construction, alteration, equipping and furnishing, repair, maintenance other than preventive maintenance of any and all buildings, improvements of public works of the state of Idaho, the cost of which construction, alteration, equipping and furnishing, repair, maintenance other than preventive maintenance exceeds the sum of one hundred thousand dollars (\$100,000) for labor, materials and equipment, which sum shall exclude design costs, bid advertising and related bidding expenses, provided, that the director or his designee, and permanent building fund advisory council shall, in the letting of contracts under this section, comply with the procedure for the calling of bids provided in section 67-5711C, Idaho Code; provided, however, that this section shall not apply to the construction, alteration, equipping or furnishing or repair or maintenance other than preventive maintenance of public buildings under the jurisdiction and control of the board of regents of the university of Idaho; provided that upon mutual written agreement between the director of the department of administration and the college or university president for a specific project this section shall not apply to the construction, alteration, equipping or furnishing or repair or maintenance of buildings under the jurisdiction and control of the board of trustees of Boise State University, Idaho State University, and Lewis-Clark State College when such construction, alteration, equipping or furnishing or repair or maintenance is

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funded entirely by donations, gifts, non state of Idaho revenues received by the institution, funds received by the institution from the federal government or funds obtained by the institution under chapter 38, title 33, Idaho code or any combination thereof; provided further that if the director declines to enter into such a written agreement, the college or university may request exemption from this section from the Permanent Building Fund Advisory Council which Council is hereby given the authority to make the final determination as to whether this section shall apply to the specific project requested to the council; provided further that projects transferred to an institution under the above conditions are subject to the same Permanent Building Fund Advisory Council review and approval process currently required for projects managed by the Division of Public Works; provided further, that the bidding procedures required by this section and section 67-5711C, Idaho Code, shall not apply to performance contracts as provided in section 67-5711D, Idaho Code; provided further, that public works for the Idaho transportation department, the department of fish and game, the department of parks and recreation, and the department of lands, except for administrative office buildings and all associated improvements, are exempt from the provisions of this section that relate to the administration and review of such projects by the director of the department of administration or his designee and by the permanent building fund advisory council. This exemption shall not relieve the Idaho transportation department, the department of fish and game, the department of parks and recreation, and the department of lands in the letting of contracts for public works, from complying with the procedures of section 67-5711C, Idaho Code, related to the advertising and bidding for contracts. The permanent building fund advisory council may adopt rules consistent with existing law, including rules for a program of inspection and maintenance, to carry out the provisions of this chapter.

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SUBJECT

Legislation for the 2008 Legislative Session – Submitted by Legislator's to date

BACKGROUND

As of the current date Board staff have been notified of only two education-related legislative items. Legislators may sponsor additional education related legislation during the current session. Staff will be checking for additional education-related legislation throughout the session. This information is being provided for informational purposes only.

DISCUSSION

The following are descriptive summaries of the legislation being proposed:

Idaho National Guard residency definition

Relating to Education; amending section 330211B, Idaho code, to revise the definition of resident student; and amending section 33-3717B, Idaho code, to revise the definition of resident student. The change is this legislation adds "An officer or an enlisted member of the Idaho national guard" under the definition of a resident student for admission purposes to Idaho's public junior colleges, colleges and universities.

Key to the Future Scholarship

Relating to scholarships; this legislation adds a new section to Chapter 43, title 33; this pilot program is designed to encourage students to remain drug, alcohol and tobacco free and sets eligibility criteria for Key to the Future Scholarships for students; to provide that Key to the Future Students shall remain drug, alcohol and tobacco free and to provide procedures to the amount and length of the award for Key to the Future Students.

ATTACHMENTS

Attachment 1	DRPAP397 – Proposed Legislation Idaho National Guard Out change in residency requirements	Page 3
Attachment 2	DRMPN440 – Proposed Legislation Key to the Future Scholarship	Page 9

BOARD ACTION

This item is for informational purposes only. Any action will be at the Board's discretion.

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DRPAP397

LEGISLATURE OF THE STATE OF IDAHO
Fifty-ninth Legislature Second Regular Session - 2008

IN THE _____

_____ BILL NO. _____

BY _____

1 AN ACT
2 RELATING TO EDUCATION; AMENDING SECTION 3302110B, IDAHO CODE, TO
3 REVISE THE DEFINITION OF RESIDENT STUDENT; AND AMENDING
4 SECTION 33-3717B, IDAHO CODE, TO REVISE THE DEFINITION OF
5 RESIDENT STUDENT.

6 Be It Enacted by the Legislature of the State of Idaho:

7 SECTION 1. That Section 33-2110B, Idaho Code, be, and the
8 same is hereby amended to read as follows:

9 33-2110B. RESIDENCY -- RULES -- APPEAL -- STANDARDS FOR
10 NONRESIDENTS. (1) For purposes of this chapter, a resident
11 student is:

12 (a) Any student whose parents or court-appointed guardians
13 are domiciled in the junior college district and provide more
14 than fifty percent (50%) of his support. Domicile means an
15 individual's true, fixed and permanent home and place of
16 habitation. It is the place where he intends to remain, and
17 to which he expects to return when he leaves without
18 intending to establish a new domicile elsewhere. To qualify
19 under this section the parents or guardian must have resided
20 continuously in the junior college district for twelve (12)
21 months next preceding the opening day of the term for which
22 the student matriculates.

23 (b) Any student who receives less than fifty percent (50%)
24 of his support from parents or legal guardians who are not
25 residents of the junior college district for voting purposes
26 and who has continuously resided in the junior college
27 district for twelve (12) months next preceding the opening
28 day of the period of instruction during which he proposes to
29 attend the junior college.

30 (c) The spouse of a person who is classified, or is eligible
31 for classification, as a resident of the junior college
32 district for the purposes of attending that junior college.

33 (d) A member of the armed forces of the United States,
34 stationed in the junior college district on military orders.

35 (e) An officer or an enlisted member of the Idaho national
36 guard

37 (f) A student whose parents or guardians are members of the
38 armed forces and stationed in the junior college district on
39 military orders and who receives fifty percent (50%) or more

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1 of support from parents or legal guardians. The student,
2 while in continuous attendance, shall not lose his residence
3 when his parents or guardians are transferred on military
4 orders.

5 (fg) A person separated, under honorable conditions, from
6 the United States armed forces after at least two (2) years
7 of active service, who at the time of separation designates
8 the junior college district as his intended domicile or who
9 has the district as the home of record in service and enters
10 the junior college within one (1) year of the date of
11 separation.

12 (gh) Any individual who has been domiciled in the junior
13 college district, has qualified and would otherwise be
14 qualified under the provisions of this statute, and who is
15 away from the district for a period of less than one (1)
16 calendar year and has not established legal residence
17 elsewhere provided a twelve (12) month period of continuous
18 residence has been established immediately prior to
19 departure.

20 (2) A junior college board of trustees shall adopt rules and
21 regulations applicable to their college now or hereafter
22 established to determine residence status of any student and to
23 establish procedures for review of that status.

24 (3) Appeal from a final determination denying resident
25 status may be initiated by the filing of an action in the
26 district court of the county in which the affected junior college
27 is located. An appeal from the district court shall lie as in all
28 civil actions.

29 (4) Nothing contained herein shall prevent a junior college
30 board of trustees from waiving tuition to be paid by nonresident
31 students.

32 (5) Nothing contained herein shall prevent a junior college
33 board of trustees from establishing quotas, standards for
34 admission, standards for readmission, or other terms and
35 requirements governing persons who are not residents for purposes
36 of the first two (2) years of postsecondary education.

37 SECTION 2. That Section 33-3717B, Idaho Code, be, and the
38 same is hereby amended to read as follows:

39 33-3717B. RESIDENCY REQUIREMENTS. (1) For any public
40 institution of higher education in Idaho, a "resident student"
41 is:

42 (a) Any student who has one (1) or more parent or parents or
43 court-appointed guardians who are domiciled in the state of
44 Idaho. Domicile, in the case of a parent or guardian, means
45 that individual's true, fixed and permanent home and place of
46 habitation. It is the place where that individual intends to
47 remain, and to which that individual expects to return when
48 that individual leaves without intending to establish a new
49 domicile elsewhere. To qualify under this section, the
50 parent, parents or guardians must have maintained a bona fide

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1 domicile in the state of Idaho for at least one (1) year
2 prior to the opening day of the term for which the student
3 matriculates.
4 (b) Any student, who receives less than fifty percent (50%)
5 of the student's support from a parent, parents or legal
6 guardians who are not residents of this state for voting
7 purposes, but which student has continuously resided in the
8 state of Idaho for twelve (12) months next preceding the
9 opening day of the term during which the student proposes to
10 attend the college or university and who has in fact
11 established a bona fide domicile in this state primarily for
12 purposes other than educational.
13 (c) Subject to subsection (2) of this section, any student
14 who is a graduate of an accredited secondary school in the
15 state of Idaho, and who matriculates at a college or
16 university in the state of Idaho during the term immediately
17 following such graduation regardless of the residence of the
18 student's parent or guardian.
19 (d) The spouse of a person who is classified, or is eligible
20 for classification, as a resident of the state of Idaho for
21 the purposes of attending a college or university.
22 (e) A member of the armed forces of the United States,
23 stationed in the state of Idaho on military orders.
24 (f) An officer or an enlisted member of the Idaho national
25 guard.
26 (g) A student whose parent or guardian is a member of the
27 armed forces and stationed in the state of Idaho on military
28 orders and who receives fifty percent (50%) or more of
29 support from parents or legal guardians. The student, while
30 in continuous attendance, shall not lose that residence when
31 the student's parent or guardian is transferred on military
32 orders.
33 (gh) A person separated, under honorable conditions, from
34 the United States armed forces after at least two (2) years
35 of service, who at the time of separation designates the
36 state of Idaho as his intended domicile or who has Idaho as
37 the home of record in service and enters a college or
38 university in the state of Idaho within one (1) year of the
39 date of separation.
40 (hi) Any individual who has been domiciled in the state of
41 Idaho, has qualified and would otherwise be qualified under
42 the provisions of this statute and who is away from the state
43 for a period of less than one (1) calendar year and has not
44 established legal residence elsewhere provided a twelve (12)
45 month period of continuous residence has been established
46 immediately prior to departure.
47 (ij) A student who is a member of any of the following Idaho
48 Native American Indian tribes, regardless of current
49 domicile, shall be considered an Idaho state resident for
50 purposes of fees or tuition at institutions of higher
51 education: members of the following Idaho Native American
52 Indian tribes, whose traditional and customary tribal

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1 boundaries included portions of the state of Idaho, or whose
2 Indian tribe was granted reserved lands within the state of
3 Idaho: (i) Coeur d'Alene tribe; (ii) Shoshone-Paiute tribes;
4 (iii) Nez Perce tribe; (iv) Shoshone-Bannock tribes; (v)
5 Kootenai tribe.

6 (2) A "nonresident student" shall mean any student who does
7 not qualify as a "resident student" under the provisions of
8 subsection (1) of this section, and shall include:

9 (a) A student attending an institution in this state with
10 the aid of financial assistance provided by another state or
11 governmental unit or agency thereof, such nonresidency
12 continuing for one (1) year after the completion of the
13 semester for which such assistance is last provided.

14 (b) A person who is not a citizen of the United States of
15 America, who does not have permanent or temporary resident
16 status or does not hold "refugee-parolee" or "conditional
17 entrant" status with the United States immigration and
18 naturalization service or is not otherwise permanently
19 residing in the United States under color of the law and who
20 does not also meet and comply with all applicable
21 requirements of this section.

22 (3) The establishment of a new domicile in Idaho by a person
23 formerly domiciled in another state has occurred if such person
24 is physically present in Idaho primarily for purposes other than
25 educational and can show satisfactory proof that such person is
26 without a present intention to return to such other state or to
27 acquire a domicile at some other place outside of Idaho.
28 Institutions determining whether a student is domiciled in the
29 state of Idaho primarily for purposes other than educational
30 shall consider, but shall not be limited to, the following
31 factors:

32 (a) Registration and payment of Idaho taxes or fees on a
33 motor vehicle, mobile home, travel trailer, or other item of
34 personal property for which state registration and the
35 payment of a state tax or fee is required;

36 (b) Filing of Idaho state income tax returns;

37 (c) Permanent full-time employment or the hourly equivalent
38 thereof in the state of Idaho;

39 (d) Registration to vote for state elected officials in
40 Idaho at a general election.

41 (4) The state board of education and the board of regents of
42 the university of Idaho shall adopt uniform and standard rules
43 applicable to all state colleges and universities now or
44 hereafter established to determine resident status of any student
45 and to establish procedures for review of that status.

46 (5) Appeal from a final determination denying resident
47 status may be initiated by the filing of an action in the
48 district court of the county in which the affected college or
49 university is located; an appeal from the district court shall
50 lie as in all civil actions.

51 (6) Nothing contained herein shall prevent the state board
52 of education and the board of regents of the university of Idaho

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1 from establishing quotas, standards for admission, standards for
2 readmission, or other terms and requirements governing persons
3 who are not residents for purposes of higher education.
4 (7) For students who apply for special graduate and
5 professional programs including, but not limited to, the WAMI
6 (Washington, Alaska, Montana, Idaho) regional medical program,
7 the WICHE student exchange programs, Creighton university school
8 of dental science, the university of Utah college of medicine,
9 and the Washington, Oregon, Idaho (WOI) regional program in
10 veterinary medical education, no applicant shall be certified or
11 otherwise designated as a beneficiary of such special program who
12 has not been a resident of the state of Idaho for at least one
13 (1) calendar year previous to the application date.

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DRMPN440

LEGISLATURE OF THE STATE OF IDAHO
Fifty-ninth Legislature Second Regular Session - 2008

IN THE _____

_____ BILL NO. _____

BY _____

AN ACT

RELATING TO SCHOLARSHIPS; AMENDING CHAPTER 43, TITLE 33, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 33-4316, IDAHO CODE, TO PROVIDE ELIGIBILITY CRITERIA FOR KEY TO THE FUTURE SCHOLARSHIPS FOR STUDENTS, TO PROVIDE THAT KEY TO THE FUTURE STUDENTS SHALL REMAIN DRUG, ALCOHOL AND TOBACCO FREE, TO PROVIDE PROCEDURES, TO PROVIDE THE AMOUNT AND LENGTH OF THE AWARD FOR KEY TO THE FUTURE STUDENTS, TO PROVIDE FOR REPORTS, TO PROVIDE FOR RULES AND TO DEFINE TERMS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Chapter 43, Title 33, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 33-4316, Idaho Code, and to read as follows:

33-4316. KEY TO THE FUTURE SCHOLARSHIP. (1) The purpose of the pilot program key to the future scholarship is to encourage students to be drug, alcohol and tobacco free. The key to the future scholarship shall be available to eligible students as provided herein as of May 1, 2011. To implement this section, the state board of education shall select one large school district, one medium sized school district and one small school district to participate as well as one GED granting program and one juvenile drug court program. All students who are enrolled as eleventh graders in a selected school district, selected GED program or selected drug court program on and after September 1, 2009, or who are receiving comparable instruction in a home-based setting within a selected school district must comply with the provisions of this section in order to be eligible for an award of a key to the future scholarship. In order to receive a key to the future scholarship, the student, the student's parent(s), guardian or custodian and a representative of the school district or secondary school shall complete an agreement with a participating local school district or secondary school, or if the student receives instruction in a home-based setting, the agreement shall be submitted to the office of the state board of education on a form that is approved by the state board of education provided that this provision shall not apply to a person in a selected juvenile drug court. The form will outline the terms and conditions the student and the student's parent(s), guardian or custodian must adhere to as a condition of being eligible to receive a key to the future scholarship. At a

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minimum, the agreement shall include the requirement that the student agrees to be drug, alcohol and tobacco free for the entire calendar year, and for the duration of the student's high school age years, and that the student agrees to voluntarily participate in a random drug testing program as outlined by the board of trustees or the governing board of the secondary school or, if the secondary school does not have a drug testing program, to have a licensed physician or hospital conduct the test or tests. The board of trustees of those school districts choosing to participate in this program shall adopt a random drug testing policy which describes the procedures to be followed in the district including, but not limited to, the following: payment options for the testing, confidentiality, interventions to be made available, and a retesting/appealing provision. A conviction, guilty plea, or withheld judgment for any offense relating to drugs, alcohol or tobacco shall be the same as failing a drug test for purposes of this section.

(2) Qualification for a key to the future scholarship is determined during the secondary school years. Beginning in the eleventh grade, each year the student participates successfully in the secondary school key to the future program qualifies the student for two (2) semester's use of the key to the future scholarship in a postsecondary institution. If a student enters into an agreement in secondary school to be drug, alcohol and tobacco free, and fails for whatever reason, he or she may reapply the following year, but shall lose the previous credits earned unless they complete an approved treatment program or graduate from drug court.

(3) A school district shall apply to the state board of education if it wishes to be a selected district for the key to the future scholarship. A student receiving key to the future scholarship funds is expected to remain drug, alcohol and tobacco free during the time of enrollment in a postsecondary institution. This shall not require drug or alcohol testing by the postsecondary institution. However, any student who is convicted of, pleads guilty to or receives a withheld judgment for any violation related to drugs, alcohol or tobacco during that student's postsecondary institution years forfeits any future use of key to the future scholarship funds unless they complete an approved treatment program or graduate from drug court. Students shall either reapply annually, or as outlined in the postsecondary institution's scholarship policies for the key to the future scholarship, and shall certify to the postsecondary institution they have not been convicted of, plead guilty to or received a withheld judgment for any violation related to drugs, alcohol or tobacco during the immediately preceding twelve (12) month period. If they have been convicted of, plead guilty to or received a withheld judgment for any violation related to drugs, alcohol or tobacco during the immediately preceding twelve (12) month period they must show evidence of completion of an approved treatment program or that they have graduated from drug court..

(4) The grant for key to the future students is as follows:

(a) The grant payment to an individual per educational year for attendance on a full-time basis is not in excess of an amount determined annually by the state board of education and the board

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of regents of the university of Idaho and not to exceed one thousand dollars (\$1,000) per year and two hundred dollars (\$200) per student that has applied for the scholarship shall be remitted to the participating school district, juvenile drug court or GED granting institution for administering this section and drug testing purposes.

(b) The total grant payments over a maximum period of two (2) educational years to an individual may not exceed two (2) grants per educational year.

(c) The individual receiving such a grant signs an affidavit stating that the individual shall comply with all terms of the agreement provided in this section.

(d) The grant is awarded on the basis of a secondary school record of a 2.0 grade point average or an ACT composite score of 20 or better or such other criteria as may be established by the state board of education and the board of regents of the university of Idaho.

(e) The individual receiving the grant is not precluded from receiving other financial aid, awards or scholarships.

(f) Grant payments shall correspond to academic terms, semesters, quarters or equivalent time periods at an eligible postsecondary institution; in no instance may the entire amount of a grant for an educational year, as defined in section 33-4306(8), Idaho Code, be paid on behalf of such student in advance. An institution where the student is enrolled may utilize grant moneys for any educational related purpose.

(g) The individual has complied with such rules as may be necessary for the administration of this chapter.

(h) All eligible postsecondary institutions will report annually to the state board of education and the board of regents of the university of Idaho the number of students for each term receiving a grant award.

(5) The state board of education and the board of regents of the university of Idaho shall adopt rules to manage the key to the future scholarships. If the total scholarship dollars awarded to a student exceeds the actual costs for tuition, fees, books, room and board per semester at the college or university, the excess money shall remain in the key to the future scholarship fund.

(6) As used in this section, unless the context otherwise requires:

(a) "Drug" means a substance that is illegal to possess, consume or ingest and criminal penalties are provided for possessing, consuming or ingesting such substance. "Drug" may also include a legal substance that is being used in an unlawful or illegal manner.

(b) "Educational costs" means student costs for tuition, fees, room and board, or expenses related to reasonable commuting, books and such other expenses reasonably related to attendance at a postsecondary educational institution.

(c) "Educational year" means the entire calendar year in which the student attends an eligible postsecondary institution.

(d) "Eligible postsecondary institution" means a public

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postsecondary organization governed or supervised by the state board of education, the board of regents of the university of Idaho, a board of trustees of a community college established pursuant to the provisions of section 33-2106, Idaho Code, or the state board for professional-technical education or any educational organization in Idaho which is operated privately and not for profit under the control of an independent board and not directly controlled or administered by a public or political subdivision.

(e) "Enrollment" means the establishment and maintenance of an individual's status as a student in an eligible postsecondary institution, regardless of the term used at the institution to describe such status.

(f) "Student" means an individual resident student as defined in section 33-2110B or 33-3717B, Idaho Code, enrolled full time and carrying a sufficient number of credit hours, or their equivalent, to secure an individual's first degree, certificate, diploma or lesser program, toward which the individual is working, in no more than the number of semesters, or equivalent, normally required by the eligible postsecondary institution in the program in which the individual is enrolled and provided that the baccalaureate degree, certificate, diploma or lesser program requires at least six (6) months or the equivalent of consecutive attendance. A student engaged in a four (4) year baccalaureate program shall not be terminated from this scholarship program by having earned an intermediate degree, certificate or diploma.

SECTION 2. The provisions of of this act shall be null, void and of no force and effect on and after July 1, 2017. The State Board of Education shall report annually to the Legislature beginning in 2012 regarding the number of students who have availed themselves of the scholarship pursuant to this act, where they are attending college and their academic achievement.

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**STATE BOARD OF EDUCATION
JANUARY 14, 2008**

SUBJECT

HERC One-Time \$75k Grant Program FY 2008 – Funding Recommendation

APPLICABLE STATUTE, RULE, OR POLICY

Board Policy Section V.N. Grants and Contracts

BACKGROUND

The Higher Education Research Council (HERC) was allocated \$1,440,000 for FY 2008 through the colleges and universities appropriation. During the 2007 legislative session, Governor Otter recommended “a one-time increase of \$15 million for the Higher Education Research Council for research projects that facilitate economic development. That includes research being conducted by our three universities and the Idaho National Laboratory.”

In an effort to partially comply with that request, the Legislature recommended that a one-time increase of \$1,560,000 be awarded to the Higher Education Research Council for competitive research grants.

DISCUSSION

HERC, Vice Presidents for Research (VPRs) from each institution, and Board staff participated in meetings held in May to discuss potential options for those one-time monies. It was determined that the grant process needed to be not only competitive but involve economic development.

At their May 9, 2007 meeting, HERC agreed upon a dual strategy for the one-time funds to include having two calls for proposals:

- One in July that would award two proposals up to \$550,000 each
- One in October that would award six smaller proposals up to \$75,000 each

At the Board’s October 11-12, 2007 meeting, the Board approved the finalists for the One-Time \$550k Grant Program.

The Vice Presidents for Research worked on a Request for Proposals for the One-Time \$75k Grant Program, which was vetted by HERC on August 23, 2007. The research grant program review consisted of a Notice of Intent (NOI) process and a Full Proposal process. In the first process, the NOIs were submitted to the Board office through the Research offices and were evaluated by the private industry members of HERC with input from the Vice Presidents for Research on September 14, 2007. HERC agreed that no more than four NOIs would be selected from each institution to advance to the full proposal stage for review.

The peer review process consisted of two university research administrators from out-of-state, who were recruited by Board staff and approved by HERC. In addition, one private industry representative from Idaho was recruited and was also approved by HERC. Reviewers were asked to provide a numerical rating and comments based on specific criteria outlined in the Request for Proposals.

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The average of those reviewer scores assisted HERC in making their funding recommendation to the Board. These reviewer results were provided to HERC at a special conference call held on January 3, 2008.

The six finalists were:

BSU *High Dielectric Constant Materials at the Nanometer Scale for Microelectronic Devices*

BSU *Serial Analysis of Protein Expression (SAPE) for Quantitative Mass Spectrometry*

ISU *Development of Dye Sensitized Solar Cells (DSSCs) Incorporating Novel Synthetic and Natural Dyes*

UI *Development of a Bio-based Industry Utilizing Municipally-derived Organic Waste: Production of Biological Thermoplastics*

UI *Developing a Vision System for an Autonomous Forest Vehicle*

UI *Advanced Interactive Signals for Able-bodied and Disabled Pedestrian Safety*

IMPACT

If funded, the project director of each project funded will be required to submit a feasibility report to the Board office that will address the outcomes and economic development of the project on September 1, 2008. The Project Director will also prepare an end-of-project report and provide accountability information as described in Section V. Grant Programs -General Guidelines of HERC's policies and by-laws.

STAFF COMMENTS AND RECOMMENDATIONS

HERC and Board staff recommends approval of the finalists from the One-Time \$75k Grant Program competition identified above.

BOARD ACTION

A motion to approve the finalists of the One-Time \$550k Grant Program at \$75,000 each for a total of \$450,000 as presented.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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REFERENCE: APPLICABLE STATUTE, RULE, OR POLICY

**Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES
SECTION: V. FINANCIAL AFFAIRS
N. Grants and Contracts**

April 2005

1. Approval of Grant and Contract Applications

All applications for grants and contracts that require the institution, school or agency to dedicate current funds or facilities or will obligate the institution, school 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 institution, school or agency 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 institution, school or agency must be reported to the executive director quarterly by the institution, school or agency of official notification, when the amount of the grant or contract award exceeds one hundred thousand dollars (\$100,000). When grant or contract awards are presented to the executive director, the following information must be provided:

- a. Name of grantor or contract.
- b. Amount of the grant or contract.
- c. Grant or contract period.
- d. Purpose of the grant or contract.
- e. Indicate nature of institution, school or agency's obligations in the form of dedicated funding or dedication of significant facilities. If there is none, the following statement should be included: "No future state obligation will be incurred with the acceptance of this grant or contract."

3. Facilities and Administrative Cost Recovery

**STATE BOARD OF EDUCATION
JANUARY 14, 2008**

a. The following cost recovery rates will be used by institutions, school and agencies 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 institution, school or agency and the federal government. The indirect cost rate may vary from one class of contract services to another, but institutions, school and agencies 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, school or the agency.

b. Reduction or Waiver of Cost Recoverys

(1) For good cause, the chief executive officer or his or her designee of the institution, school or agency 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 on a quarterly basis.

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 institutions, school or agencies shall include in the Business Affairs and Human Resources agenda an opinion from legal counsel stating the proposed contract obligation is consistent with applicable rules and policies of the State Board of Education. The 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, school or institutions.

b. Research or consultant entities of agencies, institutions and the school 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.

**STATE BOARD OF EDUCATION
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c. If the product of contract work is to be privileged or its dissemination restricted, the agency, school or institution may not undertake the contract work without the written approval of the chief executive officer of the agency, school or institution. The chief executive officer must report all such approvals to the Board at its next scheduled meeting.

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IDAHO STATE BOARD OF EDUCATION
JANUARY 14, 2008

SUBJECT

Second Amendment to contract with Data Recognition Corporation

REFERENCE

July 14, 2006	Original contract for the development and administration of the Idaho Standards Achievement Tests (ISAT)
June 18, 2007	1 st Amendment to contract (no Board action)
September 12, 2007	Directed Board staff to implement cost reductions and bring back to the Board in the form of a contract amendment at a later date for formal approval
December 20, 2007	Directed Board staff to implement cost reductions, including the discontinuation of Grade 9 assessment, and bring these items back to the Board in the form of a contract amendment at a later date for formal approval

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.3.a.

BACKGROUND

The contract, as amended, requires more funding than is currently appropriated to the State Board of Education for fiscal year 2008. Subsequent to the first amendment, the options for Grade 2 assessment and the Winter ISAT were discontinued, and a deferred payment plan was discussed in order to balance the budget. It was determined that the Board would not be in compliance with Idaho State Code by deferring payment into the following years.

DISCUSSION

Approval of this second amendment is based on the necessity to balance the budget and the directive provided at the December 20, 2007 meeting to implement the cost reductions, including discontinuation of Grade 9 assessment.

IMPACT

By discontinuing the Grade 9 assessment now, \$739,710 in costs will be avoided. This amendment also extends the contract one two-year period through December 31, 2012.

ATTACHMENTS

Attachment 1 – 2nd Amendment to DRC contract (Draft)

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STAFF COMMENTS AND RECOMMENDATIONS

In order for the Office of the State Board of Education to pay its current fiscal obligations, to adhere to Idaho Code, and to balance its budget, the discontinuation of Grade 9 assessment needs to be made. The 2nd amendment to the DRC contract removes the Grade 2 and Grade 9 assessments and provides additional options that the Board may determine to exercise in the future based on funding consideration, such as the discontinuation of fall testing, and/or the resumption of the Grade 2 and 9 assessments, depending on priorities of the assessment program.

BOARD ACTION

A motion to approve the draft second amendment to the DRC contract as provided starting on page 3.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

**IDAHO STATE BOARD OF EDUCATION
JANUARY 14, 2008**

**SECOND ADMENDMENT
TO
CONTRACT FOR THE DEVELOPMENT AND ADMINISTRATION OF THE IDAHO
STANDARDS ACHIEVMENT TESTS (ISAT)
(Contract BPO 01702)**

THIS SECOND AMENDMENT TO DEVELOPMENT AND ADMINISTRATION OF THE IDAHO STANDARDS ACHIEVMENT TESTS (ISAT) ("Second Amendment") is made effective this _ day of _____ by and between the STATE OF IDAHO, by and through the Department of Administration, Division of Purchasing ("Purchasing") on behalf of the State Board of Education ("Board"), and DATA RECOGNITION CORPORATION, a Minnesota nonprofit corporation ("DRC").

RECITALS

A. DRC and Purchasing, on behalf of the Idaho State Board of Education, entered into a Contract for the Development and Administration of the Idaho Standards Achievement Tests (ISAT), effective as of July 14, 2006 under State of Idaho Purchase Order BPO 01702 dated as of July 13, 2006, and a First Amendment to Contract for the Development and Administration of the ISAT dated as of June 18, 2007 (collectively, the "Contract").

B. DRC, Purchasing, and the Board desire to further amend the Contract under the terms and conditions of this Second Amendment.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals, which are incorporated herein as if set forth in full, and the mutual promises and covenants herein contained, the parties agree as follows:

1. *2nd and 9th Grade Testing.* Purchasing previously accepted Cost Option for Grades 2 and 9 Spring 2007 Administration, and Cost Option for Grades 2 and 9 Administrations Fall 2007 - Spring 2010. The parties agree that DRC will discontinue work related to the development and administration of the 2nd grade ISAT, effective as of September 12, 2007. The parties agree that DRC will discontinue work related to the development and administration of the 9th grade ISAT, effective as of December 7, 2007. The discontinuance of 2nd and 9th Grade Testing shall result, collectively, in a reduction in costs under the Contract in the amount of Two Million, Two Hundred Twenty-two Thousand, Six Hundred Forty-six Dollars (\$2,222,646). However, the Board shall be responsible for expenses incurred by DRC related to the development and administration of the 2nd grade ISAT through the effective date of discontinuance, in the amount of One Hundred Eighty-six Thousand Dollars (\$186,000). In addition, the Board shall be responsible for expenses incurred by DRC related to the development and administration of the 9th grade ISAT through the effective date of discontinuance, in the amount of Three Hundred Seventy-one Thousand, Six Hundred Thirteen Dollars (\$371,613).

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2. *Winter Administration of the ISAT.* Purchasing previously accepted Cost Option for Fall and Winter Administrations of the ISAT, as described in section 3.20.1 of the RFP. The parties agree that DRC will discontinue the Winter Administration of the ISAT, except that DRC will provide a winter administration of the ISAT in Grades 11 and 12 only for purposes of graduation re-test opportunities. This revision results in a reduction in costs under the Contract in the amount of Four Hundred Ten Thousand, Six Hundred Eighty Dollars (\$410,680) for the fiscal year ending June 30, 2008 (FY-08), Three Hundred Thirty-three Thousand, Eight Hundred Eighty-four Dollars (\$333,884) for the fiscal year ending June 30, 2009 (FY-09), and Three Hundred Forty-one Thousand, Eight Hundred Sixty-three Dollars (\$341,863) for the fiscal year ending June 30, 2010 (FY-10).

3. *Base Contract Adjustments.* The parties agree that DRC will reduce the Base Proposal Budget, as reflected in Exhibit K to the Cost Proposal for the Development and Administration of the ISAT, in the amount of Two Hundred Thousand Dollars (\$200,000) for FY-08, and in the amount of One Hundred Thousand Dollars (\$100,000) for FY-10. (There is no adjustment to the Base Proposal Budget for FY-09.) In addition, the parties agree that DRC will remove the Contingency Funds item from the Base Proposal Budget for FY-08 through FY-10. The Base Proposal Budget after these adjustments shall be: Four Million, Six Hundred Thousand, Twenty Dollars (\$4,600,020) for FY-08; Five Million, Forty-four Thousand, Fifteen Dollars (\$5,044,015) for FY-09; and Four Million, Nine Hundred Ninety-eight Thousand, Thirty-two Dollars (\$4,998,032) for FY-10.

4. *Extension.* Pursuant to section 5.2 of the RFP, the parties agree to extend the Contract term for one (1) additional two (2) year term, through December 31, 2012, with respect to the following work items:

(a) The Spring Administration of the ISAT in Grades 3 through 8 and Grade 10. The annual Contract cost for this item during the extension period shall be Five Million, One Hundred Forty-three Thousand, Thirty-two Dollars (\$5,143,032). The parties agree that the annual Contract cost during the extension period does not include a Contingency Fee item.

(b) The Winter Administration of the ISAT in Grades 11 and 12 only for purposes of graduation re-test opportunities. The annual Contract cost for this item during the extension period shall be Two Hundred Twenty-eight Thousand, Three Hundred Fifty-five Dollars (\$228,355).

(c) The class level reports. The annual Contract cost for this item during the extension period shall be Forty-three Thousand, Three Hundred Twenty-five Dollars (\$43,325).

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5. *Revised Contract Options.* The parties agree on the following revised Contract options, any or all which may be accepted by the Board as described herein:

(a) Fall Adaptive Administration of the 9th Grade ISAT.

(i) The Contract cost for this item shall be Two Hundred Ninety-three Thousand, Two Hundred Ninety Seven Dollars (\$293,297) the first year this test is administered.

(ii) The Contract cost for this item shall be Two Hundred Eighty-nine Thousand, Nine Hundred Forty-nine Dollars (\$289,949) the second year this test is administered (if applicable).

(iii) The Contract cost for this item shall be Three Hundred One Thousand, Six Hundred Forty-seven Dollars (\$301,647) the third year this test is administered (if applicable).

(b) Spring Administration of the 9th Grade ISAT.

(i) The Contract cost for this item shall be Eight Hundred Thirty-seven Thousand, Thirty-four Dollars (\$837,034) the first year this test is administered.

(ii) The Contract cost for this item shall be Five Hundred Eighteen Thousand, Four Hundred Eleven Dollars (\$518,411) the second year this test is administered (if applicable).

(iii) The Contract cost for this item shall be Five Hundred Twenty-three Thousand, Six Hundred Nineteen Dollars (\$523,619) the third year this test is administered (if applicable).

(iv) The Contract cost for this item shall be Five Hundred Forty-four Thousand, Five Hundred Sixty-four Dollars (\$544,564) the fourth year this test is administered (if applicable).

(c) Fall Adaptive Administration of the 2nd Grade ISAT.

(i) The Contract cost for this item shall be Two Hundred Ninety-three Thousand, Two Hundred Ninety-seven Dollars (\$293,297) the first year this test is administered.

(ii) The Contract cost for this item shall be Two Hundred Eighty-nine Thousand, Nine Hundred Forty-nine Dollars (\$289,949) the second year this test is administered (if applicable).

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(iii) The Contract cost for this item shall be Three Hundred One Thousand, Six Hundred Forty-seven Dollars (\$301,647) the third year this test is administered (as applicable).

(d) Spring Administration of the 2nd Grade ISAT.

(i) The Contract cost for this item shall be Eight Hundred Seventy-seven Thousand, Five Hundred Seventy-five Dollars (\$877,575) the first year this test is administered.

(ii) The Contract cost for this item shall be Five Hundred Eighteen Thousand, Four Hundred Eleven Dollars (\$518,411) the second year this test is administered (if applicable).

(iii) The Contract cost for this item shall be Five Hundred Twenty-three Thousand, Six Hundred Nineteen Dollars (\$523,619) the third year this test is administered (if applicable).

(iv) The Contract cost for this item shall be Five Hundred Forty-four Thousand, Five Hundred Sixty-four Dollars (\$544,564) the fourth year this test is administered (if applicable).

(e) Discontinue the Administration of the Fall ISAT in Grades 3 through 8 and Grade 10 (but not the Fall Administration of the ISAT in Grades 11 and 12 for purposes of graduation re-test opportunities). The Contract cost savings for this item shall be Four Hundred Thirty-nine Thousand, Four Hundred Forty-seven Dollars (\$439,447) if discontinued for Fall 2008, and Four Hundred Sixty-nine Thousand, Seventeen Dollars (\$469,017) if discontinued for Fall 2009.

(f) During the extension period, Administration of the Fall ISAT in Grades 3 through 8 and Grade 10. The annual Contract cost for this item during the extension period shall be Four Hundred Sixty-nine Thousand, Seventeen Dollars (\$469,017).

Notwithstanding subparagraphs (a) through (d) above, if in any single fiscal year ending June 30 the Board accepts both the Fall and Spring administration of the ISAT in Grades 2 and 9, then the next fiscal year the Contract cost for accepting both the Fall and Spring administration of the ISAT in either Grades 2 and 9 shall not exceed Seven Hundred Eighty-six Thousand, Seventeen Dollars (\$786,017) for each grade level.

The Board understands and agrees that if it determines to reinstate the 9th grade ISAT, then the test development process must begin with data review meetings, operational administration and standard setting, a process of approximately six (6) months. Further, the Board understands and agrees that if it determines to reinstate the 9th grade ISAT, then there will be additional one-time resumption costs to the Board in the amount of Twenty-five Thousand Dollars (\$25,000) related to these activities.

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The Board understands and agrees that if it determines to reinstate the 2nd grade ISAT, then the test development process must begin with finalizing newly developed items, field test administration, data review meetings, operational administration and standard setting, a process of approximately ten (10) months. Further, the Board understands and agrees that if it determines to reinstate the 9th grade ISAT, then there will be additional one-time resumption costs to the Board in the amount of Fifty-four Thousand, One Hundred Seventy-five Dollars (\$54,175) related to these activities.

The Board may accept a revised Contract option for any of the test administrations described herein by providing timely notice of such acceptance to DRC. The Board must accept a revised Contract option for each test administration, and acceptance of a single test administration does not obligate the Board to accept future test administrations. Such notice shall be in writing and signed by the OSBE Contract Manager.

6. *Contract to Remain in Effect.* Except as modified herein, the terms of the Contract remain enforceable and effective. The Contract, as modified by this Second Amendment supercedes all prior negotiations, understandings, and agreements between the parties, whether oral or written, and all such negotiations, understandings, and agreements are evidenced by the terms of the Contract, as amended. The Contract may not be further amended in any manner except by a writing signed by the parties.

7. *Headings not Controlling.* The section and paragraph headings contained herein are for convenience only and shall have no substantive bearing on the interpretation of this Second Amendment.

[Signature Page Follows]

IDAHO STATE BOARD OF EDUCATION
JANUARY 14, 2008

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the first day set forth above.

State of Idaho, Department of Administration
Division of Purchasing

By: _____

State Purchasing Manager

Data Recognition Corporation

By: _____
Its _____

Reviewed and Approved

State of Idaho, State Board of Education

By: _____
Its _____

**IDAHO STATE BOARD OF EDUCATION
JANUARY 14, 2008**

REFERENCE – APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: I. Real and Personal Property and Services

April 2002

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.

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**STATE BOARD OF EDUCATION
JANUARY 14, 2008**

IDAHO STATE UNIVERSITY

SUBJECT

Addition to Student Recreation Center located in Reed Gymnasium Complex

REFERENCE

April 2005	The Board approved a motion for the Division of Public Works to issue a request for proposal for the design and construction of an aquatic center.
June 2007	The Board approved a motion for the Division of Public Works to provide preliminary design, design development, and a project budget for an addition to the student recreation center located in the Reed Gymnasium complex. The Board also approved retaining student fees previously collected for a Recreation Center expansion to be used for: (1) an equipment/furnishings fund for the Center expansion, and (2) for future student projects. The Permanent Building Fund Advisory Council authorized DPW to proceed with the final plans and specifications at their November 1, 2007 meeting.
August 2007	The Board approved a Supplemental Resolution authorizing the issuance and sale of \$16,120,000 in General Revenue Bonds, Series 2007, including approximately \$6,800,000 allocated for the Recreation Center.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies and Procedures, Sections V.K. and V.R.1.b. (1).

BACKGROUND

The pre-Division of Public Works (DPW) estimate for the construction cost of \$6.5M was determined to be significantly low based on: (1) the possibility that some of the renovation could be supported by Public Works; (2) changes in the scope of this project; and (3) increased construction costs.

The original project included a 50-meter pool, a diving well, an indoor track, and weight and cardio fitness areas. Currently, approximately 175,000 patrons visit the existing facility each year.

To better assess the cost, an external architectural firm was retained (Myers-Anderson), and a prominent aquatics consultant was also retained (Counsilman-Hunsaker). A steering committee to work on the project was formed by the Student Senate and included students, architects, and administrators. The committee developed three program options in the Fall of 2006: (1) a basic cardio, weight, vortex pool, locker room upgrades, and administrative area for

**STATE BOARD OF EDUCATION
JANUARY 14, 2008**

\$6.5 million; (2) all of #1 plus an expanded aquatics area, an elevated running track, and a commons area for \$12.2 million; and (3) all of #2 plus a 50-meter competition pool for \$22.2 million. Following frequent discussions concerning the options at Student Senate and in the campus newspaper, the student body voted, in fall 2006 and spring 2007, not to fund a fee increase to support Option 3 or Option 2. The Senate had previously voted that if this occurred, Option 1 would be pursued with the existing \$27 fee.

In spring 2007, Associated Students of Idaho State University President Ryan Sargent appointed a group of students to work with Campus Recreation and the internal and external architects to customize Option 1 and maintain as many core elements as possible; remain within the budget; and provide for future expansion. These meetings were open to all students, and it was determined that the final plan include an elevated track, multipurpose rooms (cardio), a weight area, new administrative offices and an open area, but no aquatics addition or locker room upgrades. Cost estimates from architects at June 2007, was \$6.8M for the total budget.

Since June, the design, design development and budget have been completed by the architects and construction manager. The current anticipated budget of \$7,303,436 includes all architect and engineering fees, Construction Manager Services, contingencies, tests, and other expenses. The anticipated construction budget is \$6,476,036.

DISCUSSION

This project will provide approximately 31,514 square feet of space for student recreational activities on two floors. Included in the plans for the expansion are:

- Two (possibly three) multipurpose rooms (41x70 dividable area with partitions)
- 11,596 net square feet of fitness space
 - 3,109 net sq. ft. free weight
 - 3,905 net sq. ft. machine weights
 - 4,582 net sq. ft. cardio fitness
- Connection to existing indoor running track in Tennis Center
- Centralized control point for access to student recreation areas
- Spacious entry area- high ceiling, day lighting
- Campus Recreation equipment storage rooms
- Recreation administration offices associated with the new facility
- Employee rooms, student lounge areas, training and first aid rooms
- Loading dock and connection to existing outdoor tennis areas
- Electrical data closets, restrooms, maintenance, equipment, and storage

The new facility will be a two-story structure, providing an open atmosphere, with an open end to the tennis center. The project is being designed so that future expansion is possible should future students desire additional recreation areas (e.g., aquatics).

**STATE BOARD OF EDUCATION
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Once the project is completed, Campus Recreation at Idaho State University will have a separate working identity from the rest of the Reed Gymnasium complex, be able to provide easier access control, and have greater capacity to address the recreational needs of students.

The latest cost estimate from the architects is \$7,303,436 for the total project, with a construction cost of \$6,476,036. The \$27 per full-time student fee in place will support a 25-year bond for the total cost. Through Spring 2007, \$1,439,822 in fees was collected and \$171,657 has been paid to the architects. There is a balance of \$1,268,165.

ASISU executives and the student body President, Jennifer Brown, agreed to the following uses of the cash collected to date:

Equipment and fixtures	\$ 400,000
Architects/Engineers Fees	\$ 700,000

If additional cash is needed for the bonds, the balance of fees can be used.

ATTACHMENTS

1. Building site plan	Page 5
2. Building plans	Page 6
3. Elevations	Page 8
4. Office of the State Board of Education capital project tracking sheet	Page 9
5. Permanent Building Fund Advisory Council action of Nov. 1, 2007	Page 10

IMPACT

Student leaders have held dozens of discussions about this project. They support the current proposal and the use of space as the best way to serve a large number of students and encourage new patrons with the resources available.

The expanded recreation center will better separate student recreation space from academic space, while allowing better tracking of usage, facilitate enhanced intramurals, and provide a more welcoming environment. Removal of recreation services from existing space will provide additional square footage for other purposes.

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STAFF COMMENTS AND RECOMMENDATIONS

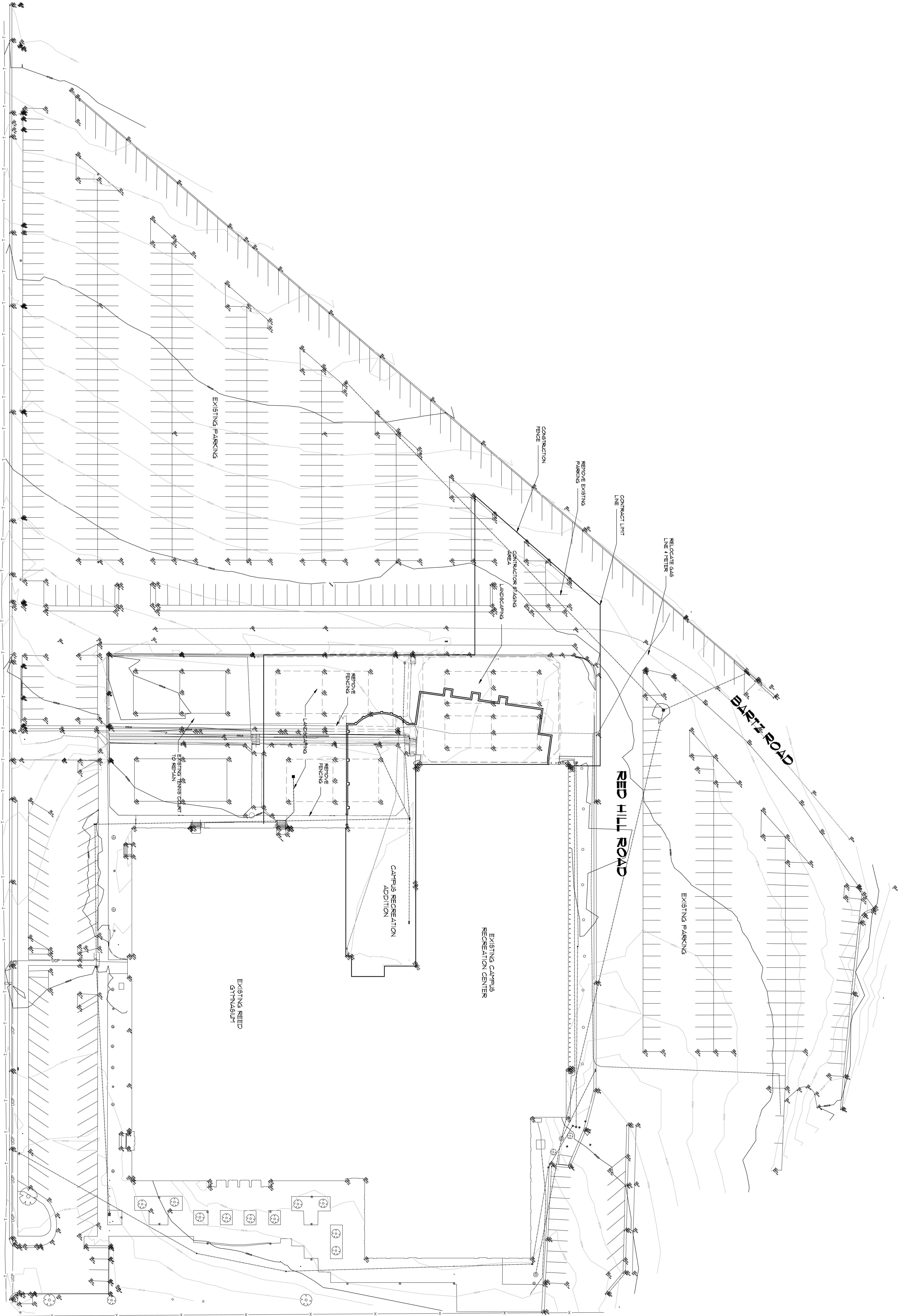
There balance of student fees in the amount of \$1,268,165 can be used if additional funds are needed for the bonds. The cost of the bonds was not known at the time of agenda preparation. Facility occupancy costs will be covered by user fees.

Staff recommends approval.

BOARD ACTION

A motion to approve the request by Idaho State University to direct the State Division of Public Works to provide specifications and documents for bidding and awarding of the contract for an addition to the student recreation center located in the Reed Gymnasium complex.

Moved by _____ Seconded by _____ Carried Yes _____ No _____



MARTIN LUTHER KING WAY

SITE PLAN

SCALE: 1" = 30'-0"



Myers ■ Anderson

- Architecture
- Interior Design
- Landscape Architecture

101 North Main Street • Pocatello, Idaho 83204 • Tel. (208) 232-3741 • Fax (208) 232-3782

DECEMBER
4, 2007

AIA NCARB ASLA

DPW #05-240

ADDITION TO CAMPUS RECREATION CENTER AT REED GYMNASIUM IDAHO STATE UNIVERSITY POCATELLO, IDAHO

PROJECT:

SHEET TITLE:

SITE
PLAN

CONTRACTOR SHALL VERIFY
ALL DIMENSIONS & CONDITIONS
BEFORE CONSTRUCTION
DATE

DATE	11/15/07
BY	JLS
CHECKED	PG ANDERSON
BY	PG ANDERSON
DATE	06/07
PROJECT	ADDITION TO REED GYMNASIUM
DATE	11/15/07
SHEET	01
OF	XXXX

C100

DECEMBER
4, 2007

DPW #05-240

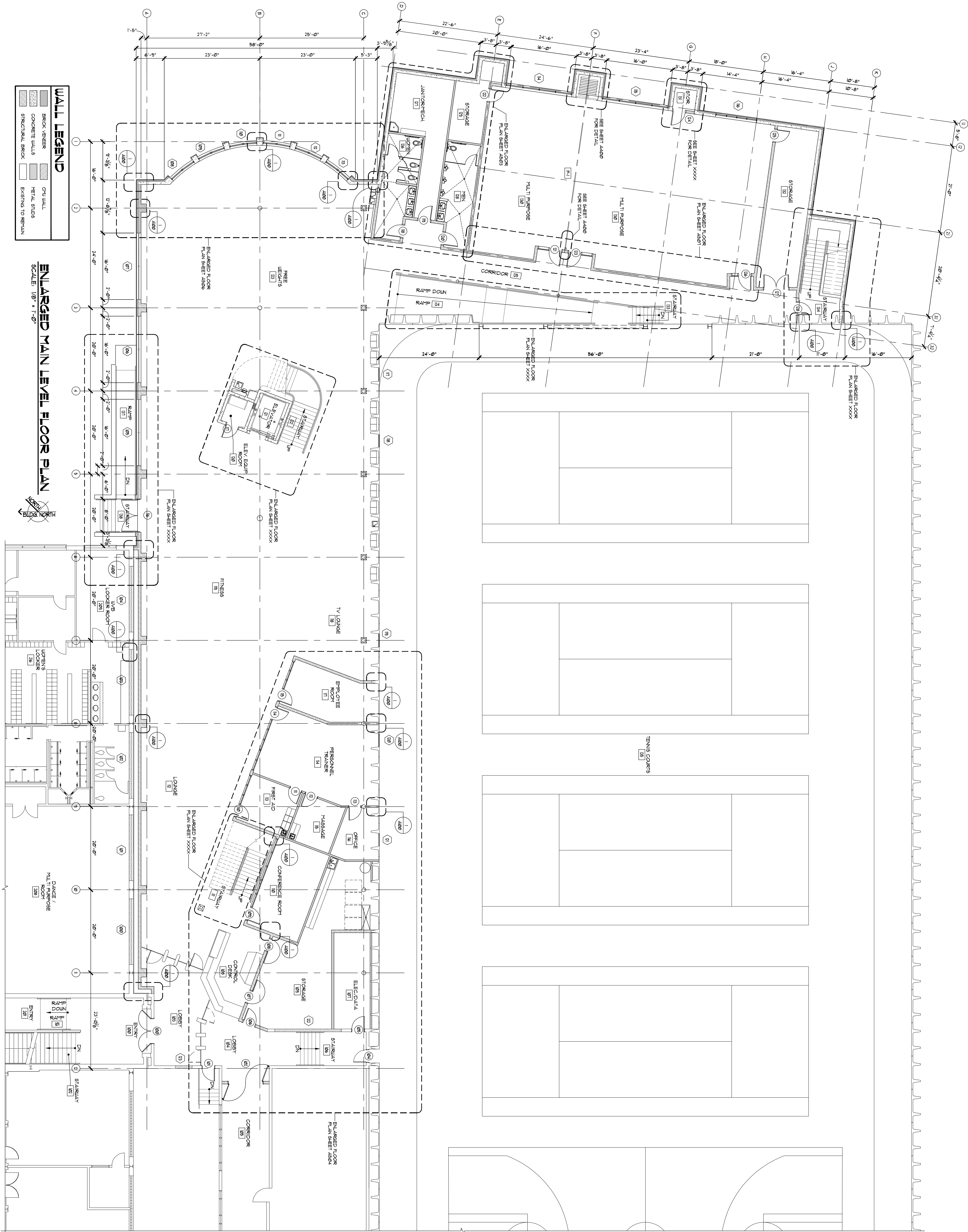
PROJECT:
**ADDITION TO CAMPUS RECREATION
CENTER AT REED GYMNASIUM
IDAHO STATE UNIVERSITY**
BOCATELLO, IDAHO

SHEET TITLE

**ENLARGED
MAIN LEVEL
FLOOR PLAN**

CONTRACTOR SHALL VERIFY
ALL DIMENSIONS AND CONDITIONS
BEFORE BEGINNING WORK
REVISION DATE

DESIGN	S.L. PALMER
BY	CR/CD
DATE	F.A. ANDERSON
NO.	06/07
PROJECT	AL2671 2007
SHEET	06
NO.	AI01
DATE	XXXX





SCALE: 1/8" = 1'-0"

A103 XXXX

FLOOR PLAN

SHEET MILES

PRO

**ADDITION TO CAMPUS RECREATION
CENTER AT REED GYMNASIUM
IDAHO STATE UNIVERSITY**

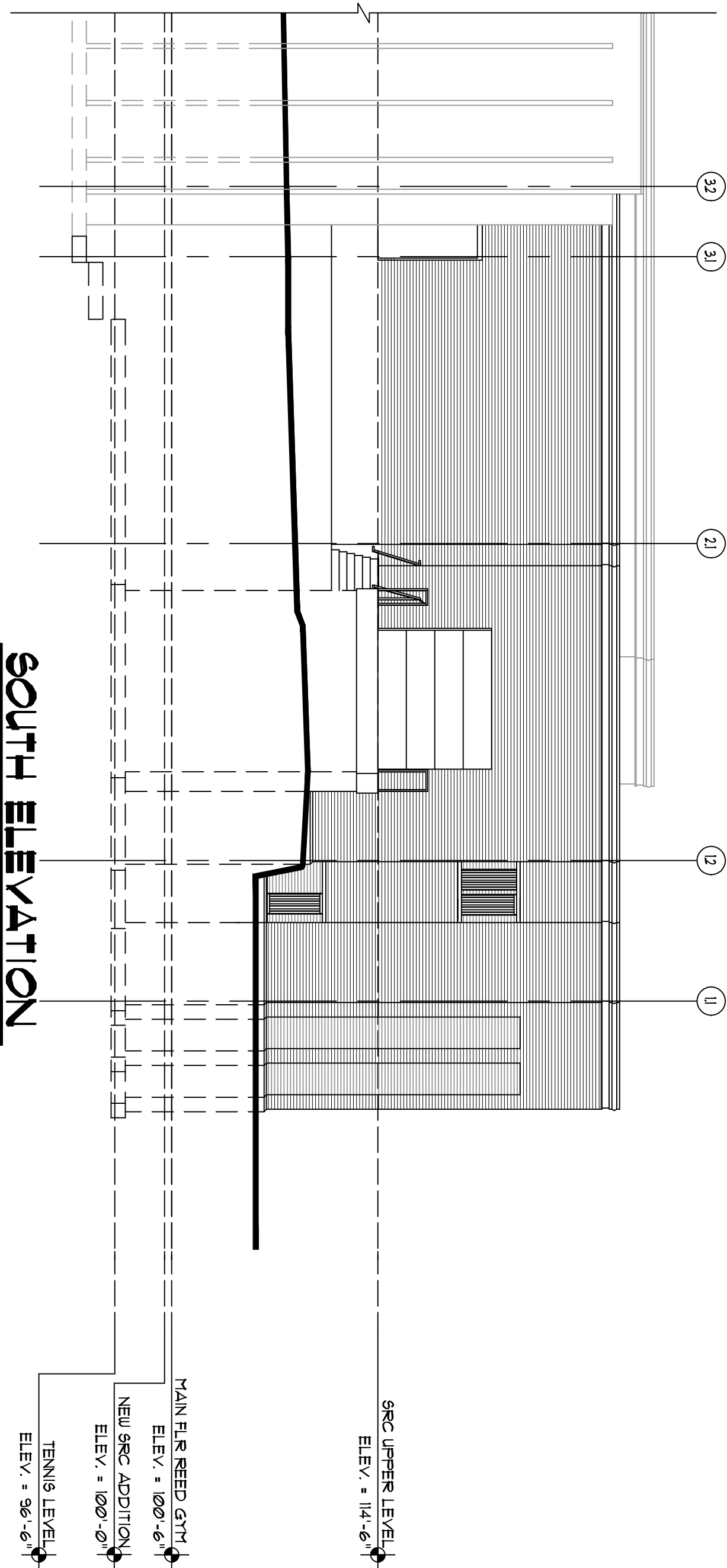
POCATELLO, IDAHO **DPW #05-240**

DPW #05-240

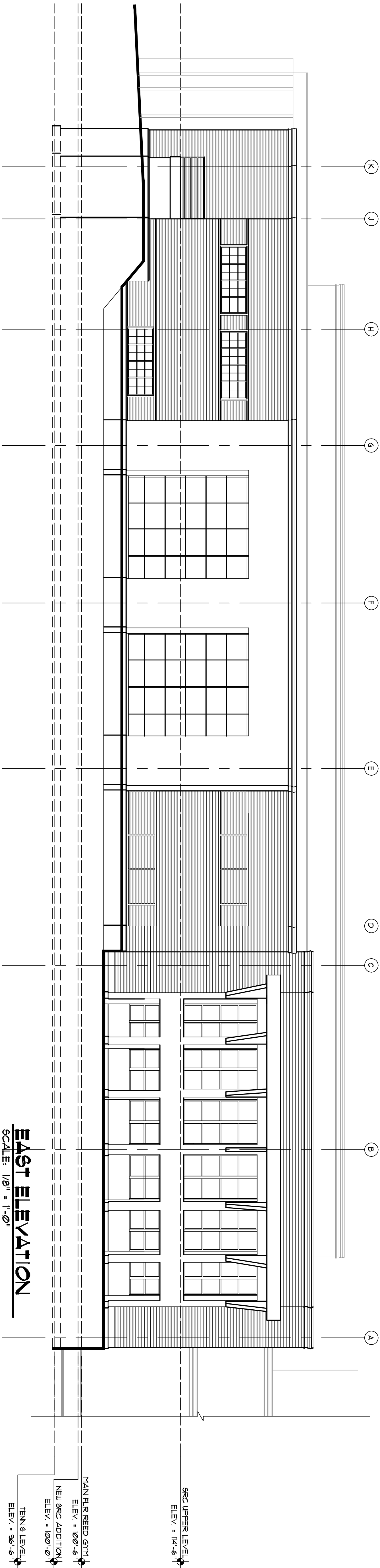
Myers ■ Anderson

- Architecture
- Interior Design
- Landscape Architecture

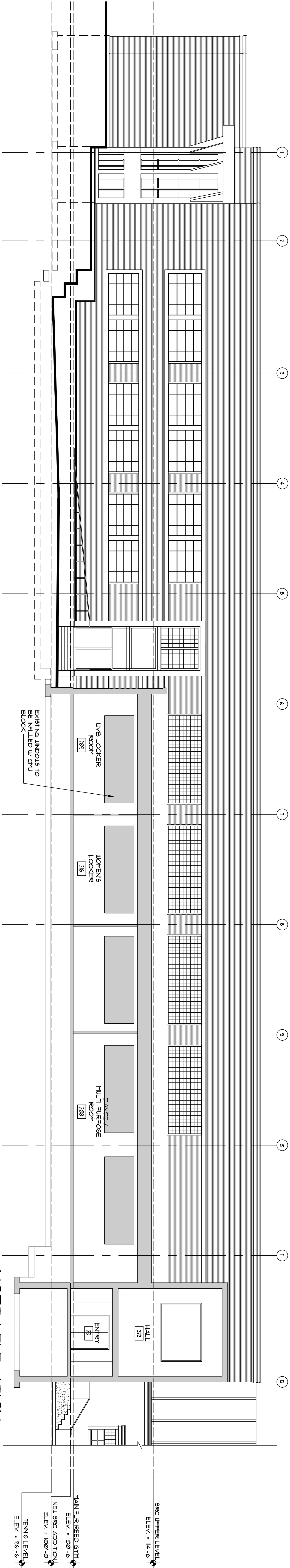
**DECEMBER
4, 2007**



SOUTH ELEVATION
SCALE: 1/8" = 1'-0"



EAST ELEVATION
SCALE: 1/8" = 1'-0"



NORTH ELEVATION
SCALE: 1/8" = 1'-0"

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- Architecture
- Interior Design
- Landscape Architecture

DECEMBER
4, 2007

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DPW #05-240

**ADDITION TO CAMPUS RECREATION
CENTER AT REED GYMNASIUM
IDAHO STATE UNIVERSITY
POCATELLO, IDAHO**

PROJECT:
SHEET TITLE

**EXTERIOR
ELEVATIONS**

CONTRACTOR SHALL VERIFY
ALL DIMENSIONS & CONDITIONS
BEFORE BEGINNING WORK
REGION DATE

DATE
DRAWN BY L. CHRISTOFFERSON
CHECKED BY P.G. ANDERSON
JOB NUMBER 06-027
PROJECT NAME ALBERT TROTT
SHEET NUMBER A200 OF XXXX

As of: 21-Dec-07

The project is a 31,514 square feet addition

	* Other Sources of Funds		
	Institutional	Student	Total
ISU Facility Fee		\$ 7,303,436	\$ 7,303,436
22			
23			
24			
25			
26			
27			
28			

**STATE BOARD OF EDUCATION
JANUARY 14, 2008**

PRELIMINARY REVIEW

DPW Project No. 05240

Agency \$700,000

Student Recreation Center Addition to Reed Gym
Idaho State University (ISU)
Pocatello, Idaho

Previous Minutes: 2-07-06

Presentation by: Jerry Myers, Myers Anderson Architects, Pocatello

The project consists of an approximately 24,000 square foot addition to the existing Reed Gymnasium for a new student recreation center. The addition will include a weight / fitness / cardio areas, multipurpose rooms, student check-in and control desk, equipment storage, and recreation center administrative offices and meeting room. This project will be funded through student fee revenue bonds.

The new addition will relieve the overcrowding of the existing facility and offer expanded Physical Education and Recreational programs. Some remodeling of the existing facility will be required to integrate the new addition.

This project was originally set up as an aquatic center addition to Reed Gymnasium with a new 50 meter pool and ancillary support areas along with an expanded cardio, weight training and fitness area. After a preliminary design review and cost estimate was prepared it was determined that the aquatic pool component could not be constructed due to the high cost. The ISU Student Senate determined that the student's needs could be best served with only the recreational component comprised of just the cardio fitness, weight training and multi-purpose, and administrative support areas.

The ISU Student Senate received approval from the State Board of Education (SBE) at its June 2007 meeting to change the scope of work and rescind the original approved budget of \$6,500,000. The SBE then approved not to exceed architectural engineering fees of \$700,000 and withhold final approval of a final construction budget until they have reviewed and approved the Design Development estimate. The Design Development estimate will be submitted on the December 2007 SBE agenda for review, approval, and funding of \$7,303,436.

The project design is being done in two (2) phases. First phase will involve Programming and Preliminary Design through Design Development for the entire project with a construction estimate. A budget review has been conducted for conformance to the anticipated project budget, a list of priorities established for a phase-one construction design and with a phase two design and budget for completion of the project.

Myers Anderson Architects, PA, Pocatello, is designing the project. The current anticipated budget of \$7,303,436 has been established to include all architect and

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engineering fees, Construction Manager Services, contingencies, tests, and other expenses. The anticipated construction budget is \$6,476,036. The architectural firm's and Construction Manager's current estimate is \$6,142,267. There could be several add alternates incorporated into the bidding documents to ensure that the project is within budget.

ACTION REQUESTED: APPROVE PRELIMINARY DESIGN, SUBJECT TO STAFF REVIEW, AND AUTHORIZE PROCEEDING WITH FINAL PLANS AND SPECIFICATIONS FOR DPW PROJECT NO. 05240.

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REFERENCE: APPLICABLE STATUTE, RULE, OR POLICY

**Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES**

SECTION: V. FINANCIAL AFFAIRS

K. Construction Projects

April 2002

K. Construction Projects

1. Major Project Approvals - Proposed Plans

Without regard to the source of funding, before any institution, school or agency 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 institutions', school's or agencies' six-year capital plan must receive Board approval.

2. Project Approvals

Without regard to the source of funding, proposals by any institution, school or agency 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 institution, school or agency 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 institutions, school or agencies, 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 institution, school or agency.

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

**STATE BOARD OF EDUCATION
JANUARY 14, 2008**

approval. Requests must be supported by a revised detailed project budget and justification for changes.

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 institution, school or agency are accepted by the institution, school or agency 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.

REFERENCE: APPLICABLE STATUTE, RULE, OR POLICY - continued

**Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES**

SECTION: V. FINANCIAL AFFAIRS

R. Establishment of Tuition and Fees

June 2005

R. Establishment of Tuition and Fees

1. Definitions and Types of Fees

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.

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**STATE BOARD OF EDUCATION
JANUARY 14, 2008**

UNIVERSITY OF IDAHO

SUBJECT

Request for planning approval for University of Idaho Center for Livestock and Environmental Studies (ICLES).

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.K. Construction Projects

REFERENCE

October 2006	Regents approval of an additional Line Item for the Agricultural Research and Extension Service for FY 2008 in the amount of \$10 million General Funds, for a Research Dairy Facility.
January 2007	Regents approval of the request by the University of Idaho to seek a one-time appropriation of general funds for Agriculture Extension Service for FY 2008 in the amount of \$10 million from the Idaho Legislature, and to seek modification of the federal Morrill Act for the purpose of allowing the State of Idaho to apply real estate assets in the Agriculture College Endowment for acquisition of real estate, buildings and fixtures for experimental farms and provide these assets to the University of Idaho for use as the endowment beneficiary.
April, 2007	Legislature appropriates \$10 million for ICLES and joint ISDA/IDFG facilities – contingent upon revisions to Morrill Act to allow use of Ag Endowment assets, and requiring final recommendation from the Governor and approval from the Regents prior to release of funds.
July, 2007	Congress passes revision to Idaho Admissions Act to allow use of Ag Endowment assets.

BACKGROUND

This matter comes back to the Board after success in the US Congress with passage of a bill amending the Idaho Admissions Act so as to allow Agriculture College Endowment assets to be utilized in the acquisition of land and construction of buildings and other improvements for the proposed University of Idaho Center for Livestock and Environmental Studies. Since that time, the University has been working with representatives of the Idaho Departments of Agriculture and Fish & Game to arrive at a consensus as to proposed shared research facilities in conjunction with the Governor's inclusion of those facilities in his FY08 budget request which gave rise to the \$10 million legislative appropriation by the 2007 legislature.

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House Bill 325, which appropriated \$10 million for the ICLES also requires approval from the Governor and the Regents prior to expenditure of the appropriated funds. The University is requesting approval from the Governor and seeks approval from the Regents as well. The approval sought from the Regents, pursuant to Board policy, is for authority to proceed with planning.

DISCUSSION

A detailed outline of the project will be submitted by separate document.

IMPACT

The financial impact of the overall project will be described in greater detail in the follow-up materials. The specific financial impact of the University's request will be expenditure of up to \$1.5 million for project planning.

ATTACHMENTS

Attachment 1 –Outline of the Project (to be submitted separately)

STAFF COMMENTS AND RECOMMENDATIONS

This effort has been supported by the Board, has the support of the legislature and obtained the necessary federal approval from the amendment to the Morrill Act. This motion represents the next step in the process – planning for the center and would allow the University to request release of the appropriated funding. Staff recommends approval.

BOARD ACTION

A motion to approve the University of Idaho Center for Livestock and Environmental Studies for planning pursuant to Board Policy Section V, Subsection K.; to authorize the University to spend up to \$1.5 million of appropriated funds for planning; and to authorize the President of the Board to send a letter to the Joint Finance and Appropriation Committee of the Idaho Legislature indicating the Board's approval for planning and requesting release of appropriated funds currently held in the Permanent Building Fund for the ICLES.

The University shall continue to work with the Board of Land Commissioners and the Idaho Department of Lands to utilize Agriculture College Endowment assets in the build-out of the facility, and shall report to this Board at each Board meeting on the progress of planning including an accounting of funds expended to date as well as any specifically identified future expenditures.

The University shall return to the Board for further approval prior to commencing construction.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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Attachment One – Summary of the Project
ICLES and Integrated Caine/ISDA Laboratory

Summary of Project History.

The Idaho Center for Livestock and Environmental Studies (ICLES) project began in 2006 as a collaborative effort between the University, the Idaho Dairy and Livestock Industries, and certain legislators in the Magic Valley to pool resources to create a full-scale operating dairy to act as the research platform for a world-class university research facility for livestock and environmental issues associated with large animal feeding operations. The Idaho Dairy Industry pledged \$5 million in support, and with approval of the Regents, the University sought support during the 2007 legislative session from Governor Otter, the Legislature and the Land Board for the project.

Governor Otter responded with a budget request for \$10 million for dairy research and for animal diagnostic laboratory facilities for the Idaho State Department of Agriculture (ISDA) and the Idaho Department of Fish & Game (IDFG). The Legislature approved the budget request contingent upon necessary revisions to federal restrictions on the use of Agriculture College Endowment assets. The Land Board sought and obtained passage of federal legislation that eliminated the restrictions; this same legislation made changes that allowed for modification of the asset management and investment portfolio of the Agriculture College endowment.

Expansion of the Project to Include Integrated Laboratory Facility – Addendum A.

To address Governor Otter's inclusion of lab facilities for ISDA and IDFG in the project, the project has been expanded to include an integrated lab facility adjacent to the ICLES dairy at which the University will co-locate its Caine Veterinary Teaching Center (Caine) with the ISDA animal diagnostic lab, including the ability to add BSL3 capacity in the future. The integrated facility also will meet the diagnostic needs of IDFG on a contract basis in a similar fashion as has been done at the current Caine location in Caldwell.

The integrated facility has the support of Industry, Governor Otter's office, ISDA and IDFG. The WSU College of Veterinary Medicine, which operates a clinical training program for Washington/Idaho students in veterinary medicine (WOI Program) in conjunction with Caine has also voiced support. The integrated facility will provide greater teaching and research opportunities for University of Idaho and WSU faculty and students than are at the Caine center in its current location. It will also provide the University and the State of Idaho with operating synergies through shared equipment and expertise between the University and ISDA. Locating the facility adjacent to the ICLES dairy also will resolve pending issues with the location of the current Caine facility in Caldwell, Idaho.

University of Idaho College Of Agricultural and Life Sciences Dean, John Hammel, has prepared a summary of the merits of the co-located facilities being placed adjacent to the ICLES dairy. This summary is Addendum A hereto.

Summary of Construction and Start-up Costs and Available Resources – Addendum B.

Inclusion of the integrated lab facility into the overall project is an expansion of scope and cost. However it also makes available the current Caine facility and its surrounding 40 acre parcel for use in funding the project.

Addendum B summarizes the construction and start-up costs for the project. On the first page, the total construction and start-up costs (\$37,010,283) are broken down by real estate costs and non-real estate (Cows, Equipment and Working Capital Reserve) costs. Figures for the ICLES dairy facility (total \$26,728,593) and the integrated lab facility (total \$10,031,690) are shown separately. This page also

STATE BOARD OF EDUCATION
JANUARY 14, 2008
Attachment One – Summary of the Project
ICLES and Integrated Caine/ISDA Laboratory

contains an Allocation of Resources identifying the projected sources and amounts for funding the costs as well as a break-down of the Application of Cash Resources to the project. The second and third pages show the line items for the ICLES dairy (with separate columns for real estate items and non-real estate items). The fourth page shows the line items for the integrated lab facility. These items are all real estate. The equipping and operation of this facility will be accomplished within the existing budgets of the University and ISDA, with the exception of an allocation of \$250,000 for Caine equipment in conjunction with the move from Caldwell.

The break-down of real estate costs and non-real estate costs is important for purposes of identifying those portions of the project that can be funded through the Agriculture College Endowment. Since the success of the federal legislation, the University has been working with staff and attorney's for the Idaho Department of Lands to identify potential lands and funding mechanisms. Work remains to be done in this area, but potential mechanisms range from a one-time exchange of endowment lands equal to some or all of the real estate portion of the project to bonded construction of the real estate portion of the facility by the Idaho State Building Authority and transactions or leasing over time to acquire the facility from the Authority.

Five Year Operating Projections – Addendum C.

Addendum C contains five year annual operating projections for the ICLES dairy facility. These projections are in the same format as the projections submitted to the Board in January 2007, however the monthly projections have been eliminated (but can be available for any Regent who desires to review them. The projections were updated upon learning of the success of the federal legislation, and are as of October 2007. The projections show that the full-scale operating dairy facility will remain in the black, thus meeting the requirement that this facility be self sustaining.

ICLES Operating Entity – Addendum D.

The University recognizes the need to ensure that the ICLES dairy facility operates in a self sustaining fashion, as promised to the Regents and to the Legislature. We also that the dairy must operate in a substantially similar fashion as a commercial dairy. This is critical to providing a realistic research platform. In that regard, we have been examining operating entities for the ICLES facility and operating protocols. Addendum D illustrates one possible operating entity structure utilizing a 501c3 entity (similar in nature to the university foundations) whose purpose would be to operate the facility for the University. The entity would be a separate legal entity granted possession of the facility for the purpose of operating it to provide the University with the desired research platform. The advantages of a separate legal entity for operating purposes is that dairy operations could more readily be done in a fashion similar to private dairy operations.

Operating parameters for the ICLES dairy are also being considered as key tools to ensure a viable operation. One such tool is a risk analysis/decision tree model which will utilize operational and financial benchmarks to direct operational decision making in the areas of herd size, production capacity, feed purchases and ultimately, if necessary, operational shut down. The project business committee composed of university personnel and industry experts continues to work on the operational aspects of the project.

Siting/Permitting.

While the controversies over siting of new CAFO's in the Magic Valley continue we are encouraged by the number of inquiries we have received regarding where the Idaho Center for Livestock and

STATE BOARD OF EDUCATION
JANUARY 14, 2008
Attachment One – Summary of the Project
ICLES and Integrated Caine/ISDA Laboratory

Environmental Studies will be located. To date we have been contacted by five Magic Valley counties all with interest in having the Center located in their area.

This interest speaks volumes about the need for this facility and the research focus it will have. Solving some of the environmental concerns associated with the rapidly growing livestock industry is not only critical to the long term viability of the industry but also to the long term sustainability of the environment and of the communities and citizens that are intermingled with them.

While we will follow all local and state ordinances related to site application and permitting we are confident that we will be able to site the Research Center in one of several Magic Valley counties.

Next Steps.

At this time the University requests approval of the project for planning and authority to expend appropriated funds for planning, as well as a letter from the Board to JFAC indicating the Board's approval of the project to meet the requirements of the legislative intent language. This request could not have been made any sooner because the conditions in the 2007 legislative appropriation require a report back to JFAC with Regents approval. JFAC just convened with the start of the 2008 legislative session.

The budgets for the two facilities contain planning amounts - \$250,000 for the ICLES and \$500,000 for the integrated lab based on 5% of the construction costs built into the sq. ft. calculations. At this stage it is important that specific expertise in architecture, engineering and legal issues be acquired and brought to bear on the project issues.

The University will continue to report to the Regents on the progress and will not spend funds beyond the approval or for any acquisition of assets without returning for further authority. The University does not intend to seek authority for acquisition of assets until and sufficient resources have been identified and the means necessary to accomplish and fund the full project build-out and start-up can be assured.

Addendum A – Hammel Summary
Addendum B – Cost and Resource Summary
Addendum C – Five year projections
Addendum D – Sample Operating Entity

**Proposed Combined UI/ISDA Facility
Integrated Caine Veterinary Teaching Center/ISDA Animal Diagnostic Laboratory**

In presenting his fy08 proposed budget to the 2007 legislature, Governor Otter recommended the \$10 million appropriation for the ICLES in conjunction with an integrated Animal Diagnostic Laboratory for the Idaho State Department of Agriculture (ISDA). The University fulfills that recommendation by relocating the Caine Veterinary Teaching Center (CVTC) to the Magic Valley adjacent to the new Idaho Center for Livestock and Environmental Studies (ICLES), and co-locating its operations there with the ISDA Animal Diagnostic Laboratory in a combined facility. As discussed in more detail below, this will serve to:

1. Enhance the current University programs operated at the CVTC,
2. Advance the University's commitment to expanding its capacity for livestock research to meet the growing livestock industry in the state, and
3. Maximize state and university resources through combined laboratory facilities with the Idaho Department of Agriculture (ISDA),
4. Meet the Governor's condition that the ISDA lab facilities be co-located at the ICLES with the CVTC as part of his support for the \$10 million appropriation.

Overview of Current Operations.

The CVTC is staffed with veterinarians and animal scientists involved with teaching, research, extension, and diagnostic service. The current CVTC site is adjacent to the former Caldwell Research and Extension Center on a 40 acre parcel owned by the University of Idaho. The CVTC serves a critical function for veterinary education with the WSU College of Veterinary Medicine providing clinical training for Washington/Idaho students in veterinary medicine (WOI Program). Students in the WSU College of Veterinary Medicine participate in clinical diagnostics, surgical procedures, and animal/herd health at the CVTC generally during the third or fourth year of their veterinary education program. The CVTC also serves as a satellite clinical laboratory specializing in the identification, study, and control of diseases of food-animal livestock and wildlife.

The Caine Veterinary Teaching Center is under the direction and oversight of the Department of Animal and Veterinary Sciences (AVS) in the College of Agricultural and Life Sciences at the University of Idaho. The AVS department provides, as a major component of its undergraduate curricula, instruction in pre-veterinary education.

University of Idaho's Commitment to Expanded Livestock Research.

In 2001, livestock cash receipts first exceeded crop cash receipts and have since steadily outpaced crop revenues in Idaho annually. Dairy revenues from milk production and beef livestock revenues were 57% of Idaho's total agricultural revenues in 2007. Prior to 2005, the Research and Extension Centers operated by the College of Agricultural and Life Sciences have been primarily crop-based in their programming focus, except for the beef livestock and dairy operations located at the University of Idaho campus in Moscow.

The University is working to expand its capacity for livestock research to meet the expanding industry. Relocation of the CVTC and co-location with the ISDA facility is the third leg in this effort as follows:

1. The Nancy M Cummings Research, Extension and Education Center currently being developed in Salmon will serve as the beef cow-calf facility with programs investigating

forage nutrition, reproductive efficacy, herd genetics, integrated pasture management, and herd health.

2. The ICLES, when completed, will have programming focused on environmental (air, water, and soil quality) and waste management issues surrounding confined beef and dairy operations. Additionally, problems affecting efficiencies in beef and dairy production will be addressed.
3. The Caine Veterinary Teaching Center will provide state-of-the-art, modern veterinary education programming and innovative animal health/disease research which are critical to the future of the livestock industry. The co-located lab, in association with the WSU College of Veterinary Medicine, will provide these important needs to livestock health and disease prevention and management through the education and availability of future large food-animal veterinarians and through research in disease diagnosis and prevention.

Benefits from Relocation to Combined Facility.

Relocation to the ICLES and co-location with the ISDA will meet the Governor's condition as part of his support for the legislative appropriation of \$10 million. The Governor's endorsement and financial support for the Idaho Center for Livestock and Environmental Studies were predicated on a requirement to integrate Idaho's state animal laboratories, including the CVTC and the ISDA Animal Diagnostics Laboratory, to more efficiently and effectively serve the livestock industry of Idaho.

Integrating the Caine Veterinary Teaching Center with the Idaho Department of Agriculture Animal Diagnostic Laboratory in a combined facility at the ICLES will enhance operational and functional needs for both entities. Specifically it will:

- Improve laboratory infrastructure, equipment, and scientific instrumentation utilization. Each entity would retain specific space based on operational needs and function (research versus diagnostic) while sharing common/laboratory space (e.g. lobby/reception, conference room, BL3 lab) and instrumentation in specialized areas eliminating duplication (Attachment B).
- Allow joint purchasing, use, and maintenance of expensive scientific instrumentation required for either ISDA diagnostic or CVTC research functions.
- Provide joint funding and hiring opportunities of personnel to meet critical needs without duplication (e.g. veterinary pathologist – ISDA diagnostics/CVTC clinical training of students; janitorial and maintenance personnel).
- Enhance recruitment of outstanding teaching and research faculty at the CVTC (and ISDA personnel) due to joint location with innovative ICLES research/teaching facility (Attachment C – WSU Vet Dean Letter).
- Provide significant opportunities for students and clinical training in veterinary education because location is central to Idaho's dairy and beef industry and adjacent to the state-of-the-art, commercial-scale ICLES facility (Attachment C).

In addition, relocation will address issues related to the current location as follows:

- **Current Proximity to Residential Development.** The current location of the CVTC has been, and will continue to be, encroached upon by rapid residential development, including the recently constructed Valley View High School immediately adjacent to the CVTC. Close proximity of the CVTC to residences will seriously limit necessary livestock operations required for veterinary training and, importantly, restrict livestock

disease (e.g. brucellosis, chronic wasting diseases) and animal health research critical to Idaho's growing livestock industry.

- **Distance from Food Animal Industry.** Idaho's food animal agricultural industry, including dairy and beef, is located primarily in southern Idaho. Approximately 80% of Idaho's dairies and milking cows are located in southern Idaho, with 72% of milk cows located in the Magic Valley region. Future growth of the dairy and beef cattle industry will occur in the Magic Valley and southern Idaho, with an overall reduction in livestock production in the Treasure Valley as a result of increasing residential growth.

Lastly, several additional factors must be noted to clarify issues or concerns surrounding the relocation of the CVTC:

- The combined ISDA/CVTC facility would be located on land which is separate from the ICLES to safeguard future operational status and to isolate ownership of the CVTC and the ISDA Diagnostic Laboratory facility from potential failures or a shutdown of the ICLES facility.
- The funding and budgets for the CVTC and the ISDA Laboratory would continue, at a minimum, at their present levels and would remain operationally independent from each other, and importantly, would not be linked with or dependent upon the operational budget of the ICLES.
- The integrated facility would provide a modern, state-of-the-art teaching and diagnostic facility which would enhance the CVTC veterinary training and education capability in total space (23,000 sq ft current space compared to 37,400 sq ft in combined facility). The amount of land area provided to the CVTC will be equal to or greater than the acreage at the current Caldwell location (40 acres).

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Addendum B – Cost and Resource Summary

<u>Cost Projections Minimum Dairy w/ Caine Center and Joint Labs</u>		
Land/Buildings/Improvements	Dairy	Caine/ISDA Labs
• Research Dairy Land. Buildings & Improvements	\$ 16,014,493.00	
• Joint Caine/ISDA Lab Facility Land & Bldg		\$ 9,781,690.00
Equipment, Cows and Reserve		
• Dairy Equipment, Cows & Reserve	\$ 10,964,100.00	
• Caine Lab Equipment		\$ 250,000.00
Total per Facility	\$ 26,978,593.00	\$ 10,031,690.00
Total – Both Facilities	\$ 37,010,283.00	

<u>Resources</u>	
• Industry - Milking Herd	\$ 3,650,000.00
• Industry - cash balance	\$ <u>1,350,000.00</u>
Total Industry Commitment	\$ 5,000,000.00
• State of Idaho Cash	\$ 10,000,000.00
Total Industry & Appropriations	\$ 15,000,000.00
• Ag College Endowment Land Equity - initial discussion	\$ 10,000,000.00
• Regents - Caine Property Equity	\$ <u>2,000,000.00</u>
Total Real Property Equity Identified	\$ 12,000,000.00
Total Resources Identified	\$ 27,000,000.00
• Additional Land Equity or other resources needed (1)	\$ 10,010,283.00
(1) Other funds could come from any combination of increased value of Caine property over time, additional equity from the Agriculture College endowment, bonding based on rents to be paid by non-University tenants, additional appropriation for State Laboratories or other means.	

<u>Application of Cash Resources</u>	<u>Cash Application</u>	<u>Cash Balance</u>
Beginning cash balance		\$ 11,350,000.00
Dairy Equipment, Cows & Reserve (less Milking herd)	\$ 7,314,100.00	\$ 4,035,900.00
Caine Equipment	\$ 250,000.00	\$ 3,785,900.00
Cash to Land/Buildings/Improvements	\$ 3,785,900.00	\$ -

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Addendum B – Cost and Resource Summary

Detailed Cost Breakdown – Research Dairy

Type	Low Estimate	Cows/Eq/WrkCap	Real Estate
Free Stalls	\$ 800,000		\$ 800,000
Ventilated Freestall	\$ 800,000		\$ 800,000
Open Lots	\$ 385,000		\$ 385,000
Special Needs			
Hospital Area	\$ 99,007		\$ 99,007
Maternity Area	\$ 82,304		\$ 82,304
Small Research Barns	\$ 200,000		\$ 200,000
Calan Gates	\$ 100,000	\$ 100,000	
Grow Safe	\$ 150,000	\$ 150,000	
Beef Cows	\$ 150,000	\$ 150,000	
Data Ranger	\$ 33,500	\$ 33,500	
Heifer Operation			
calf barn	\$ -		
calf hutches	\$ 45,000		\$ 45,000
calf weaning	\$ 24,000		\$ 24,000
small lots	\$ 72,000		\$ 72,000
heifer pens	\$ 30,000		\$ 30,000
heifer pens	\$ 195,000		\$ 195,000
bred heifers	\$ 245,000	\$ 245,000	
Double 16 Parlors			
Structure	\$ 1,400,000		\$ 1,400,000
Equipment	\$ 1,564,600	\$ 1,564,600	
Generator	\$ 50,000	\$ 50,000	
Double 8 Parlor			
Structure	\$ 450,000		\$ 450,000
Equipment	\$ 443,000	\$ 443,000	
Feeding Center			
Commodity barn	\$ 230,000		\$ 230,000
Feed Pad Asphalt	\$ 375,000		\$ 375,000
Mixer	\$ 15,000	\$ 15,000	
Scale 105'	\$ 60,000	\$ 60,000	
Feed Trucks	\$ 390,000	\$ 390,000	
Loaders	\$ 300,000	\$ 300,000	
Tractors	\$ 260,000	\$ 260,000	
Grading			
site	\$ 760,000		\$ 760,000
ponds	\$ 342,000		\$ 342,000
Waste System			

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Addendum B – Cost and Resource Summary

Concrete Cells	\$	147,767		\$	147,767
Waste Treat Build	\$	252,315		\$	252,315
Gasifier	\$	400,000	\$	400,000	
pits	\$	85,400		\$	85,400
composting asphalt	\$	150,000		\$	150,000
pumps	\$	8,000	\$	8,000	
Vacuum Wagon	\$	85,000	\$	85,000	
Skid Steer Loaders	\$	60,000	\$	60,000	
Perimeter Fence	\$	119,600		\$	119,600
Equipment Storage	\$	210,000		\$	210,000
Roads	\$	132,000		\$	132,000
Cows (in kind)	\$	3,650,000	\$	3,650,000	
Land	\$	5,000,000		\$	5,000,000
Laboratory (lab)	\$	1,732,500		\$	1,732,500
Laboratory (office)	\$	405,600		\$	405,600
Shop/Maintenance/ Technical Instruction	\$	600,000		\$	600,000
Housing	\$	-			
Wells	\$	40,000		\$	40,000
Utilities	\$	250,000		\$	250,000
Working Capital Reserve	\$	3,000,000	\$	3,000,000	
Design/Permitting	\$	250,000		\$	250,000
Landscaping	\$	100,000		\$	100,000
Total Dairy costs	\$	26,728,593	\$	10,964,100	\$ 15,764,493
Joint Caine/ISDA Lab Facility	\$	10,031,690	\$	9,781,690.00 ¹	
Land & Bldg				\$	250,000
Total Combined Project	\$	36,760,283	\$	20,745,790	\$ 16,014,493
		All		Cows/Eq/WrkCap	Real Estate

¹ See attached cost breakdown for joint Caine/ISDA lab Facility

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Addendum B – Cost and Resource Summary

Detailed Cost Breakdown – Joint Lab

CLES Laboratory Facilities

U of I Veterinary Research	Square Feet	Cost/sf	Cost
Lab Bench Space	4,460	\$ 325.00	\$ 1,449,500.00
AutoClav	200	\$ 325.00	\$ 65,000.00
Dish Washing	200	\$ 325.00	\$ 65,000.00
Clean Room	200	\$ 325.00	\$ 65,000.00
Equip Room	200	\$ 325.00	\$ 65,000.00
Microscope	200	\$ 325.00	\$ 65,000.00
Dark Room	200	\$ 325.00	\$ 65,000.00
Tissue Culture	250	\$ 325.00	\$ 81,250.00
Gas Cylinder Storage	140	\$ 325.00	\$ 45,500.00
Storage	490	\$ 325.00	\$ 159,250.00
Offices/halls	4,222	\$ 200.00	\$ 844,400.00
Wildlife Lab	1,000	\$ 325.00	\$ 325,000.00
Microbiology	500	\$ 325.00	\$ 162,500.00
Lab Animals	400	\$ 325.00	\$ 130,000.00
Clinical Pathology	660	\$ 325.00	\$ 214,500.00
Student Space	624	\$ 200.00	\$ 124,800.00
Caine Clinic	7,150	\$ 150.00	\$ 1,072,500.00
		sub total	\$ 4,999,200.00
ISDA Diagnostics			
Milk Lab	960	\$ 325.00	\$ 312,000.00
Virology	840	\$ 325.00	\$ 273,000.00
PCR	750	\$ 325.00	\$ 243,750.00
Microbiology	500	\$ 325.00	\$ 162,500.00
Brucella/BL3	600	\$ 500.00	\$ 300,000.00
Storage	350	\$ 200.00	\$ 70,000.00
Offices	720	\$ 200.00	\$ 144,000.00
		sub total	\$ 1,505,250.00
ISDA/Caine Integrated Space			
Histology	400	\$ 325.00	\$ 130,000.00
Cooler	400	\$ 325.00	\$ 130,000.00
Freezer	400	\$ 325.00	\$ 130,000.00
Media & Preparation	880	\$ 325.00	\$ 286,000.00
		sub total	\$ 676,000.00
ISDA/Caine Shared Space			
Lobby/Reception	1,360	\$ 200.00	\$ 272,000.00
Library	960	\$ 200.00	\$ 192,000.00
Classroom	1,800	\$ 200.00	\$ 360,000.00
Conference Room	375	\$ 200.00	\$ 75,000.00
Break Room	432	\$ 200.00	\$ 86,400.00
Rest/Locker Rooms	960	\$ 200.00	\$ 192,000.00
Offices	1,480	\$ 200.00	\$ 296,000.00
Storage	1,147	\$ 200.00	\$ 229,400.00
Mechanical/Dock	1,000	\$ 150.00	\$ 150,000.00
Incinerator	1	\$ 250,000.00	\$ 250,000.00
		sub total	\$ 2,102,800.00
Misc. Items			
Perimeter Fence	5,280	\$ 13.00	\$ 68,640.00
Roads	1,320	\$ 15.00	\$ 19,800.00
Wells	1	\$ 50,000.00	\$ 50,000.00
Utilities	Unknown	\$ 100,000.00	\$ 100,000.00
Landscaping		\$ 60,000.00	\$ 60,000.00
Land in acres	40	\$ 5,000.00	\$ 200,000.00
Totals	44,052	\$ 222.05	\$ 9,781,690.00

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Addendum C – 5 Year Projections

PROJECTED RESULTS FROM OPERATIONS (INCOME STATEMENT)

	1st year ended	CWT	2nd Year Ended	CWT	3rd Year Ended	CWT
Income:						
Milk	4,768,076	14.70	6,014,969	14.70	6,096,483	14.70
Milk hauling	(97,308)	(0.30)	(122,754)	(0.30)	(124,459)	(0.30)
State and Association	(81,090)	(0.25)	(102,296)	(0.25)	(103,716)	(0.25)
Calf Sales	444,744	1.37	392,570	0.98	227,823	0.55
Heifer calf sales (culls)	10,400	0.03	-	0.00	6,000	0.01
Cull Income	220,000	0.68	300,000	0.73	300,000	0.72
Crop income	60,000	0.18	60,000	0.15	60,000	0.14
Misc.	64,872	0.20	81,836	0.20	82,973	0.20
Total Income	5,389,895	16.82	6,624,325	16.19	6,547,104	15.78
Expenses:						
Feed - lactating cows	2,049,266	6.32	2,488,266	6.08	2,489,177	6.00
Feed - dry cows	42,726	0.13	186,316	0.46	185,891	0.45
Feed - heifers	200,757	0.62	-	0.00	198,699	0.48
Total feed expenses	2,292,749	7.07	2,674,582	6.54	2,873,767	6.93
Labor:						
Administrative fee	120,000	0.37	120,000	0.29	120,000	0.29
Other salaries	324,359	1.00	409,182	1.00	414,863	1.00
Total Labor	444,359	1.37	529,182	1.29	534,863	1.29
Operating expenses:						
Supplies	220,564	0.68	278,243	0.68	282,107	0.68
Corral cleaning	29,192	0.09	36,826	0.09	37,338	0.09
Repairs & Maintenance	162,179	0.50	204,591	0.50	207,431	0.50
Utilities	90,820	0.28	114,571	0.28	116,162	0.28
Taxes & License	68,115	0.21	85,928	0.21	87,121	0.21
Payroll Taxes (% of gross)	48,879	0.15	58,210	0.14	59,835	0.14
Insurance	51,897	0.16	65,469	0.16	66,378	0.16
Fuel	64,872	0.20	81,836	0.20	82,973	0.20
Legal & Accounting	22,705	0.07	28,643	0.07	29,040	0.07
Employee benefits	12,974	0.04	16,367	0.04	16,595	0.04
Veterinary and breeding	45,410	0.14	57,285	0.14	58,081	0.14
Testing and trimming	25,949	0.08	32,735	0.08	33,189	0.08
Hauling livestock	6,487	0.02	8,194	0.02	8,297	0.02
Miscellaneous	64,872	0.20	81,836	0.20	82,973	0.20
Interest exp	112,500	0.35	112,500	0.27	112,500	0.27
Total Operating	1,027,418	3.17	1,263,225	3.09	1,279,019	3.08
Total Expenses	3,764,525	11.61	4,466,989	10.92	4,687,648	11.30
Cash net income, no depr., no gain/loss on cows	1,625,169	5.01	2,157,336	5.27	1,859,456	4.48
Replacement purchases	(861,000)	(2.65)	(1,291,500)	(3.16)	(1,260,000)	(3.08)
Net cash flow	764,169	2.36	865,836	2.12	599,456	1.40
Other equity changes						
Cost of cows sold	(924,000)		(1,260,000)		(1,260,000)	
Purchase of cows	861,000		1,291,500		1,260,000	
Herd equity in S/R heifers	200,757		-		296,316	
Herd Equity Change	137,757		31,500		296,316	
Net equity change	901,926	2.78	897,336	2.19	895,771	2.16
	CWT		CWT		CWT	
	324,359		409,182		414,863	
Breakeven Cash Flow	12.34		12.58		13.26	

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Addendum C – 5 Year Projections

	4th Year Ended	CWT	5th Year Ended	CWT	Projection Total	CWT
Income:						
Milk	6,098,624	14.70	6,347,964	14.70	29,328,117	14.70
Milk hauling	(124,462)	(0.30)	(129,550)	(0.30)	(598,533)	(0.30)
State and Association	(103,718)	(0.25)	(107,959)	(0.25)	(498,777)	(0.25)
Calf Sales	195,217	0.47	209,876	0.49	1,470,230	0.74
Heifer calf sales (culls)	23,800	0.06	35,600	0.08	75,800	0.04
Cull Income	300,000	0.72	309,000	0.72	1,429,000	0.72
Crop income	60,000	0.14	60,000	0.14	300,000	0.15
Misc.	82,974	0.20	86,367	0.20	399,022	0.20
Total Income	6,532,436	15.75	6,811,298	15.77	31,904,858	15.99
Expenses:						
Feed - lactating cows	2,489,234	6.00	2,591,006	6.00	12,106,949	6.07
Feed - dry cows	185,864	0.45	187,061	0.43	787,868	0.39
Feed - heifers	682,373	1.64	980,589	2.27	2,062,418	1.03
Total feed expenses	3,357,471	8.09	3,758,655	8.70	14,957,224	7.50
Labor:						
Administrative fee	120,000	0.29	120,000	0.28	600,000	0.30
Other salaries	414,872	1.00	431,834	1.00	1,995,110	1.00
Total Labor	534,872	1.29	551,834	1.28	2,595,110	1.30
Operating expenses:						
Supplies	282,113	0.68	293,647	0.68	1,356,675	0.68
Corral cleaning	37,339	0.09	38,865	0.09	179,560	0.09
Repairs & Maintenance	207,436	0.50	215,917	0.50	997,555	0.50
Utilities	116,164	0.28	120,914	0.28	558,631	0.28
Taxes & License	87,123	0.21	90,685	0.21	418,973	0.21
Payroll Taxes (% of gross)	58,836	0.14	60,702	0.14	285,462	0.14
Insurance	66,380	0.16	69,093	0.16	319,218	0.16
Fuel	82,974	0.20	86,367	0.20	399,022	0.20
Legal & Accounting	29,041	0.07	30,228	0.07	139,658	0.07
Employee benefits	16,595	0.04	17,273	0.04	79,804	0.04
Veterinary and breeding	58,082	0.14	60,457	0.14	279,315	0.14
Testing and trimming	33,190	0.08	34,547	0.08	159,609	0.08
Hauling livestock	8,297	0.02	8,637	0.02	39,902	0.02
Miscellaneous	82,974	0.20	86,367	0.20	399,022	0.20
Interest exp	112,500	0.27	112,500	0.26	562,500	0.28
Total Operating	1,279,045	3.08	1,326,199	3.07	6,174,906	3.10
Total Expenses	5,171,389	12.47	5,636,689	13.05	23,727,240	11.89
Cash net income, no depr., no gain/loss on cows	1,361,047	3.28	1,174,609	2.72	8,177,618	4.10
Replacement purchases	(1,260,000)	(3.08)	(210,000)	(0.51)	(4,882,500)	(2.45)
Net cash flow	101,047	0.20	964,609	2.21	3,295,118	1.65
Other equity changes	(1,260,000)		(1,297,800)		(6,001,800)	
Cost of cows sold	1,260,000		210,000		4,882,500	
Purchase of cows	799,502		1,106,515		2,403,090	
Herd equity in S/R heifers	799,502		18,715		1,283,790	
Herd Equity Change	900,549	2.17	983,324	2.28	4,578,908	2.30
Net equity change						
	CWT		CWT		CWT	
	414,872		431,834		1,995,110	
	14.46		12.47		13.05	
Breakeven Cash Flow						

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Addendum C – 5 Year Projections

BALANCE SHEET ANALYSIS

	Beginning Balance Sheet	Ending Balance sheet Month 12	Ending Balance sheet Month 24	Ending Balance sheet Month 36	Ending Balance sheet Month 48	Ending Balance sheet Month 60
ASSETS						
CURRENT ASSETS:						
Cash in Bank	\$ 2,500,000	\$ 3,264,169	\$ 4,130,006	\$ 4,729,462	\$ 4,830,509	\$ 5,795,118
Accounts receivable - milk	-	-	-	-	-	-
Inventory - feed	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Other assets	-	-	-	-	-	-
Total current assets	\$ 4,000,000	\$ 4,764,169	\$ 5,630,006	\$ 6,229,462	\$ 6,330,509	\$ 7,295,118
FIXED ASSETS:						
Cows (in kind)	\$ 3,376,250	\$ 2,452,250	\$ 1,192,250	\$ (67,750)	\$ -	\$ -
Self-raised cows	-	-	-	-	-	826,487
Purchased cows	-	861,000	2,152,500	3,412,500	3,344,750	2,256,950
Self-raised heifers	-	200,757	200,757	497,073	1,296,575	1,576,603
Dairy facility and equipment	9,950,993	9,950,993	9,950,993	9,950,993	9,950,993	9,950,993
Heifer facility	-	-	611,000	611,000	611,000	611,000
Buildings/Lab/Housing/Classrooms	3,177,200	3,177,200	3,177,200	3,177,200	3,177,200	3,177,200
Rolling stock	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000	1,145,000
Land	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Accumulated depreciation	-	-	-	-	-	-
Total fixed assets	\$ 22,649,443	\$ 22,787,200	\$ 23,429,700	\$ 23,726,015	\$ 24,525,518	\$ 24,544,232
Total Assets	\$ 26,649,443	\$ 27,551,369	\$ 29,059,706	\$ 29,955,477	\$ 30,856,026	\$ 31,839,350
LIABILITIES AND EQUITY						
CURRENT LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating line of credit	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total current liabilities	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
LONG-TERM DEBT:						
Facility Loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Herd Loan	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Long-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
EQUITY:						
Net change in equity from operations	\$ -	\$ 901,926	\$ 897,336	\$ 895,771	\$ 900,549	\$ 983,324
Contributed capital -Cash	21,773,193	-	611,000	-	-	-
Contributed capital -Cows	3,376,250	-	-	-	-	-
Equity	-	25,149,443	26,051,369	27,559,706	28,455,477	29,356,026
Total equity	\$ 25,149,443	\$ 26,051,369	\$ 27,559,706	\$ 28,455,477	\$ 29,356,026	\$ 30,339,350
Total liabilities and equity	\$ 26,649,443	\$ 27,551,369	\$ 29,059,706	\$ 29,955,477	\$ 30,856,026	\$ 31,839,350

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Addendum C – 5 Year Projections

ASSUMPTIONS TO FINAL PROJECTIONS (cont.)

Base Cash Flow Projections -- Inception-48months (Exhibit 3 Schedule B):

The 5 year cash flow projections are presented on a cash basis with a heifer replacement program being started in the 27th month of operation. The projections cover a time period of January 2008 (inception of milking operations) through December of 2012. The cash flow reflects a projected margin of \$3,009,318 (1.51 per cwt.) for the period while also investing in a full heifer replacement program (capital purchase) for the months of 27 through 48. No debt repayment is projected with the exception of a normal feed line utilized to inventory feed (silage and hay) during the harvest season. The following assumptions were made for the projections based upon historical averages published by the USDA and also reviewed and summarized in the Moore Stephens Frazer and Torbet Operating Trends (Exhibit 6).

- As discussed in the sources and uses section of the assumptions it is projected that dairyman of the State of Idaho will gift 1,825 springers (heifers bred 7-9 months) to the Center in order to populate the dairy.
- The cash flow projections represents that those springers will enter the milking herd over a 6 month interval.
- It is anticipated that an annual 10% death rate and cull rate will occur in those springers prior to entering the milking herd. Cull heifers are projected to be sold at \$200 per head (average).
- All bull and heifer calves are projected to be sold at birth at an average price of \$200 per head. A 5% mortality rate is projected at birth. Heifer calves may be sold to a custom raiser with an agreement to have first right of refusal to repurchase them at springers in order to maintain the genetic pool.
- It is projected that an annual cull rate of the mature herd is 33% with a cull cow bringing an average of \$500 per head.
- Pregnancy rate of cows is projected to 8% of the milking herd (monthly) beginning in the second month of operation. Pregnant cows are projected to enter the dry corral (not produce milk) in the 7th month of their pregnancy and return to the milking herd at the birth of their calf 60 days later. Due to the large influx of cattle populating the herd in the first five months of operation a majority of the mature cows will be lactating until months 7 and 8 causing for minimal overcrowding. Additionally as cows are projected to go dry and culled the milking herd will decrease causing the need for large capital expenditures of replacement cattle in months 9 through 13. The cost of the replacement animal is projected at \$1,850.
- Production per cow per month is projected at inception at 70 lbs. per cow per day (2x) to increase 72 lbs in month 7, onto 74 lbs in month 13 and reaching a maximum at 75 lbs in the 25th month and continuing until the 60 month.
- Milk price has been projected at \$14.70 (gross) per cwt. based upon historical performance in the Idaho market (refer to Exhibit 3). Milk price is volatile with Class III ranging between \$9.60 and \$20.07 for the past 5½ years. Thus the need for a well funded prudent reserve in addition to the center utilizing proper risk management tools in both outputs (milk) and inputs (feed, energy, etc.)
- Hauling and state and association charges have been projected at \$.30 per cwt. and \$.25 per cwt., respectively. These costs are in line with industry standards.
- Crop income has been projected at \$5,000 per month and represents a cost savings of raising feed on land controlled by the Center for the cattle as opposed to purchasing the feed on the open market.

STATE BOARD OF EDUCATION

JANUARY 14, 2008

Addendum C – 5 Year Projections

ASSUMPTIONS TO FINAL PROJECTIONS (cont.)

- Research and miscellaneous income have been projected at \$.20 per cwt., dependent on the accounting methods adopted by the Board of Directors regarding the use of the dairy for the research this projection may be altered.
- Feed expense for lactating cattle is projected at \$4.50 per cow per day; dry cows \$2.10 per cow per day and heifers at \$1.50 per head per day. These projected feed costs appear within industry standards; however, they may vary depending on dairy management and milk production levels attained, and have been evaluated in pivot tables contained in Exhibit 2, Schedule E.
- Labor for the ongoing dairy operations is projected at \$1.00 per cwt. an industry average. This labor charge does not include fringe benefits or workman's compensation (under separate line items) nor does it include any labor for education or research. The administrative fee covers the CEO position projected at \$10,000 per month.
- The operating expenses are all projected at industry averages (on a per cwt. basis) derived from experience with actual dairy farms in the Western United States and the Moore Stephens Wurth Frazer and Torbet, LLP Operating Trends (Exhibit 6).
- The repairs and maintenance category at \$.50 per cwt. is projected to maintain the new facility as well as to account for minimal depreciation.
- Purchased replacement cows are projected to cost \$2,100 per head. As discussed earlier, as the cows from the initial herd go dry and are culled an abnormal amount of replacements will need to be purchased for a period of time in the months of 9 through 13. Normal replacements are projected to occur after that time averaging approximately 50 head per month.
- Day old heifers are projected to be kept and fed by the dairy beginning in month 27 to establish a self-raised heifer program. While this projection will produce pressure on the cash flow (due to raising and purchasing replacements for a two year period)
- It is projected that feed (hay and silage) will be inventoried at harvest to ensure an annual supply and that borrowing will be required to cover this. Principal will be paid as the feed is utilized and is included in the feed section and interest is projected to be paid monthly on average outstanding line of \$1,500,000 at 7.5%.
- Over the projected 60 months, the monthly cash flow ranges from a positive \$198,263 in month 6 to a negative \$19,140 in month 50. The large negative is the result of the projection including the establishment of a heifer replacement program in months 27-48 which is an investment in a capital asset.
- **Income Statement (Exhibit 3 Schedule C):**

The income statement is presented on over a 60 month period in a modified accrual basis. The income statement projection presents the cash flow statement in annual fashion.

The income statement does not take into account depreciation. The cattle are replaced in an ongoing dairy like manner through cash flow. Repair and maintenance expenditures, to keep the facility well maintained, are included in the operating expenses. Functional obsolescence is considered to be minimal over the four year projection.

Net cash flow projections for years 1-5 reflect a net cash flow of \$764,169 in year 1 or \$2.36 per cwt.; \$865,836 in year 2 or 0.2.12 per cwt.; \$599,456 or \$1.40 per cwt. in year 3, \$101,047 or .20 per cwt. in year 4 and \$964,609 or \$2.21 per cwt. in year 5. Overall projected cash flow for the four year period is \$3,009,318 or \$1.51 per cwt.

STATE BOARD OF EDUCATION
JANUARY 14, 2008
Addendum C – 5 Year Projections

ASSUMPTIONS TO FINAL PROJECTIONS (cont.)

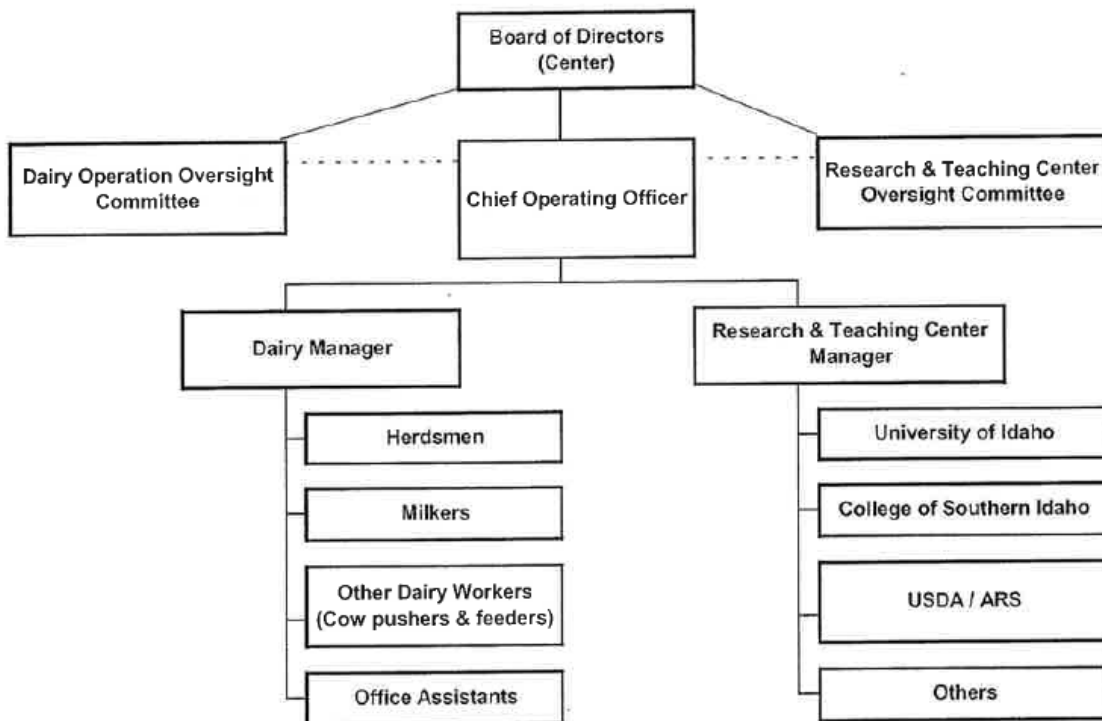
The change in equity has also been projected in the income statement by reducing cash flow by the cost of the cows sold and offsetting it with the purchase of cows and the equity being built in the self raised program. The projected equity change for the four year period is \$4,578,908 created by positive cash flow and the establishment of a heifer replacement program (capital purchase) through operational cash flow.

STATE BOARD OF EDUCATION
JANUARY 14, 2008
Addendum D – Discussion of Operating Entity
From BMatlick Report January 2007

Management and Personnel

See Table VII for the proposed organizational chart of the operating dairy.

Table VII:



The Board of Directors will consist of 9 individuals. The directors will be responsible for the management of the business and affairs of the Center. The Board of Directors must hire a chief operating officer and appoint separate committees for the dairy facility and the research and teaching center, and assign responsibilities to them so that they can effectively carry out the mission statement of the Center. The directors will direct and supervise the committee and officer and govern the Center so that the mission is accomplished. The Board of Directors must possess adequate knowledge involving all aspects of the dairy and the research and teaching needs. The Board of Directors position will be non-compensatory; however, they may be reimbursed for reasonable business expenses incurred in attending meetings.

STATE BOARD OF EDUCATION
JANUARY 14, 2008
Addendum D – Discussion of Operating Entity
From BMatlick Report January 2007

The Board of Directors will be appointed by the President of the University of Idaho. Appointed members are based on the recommendations of the dairy industry and University of Idaho officials. The Dean of the College of Agriculture and Life Science of the University of Idaho will nominate 2 board members, the Chairman of the United Dairyman of Idaho (Allied Industry) will nominate 2 board members, and the President of College of Southern Idaho will nominate 1 board member. The remaining 4 open seats will be filled based on the recommendation of the University of Idaho. The Chief Operating Officer will be a non voting member of the Board and serve as an advisor to the Board.

The Board of Directors will also appoint a Research and Teaching Center Oversight Committee which will be responsible for advising and making recommendations to the Board of Directors as to the ongoing operations of the research and teaching center. This would include prioritizing research and education to be undertaken and forecasting expansion of the facilities. The chairman of the Research and Teaching Center Oversight Committee will be a member of the Board of Directors; however, remaining members will come from outside of the Board. The members must be well versed in research required for the dairy industry, various ways in which to conduct the applicable research and have an extensive agriculture research background.

The Chief Operating Officer will be responsible for the day-to-day operation of the Center. He or she will hire, direct and supervise a qualified dairy operations manager and a research and teaching manager. The dairy operations manager will hire, as needed, additional personnel, assisted by University and its students in carrying out the directive set forth by the Board of Directors in regards to the day-to-day management of the cattle and the care and feeding of the animals and the related facilities. The Chief Operating Officer will be a non-voting member for both the Dairy Operation Oversight Committee and the Research and Teaching Center Oversight Committee. He or she will also act as a liaison between the two committees, however, will have the final authority on the prioritization of the research and the lost opportunity cost involving dairy operations versus research and teaching opportunities. He or she must possess adequate knowledge involving all aspects of the dairy industry and the education and research community. Compensation for the officer will be determined at a later date; however, will not exceed fair value which is expected to be approximately \$120,000 per annum.

Organizational Committees

Business Plan Committee - Members of this Committee are responsible for developing a business plan and presenting the business plan to the appropriate funding partners and responding to questions and needs posed by the various funding entities. Members will include individuals representing the dairy industry, University of Idaho, other colleges in the State of Idaho and dairy industry service providers. Members of this committee have been meeting in an organizational forum since August of 2006.

Site Committee - Members of this Committee are responsible for surveying and determining the site to construct the proposed facilities. The responsibility of the committee will also include obtaining proper construction permits and resolving any zoning issues. This committee will also be responsible for selecting and recommending a site that meets the timeline guidelines along with the monetary criteria set forth. This committee will also be charged in forming and presenting answers to any concerns from the public.

Design Committee - Members of this Committee are responsible for the design of the proposed facilities within the framework set forth by the various funding agencies. The committee will also be responsible for submitting bid requests and recommending contractors to the construction committee.

Construction Committee - Members of this Committee are responsible for the final bid determination with the consent of the University and the State of Idaho and construction of the proposed facilities as designed. They will coordinate their efforts with the design committee, University of Idaho and State of Idaho.

STATE BOARD OF EDUCATION
JANUARY 14, 2008
Addendum D – Discussion of Operating Entity
From BMatlick Report January 2007

Committee Reports:

Site Committee:

The site committee has conducted a thorough research on the possible sites of the research and teaching facility. They have reviewed four sites consisting of two operating dairies and two parcels of vacant land. They have recommended a location approximately 25 miles from University of Idaho. The possible site is approximately 1,734 acres of vacant land and rural homes. It is easily accessible and visible to nearby highways. Part or all of the land may be purchased depending on further negotiation.

Design Committee:

The design committee has worked in conjunction with Ag Tech Engineering and Environmental Association to develop preliminary drawings and design of the Center. These can be found in Exhibit 7. The committee will continue to work with appropriate parties to meet the criteria of the various users while staying within capital construction budgets.

Construction Committee:

The construction committee will commence at an appropriate time when bids are to be let. The committee will oversee the permitting of the Center, work to meet University construction standards and oversee the construction of the facility.

Legal Structure

The proposed Idaho Center will be a tax exempt organization for federal and state purposes. Pursuant to Internal Revenue Code 501(c)(3), an organization operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefits of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation, any political campaign on behalf of any candidate for public office, can be exempt from taxation.

Legal and Accounting

The Board of Directors will retain the services of (Law Firm) to assist in entity structure and legal matters the Center will encounter.

The Board of Directors will retain the services of (CPA Firm) to assist the Center in any accounting and financial matters encountered. They will also be responsible for the preparation of its annual federal and state tax returns and (review or audited) Financial Statements. The CPA firm must be independent from the Center.

Insurance

The Center must keep in effect at all times adequate insurance coverage for the following:

1. General
2. Workers Compensation
3. Bonding (during the construction phase of the facilities)
4. Liability
5. Others

Security / Personnel Policy

The Center must provide security for its employees and students and provide adequate security to safeguard the Center's assets. A comprehensive document regarding internal controls (accounting and

STATE BOARD OF EDUCATION
JANUARY 14, 2008
Addendum D – Discussion of Operating Entity
From BMatlick Report January 2007

administrative) will be developed by the Board of Directors with guidance from the entities accountants and legal counsel. Bio-security must also be provided for the livestock through a detailed plan to be developed by the Board of Directors of the operating entity.

**STATE BOARD OF EDUCATION
JANUARY 14, 2008**

Idaho State Board of Education

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: K. Construction Projects

April 2002

1. Major Project Approvals - Proposed Plans

Without regard to the source of funding, before any institution, school or agency 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 institutions', schools or agencies' six-year capital plan must receive Board approval.

2. Project Approvals

Without regard to the source of funding, proposals by any institution, school or agency 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 institution, school or agency 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 institutions, school or agencies, 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 institution, school or agency.

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.

**STATE BOARD OF EDUCATION
JANUARY 14, 2008**

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 institution, school or agency are accepted by the institution, school or agency 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.

**STATE DEPARTMENT OF EDUCATION
CONSENT AGENDA
JANUARY 14, 2007**

TAB	DESCRIPTION	ACTION
1	APPROVAL FOR THE USE OF MONIES FROM IDAHO COUNCIL FOR TECHNOLOGY IN LEARNING (ICTL) FOR POSITION IN INFORMATION TECHNOLOGY (IT).	Motion to approve

**STATE DEPARTMENT OF EDUCATION
CONSENT AGENDA
JANUARY 14, 2007**

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STATE DEPARTMENT OF EDUCATION
JANUARY 14, 2008

SUBJECT

Approval for the use of monies from Idaho Council for Technology in Learning (ICTL) for programming position in Information Technology (IT).

APPLICABLE STATUTE, RULE, OR POLICY

Section 33-4805, Idaho Code

BACKGROUND

Request is to allow ICTL funding to pay 60% salary and benefits for Programmer Analyst (PM). PM will assist in implementing state-wide Unique ID, Idaho Basic Education Data System (IBEDS) re-Write, Child Nutrition Program (CNP) Direct Certification, and Data Warehouse.

DISCUSSION

ICTL provisions in Idaho Code regarding staffing and responsibilities of the Council are defined in Section 33-4805(2)j : "To review, evaluate and build upon the educational technology projects in public schools funded through other state initiatives." The ICTL K20 Plan, approved by the Board of Education in October 2007, outlines their goal of integration including an objective to "establish a plan for an integrated K20 data flow system that improves data collection, management, storage, and reporting." Unique ID, IBEDS, CNP, and Data Warehouse programs will have a major impact in reaching this objective.

IMPACT

Approval will allow SDE to continue efforts to deliver improvements in data collection and reporting, and to replace antiquated IBEDS programming. Failure to approve will delay critical data collection improvements including IBEDS and Data Warehouse.

STAFF COMMENTS AND RECOMMENDATIONS

BOARD ACTION

A motion to approve the use of monies from Idaho Council for Technology in Learning (ICTL) for programmer position in Information Technology (IT).

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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**STATE DEPARTMENT OF EDUCATION
JANUARY 14, 2008**

REFERENCE: APPLICABLE STATUTE, RULE, OR POLICY

**TITLE 33
EDUCATION
CHAPTER 48**

IDAHO EDUCATIONAL TECHNOLOGY INITIATIVE

33-4805. RESPONSIBILITIES OF THE COUNCIL -- COUNCIL STAFF. (1) Staff support for the council shall be drawn from the educational segments as recommended by the council and approved by the state board of education. The legislative intent is to provide broad representation of the various educational segments with the council staff.

(2) The council shall have the following responsibilities:

(a) Develop and maintain a statewide education technology plan to provide seamless education in Idaho. Such plan shall be subject to annual review and approval by the state board of education.

(b) Make recommendations to the state board of education on educational technology and telecommunications plans, policies, programs and activities for all educational segments.

(c) Subject to the approval of the state board of education, administer and develop standards and criteria for the public school technology grants program provided for in section 33-4806, Idaho Code.

(d) Ensure that the policies set by the information technology resource management council are followed in accordance with sections 67-5745B and

67-5745C, Idaho Code, in implementing educational technology programs pursuant to this chapter.

(e) Collaborate with all educational segments, as well as with professional education associations and businesses, in recommending priorities for funding and in identifying needs for technology use in education.

(f) Recommend to the state board of education, standards and procedures for the administration of this act, including, but not limited to, standards for technology-based resources, projects, programs, practices or products to be adopted or adapted, and standards and criteria by which to evaluate the technology-based programs. In addition, the council shall recommend exemplary programs, practices, or products based on the criteria established in this subsection.

(g) Recommend priorities for uses of educational technology.

(h) Work with representatives of the governing bodies of the educational segments to develop recommendations or strategies for the coordination, administration, and evaluation of educational technology programs and resources.

(i) Work with representatives of the governing bodies of the educational segments to identify strategies to coordinate statewide voice, video, and data telecommunications systems that may be accessed by the educational segments.

(j) To review, evaluate and build upon the educational technology projects in public schools funded through other state initiatives.

(k) To form such subcommittees or task forces as it deems necessary to review matters pertaining to a particular educational segment or to any other issues before the council.

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**STATE DEPARTMENT OF EDUCATION
JANUARY 14, 2008**

TAB	DESCRIPTION	ACTION
1	NO CHILD LEFT BEHIND SANCTIONS FOR IDAHO SCHOOLS NOT MAKING ADEQUATE YEARLY PROGRESS IN YEAR 4 OF IMPROVEMENT	Motion to approve

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STATE DEPARTMENT OF EDUCATION
JANUARY 14, 2008

SUBJECT

No Child Left Behind Sanctions for Idaho Schools not making Adequate Yearly Progress in Year 4 of Improvement

APPLICABLE STATUTE, RULE, OR POLICY

IDAPA 08.02.03.114, Rules Governing Uniformity

BACKGROUND

In June of 2004 the State Board of Education adopted Accountability Procedures for schools failing to make adequate yearly progress. The plan was revised in the 2006 and approved by the Board of Education. The plan has been revised in January 2008 in order to develop a plan to better serve these schools entering their 4th year of not meeting AYP.

DISCUSSION

No Child Left Behind requires that schools make Adequate Yearly Progress (AYP) based upon assessments that are aligned with state standards. In Idaho, AYP is measured using data from the Idaho Standards Achievement Tests (ISAT). The Idaho Board of Education adopted the current Accountability Procedures in June of 2006. According to the current procedures, schools going into restructuring must choose a restructuring plan from a list consistent with the minimum requirements of the No Child Left Behind Act. The State Department of Education (SDE) and Office of the State Board of Education (OSBE) have formed a collaborative to provide additional guidance regarding requirements for restructuring in the form of a rubric. This collaborative includes staff representatives of all impacted subpopulations, OSBE accountability staff and representatives of the Idaho Association of School Administrators (IASA) and Idaho School Boards Association (ISBA).

IMPACT

The proposed changes to the current accountability procedures provide more definition and guidance for districts moving into restructuring. These changes also provide a mechanism by which restructuring plans would be approved since such mechanism does not currently exist.

The AYP collaborative will provide additional recommendations to the SBOE for technical assistance and for guidance regarding schools in earlier years of improvement at a later date.

ATTACHMENTS

- Attachment 1 – Adequate Yearly Progress Accountability Procedures for Idaho Local Education Agencies and Schools - January 2008 Page 3
- Attachment 2 – Restructuring Rubric for Idaho Local Education Agencies and Schools - January 2008 Page 21

**STATE DEPARTMENT OF EDUCATION
JANUARY 14, 2008**

Attachment 3 – History of AYP- January 2008

Page 25

STAFF COMMENTS AND RECOMMENDATIONS

As the first set of districts and schools move into restructuring, it is critical to have this guidance in place. The State Department of Education recommends adoption of the changes to the *Adequate Yearly Progress Accountability Procedures for Idaho Local Education Agencies and Schools* and the *Restructuring Rubric for Idaho Local Education Agencies and Schools*.

BOARD ACTION

A motion to approve the *Adequate Yearly Progress Accountability Procedures for Idaho Local Education Agencies and Schools*.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

A motion to approve the *Restructuring Rubric for Idaho Local Education Agencies and Schools*.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

**Adequate Yearly Progress
Accountability Procedures**

for

Idaho Local Education Agencies & Schools

Approved by the State Board of Education June 2004

Revised June 2006

Proposed Revision January 2008

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INTRODUCTION

State Board of Education administrative rules and federal law establish sanctions or consequences for schools and local education agencies (LEAs) that do not make Adequate Yearly Progress (AYP). Part I of this document details the sanctions and procedures for schools. Part II details the sanctions and procedures for LEAs.

PART I: SCHOOL PROCEDURES

Sanctions begin when a school fails to make AYP for two consecutive years. The sanctions become progressively more severe over the following five years if the school continues to fail to make AYP.

Accountability Timeline for Schools Not Making Adequate Yearly Progress						
Years 1 & 2	Year 3 Improvement 1	Year 4 Improvement 2	Year 5 Improvement 3	Year 6 Improvement 4	Year 7 Improvement 5	Year 8
School on alert	Technical Assistance	Technical Assistance	Technical Assistance	Technical Assistance	Technical Assistance	School starts over
	Choice	Choice	Choice	Choice	Choice	
	Create improvement plan	Supplemental Services	Supplemental Services	Supplemental Services	Supplemental Services	
		Implement improvement plan	Corrective Action Planning	Implement Corrective Action	Implement Restructuring Plan	
				Restructuring Planning		

An LEA, also called a school district or LEA charter school, must follow specific procedures to implement these sanctions when one or more of its schools consistently fail to make AYP. Procedures for each sanction and state support are detailed in the following sections:

- Section I Technical Assistance
- Section II School Choice
- Section III School Improvement Plans
- Section IV Supplemental Services
- Section V Corrective Action

- Section VI Restructuring

Section I. Technical Assistance

Although technical assistance is listed with the consequences of not making AYP, it is not a sanction. Technical assistance is practical advice offered by an external source that addresses specific areas of improvement.

Federal law places the primary responsibility for providing technical assistance to schools with the LEA. The State Department of Education (SDE) also plays a significant role in the improvement process. Both federal law and State Board rule require the SDE to provide support to LEAs and schools (technical assistance, consultation, etc.) in the planning and implementation of school improvement.

Below are requirements identified in federal law for the LEA and the state with regard to providing technical assistance. Each sanction or consequence also identifies specific technical assistance procedures for the LEA.

LEA

The LEA is required to provide technical assistance to its schools that fail to make AYP and are identified for improvement. Although the LEA must ensure its schools receive technical assistance, federal law allows the LEA to use other agencies to provide the direct services. Other acceptable technical assistance providers may include:

- the State Department of Education,
- an institution of higher education,
- a private, not-for-profit or for-profit organization,
- an educational service agency, or
- another entity with experience in helping schools improve academic achievement.

Additional resources may be found on the State Department of Education's website at <http://www.sde.idaho.gov>.

State Support

Federal law sets specific technical assistance responsibilities for the state. States are to do the following:

1. Reserve and allocate Title I Part A funds for school improvement activities.
2. Create and sustain a statewide system of support that provides technical assistance to schools and LEAs identified for improvement.

The central focus of the statewide system of support and improvement is utilizing external teams of skillful and experienced individuals and professionals to assist schools and LEAs. Federal law also details the roles and responsibilities of these groups as follows:

1. A team is a group of skillful and experienced individuals charged with providing struggling schools with practical, applicable and helpful assistance in order to increase the opportunity for all students to meet the state's academic content and student academic achievement standards.
2. Each team must be comprised of individuals who are knowledgeable about scientifically based research and practice and its potential for improving teaching and learning. In addition, team members should be familiar with a wide variety of school reform initiatives, such as school wide programs, comprehensive school reform, and other means of improving educational opportunities for low-achieving students.
3. Typically, teams will include some or all of the following:
 - a. Highly qualified or distinguished teachers, principals, and district level personnel;
 - b. Pupil services personnel;
 - c. Parents;
 - d. Representatives of institutions of higher education;
 - e. Representatives of educational laboratories or regional technical assistance centers;
 - f. Representatives of external consultant groups; or
 - g. Other individuals that the state, in consultation with the LEA, may deem appropriate.

An extensive knowledge base, wide-ranging experience, and credibility are essential qualifications for team members.

4. The team's responsibility is to assist the school in strengthening its instructional program to improve student achievement. Specifically, the team must do the following:
 - a. Review and analyze all facets of the school's operation, including the design and operation of the instructional program, using the findings from this review to help the school develop recommendations for improved student performance.
 - b. Collaborate with school staff, LEA staff, and parents to design, implement and monitor an improvement, corrective action or restructuring plan that

can be expected to help the school meet its improvement goals if implemented.

- c. Monitor the implementation of the intervention school improvement plan and request additional assistance from the LEA or the state as needed by the school or the team.
- d. Provide feedback at least twice a year to the LEA, and to the state when appropriate, about the effectiveness of the personnel assigned to the school.
- e. The overall charge of the team is to help the school create and implement a coherent, efficient and practical plan for improvement. Effective team members will possess the knowledge, skills, experience and interpersonal skills that will enable them to address problems.

The state also must draw on the expertise of other entities to provide assistance as needed, such as institutions of higher education, educational service agencies or other local consortia, or private providers of scientifically based technical assistance. To the extent practicable, the statewide support system must work with and receive assistance from the comprehensive regional technical assistance centers and regional educational laboratories funded under the Elementary and Secondary Education Act (ESEA), or other providers of technical assistance.

In addition the state must monitor the efforts of LEAs to assist their schools identified for improvement. Federal law directs the state to do the following:

- 1. Make technical assistance available to schools identified for school improvement, corrective action or restructuring.
- 2. If the state determines that a LEA failed to carry out its responsibilities, take such corrective actions as the state determines to be appropriate and in compliance with state law.
- 3. Ensure that academic assessment results under this part are provided to schools before any identification of a school may take place under this subsection.
- 4. For LEAs or schools identified for improvement under this subsection, notify the U.S. Secretary of Education of major factors that were brought to the attention of the state that have significantly affected student academic achievement.

Section II. School Choice

Below are the School Choice procedures that must be followed by an LEA when one or more of its schools fail to make AYP for two or more years. Choice must be offered until

the school meets AYP for two consecutive years or is restructured.

The LEA must do the following:

1. Create a choice policy or revise an existing choice or open enrollment policy (Idaho Code 33-1402) to include choices for students enrolled in schools identified for improvement. The policy should include:
 - a. Parental notification of choices as soon as possible after identification and no later than by the start of the school year;
 - b. Procedures for parents to sign up their child for transfer;
 - c. Transportation options;
 - d. Criteria to be used for priority rankings if needed;
 - e. Schools available for transfer; and
 - f. Agreements with other LEAs to accept transfer students.
2. For each of its schools not making AYP for two or more years, advise parents of the school's improvement status and offer choices as soon as possible after identification and no later than the first day of school. The notice should accomplish the following:
 - a. Inform parents that their child is eligible to attend another public school due to the identification of the current school as in need of improvement.
 - b. Identify each public school, which may include charter schools, that the parent can select.
 - c. Include information on the academic achievement of the schools that the parent may select.
3. Report to the State Department of Education the number of students using the choice.

State Support

The State Department of Education will provide technical assistance to the LEA upon request. Technical assistance may include providing sample letters to parents, sample policies and other services.

Section III. School Improvement Plan

All Idaho LEAs and their schools have a strategic plan or a continuous school improvement plan. This sanction refers to a section of that plan that addresses the specific reading and math problems identified through AYP monitoring.

Procedures

Below are the procedures that must be followed by a LEA when schools do not make

AYP for two or more years.

The LEA must do the following:

1. Provide direct technical assistance or provide for other agencies to provide technical assistance to all its identified schools in creating a two-year school improvement plan. Technical assistance should include the following:
 - a. School improvement planning and implementation;
 - b. Data analysis;
 - c. Identification and implementation of effective, scientifically based instructional strategies;
 - d. Professional development; and
 - e. Budget analysis.
2. Ensure that each school identified for improvement completes, within 90 days of its identification, a two-year school improvement plan for LEA review. Improvement plans must:
 - a. Focus on reading and/or math deficiencies in participation or proficiency.
 - b. Identify scientifically based teaching strategies.
 - c. Outline professional development.
 - d. Include parental involvement.
 - e. Identify technical assistance needs.
 - f. Establish measurable goals.
 - g. Define implementation responsibilities for the school and the LEA.
3. Create a process for peer review of the plan.
4. Give final approval within 45 days of receiving the plan.
5. Work with the State Department of Education to identify a school team to assist schools identified for improvement.
6. Ensure that the plan is implemented as soon as possible after approval and no later than the beginning of the following school year.

State Support

The SDE will provide technical assistance to the LEA upon request. Technical assistance may include the following:

1. Reviewing and analyzing all facets of the school's operation, including the design and operation of the instructional program;

2. Assisting with writing the plan;
3. Reviewing the Mentoring Program;
4. Identifying a team to advise the school;
5. Offering regional workshops; and
6. Providing feedback at least twice a year to the LEA.

Section IV. Supplemental Services

Students from low-income families who are attending schools that have been identified as needing improvement may be eligible to receive outside tutoring or academic assistance. Parents can choose the appropriate services for their child from a list of state-approved providers. The LEA will purchase the services with funds identified for this use.

Procedures

Below are the supplemental services procedures that must be followed by a LEA when one or more of its schools fails to make AYP for three or more consecutive years. Supplemental services must be offered until the school meets AYP for two consecutive years or is restructured. Requirements of this program vary depending upon whether the school receives Title I funds.

For Title I schools, the LEA must do the following:

1. Notify parents about the availability of services, at least annually. The notice must:
 - a. Identify each approved service provider within the LEA and LEA charter school, in its general geographic location or accessible through technology such as distance learning.
 - b. Describe the services, qualifications and evidence of effectiveness for each provider.
 - c. Describe the procedures and timelines that parents must follow in selecting a provider to serve their child.
 - d. Be easily understandable; in a uniform format, including alternate formats upon request; and, to the extent practicable, in a language the parents can understand.

2. Help parents choose a provider, if requested.
3. Determine which students should receive services if not all students can be served based on eligibility criteria. If the LEA anticipates that it will not have sufficient funds to serve all students eligible to receive services, include in the notice information on how it will set priorities in order to determine which eligible students do receive services.
4. Protect the privacy of students who receive supplemental educational services.
5. Enter into an agreement with a provider selected by parents of an eligible student. The agreement must include the following:
 - a. Specific achievement goals for the student, which must be developed in consultation with the student's parents;
 - b. A description of how the student's progress will be measured and how the student's parents and teachers will be regularly informed of that progress;
 - c. A timetable for improving the student's achievement;
 - d. A provision for termination of the agreement if the provider fails to meet student progress goals and timetables;
 - e. Provisions governing payment for the services, which may include provisions addressing missed sessions;
 - f. A provision prohibiting the provider from disclosing to the public the identity of any student eligible for or receiving supplemental educational services without the written permission of the student's parents; and
 - g. An assurance that supplemental educational services will be provided consistent with applicable health, safety and civil rights laws.
6. Assist the state in identifying potential providers within the LEA and LEA charter school.
7. Report to the State Department of Education the number of students using the supplemental services option.
8. Provide the information the state needs to monitor the quality and effectiveness of the services offered by providers.

For non-Title I schools, the LEA must do the following:

1. Follow the same procedures outlined in the previous section for Title I schools using state approved supplemental service providers; **OR**
2. Meet the intent of the State Board of Education rule by offering eligible students access to:

- a. Computerized remediation programs such as Idaho Plato Learning Network (I-PLN);
- b. Remedial classes through the Idaho Digital Learning Academy;
- c. After-school academic programs; or
- d. Other district-sponsored remedial or tutoring services.

Districts using option #2 must notify parents of the choices available to students in non-Title I schools. The notification should:

- a. Describe the services available to eligible students;
- b. Describe the procedures and timelines that parents must follow in selecting a provider to serve their child;
- c. Be easily understandable; in a uniform format, including alternate formats, upon request; and, to the extent practicable, in a language the parents can understand; and
- d. If the LEA anticipates that it will not have sufficient funds to serve all students eligible to receive services, include in the notice information on how it will set priorities in order to determine which eligible students do receive services.

3. Report to the State Department of Education the number of students using the supplemental services option.

4. Provide the information the state needs to monitor the quality and effectiveness of the services offered by providers.

State Support

The state has a number of responsibilities in ensuring that eligible students receive additional academic assistance. The State Department of Education will do the following:

1. Consult with parents, teachers, LEAs and LEA charter schools, and interested members of the public to identify supplemental educational service providers so that parents have choices.
2. Provide and disseminate broadly, through an annual notice to potential providers, the process for obtaining approval to be a provider of supplemental educational services.
3. Develop and apply objective criteria for approving potential providers.
4. Maintain an updated list of approved providers.
5. Give school districts a list of available approved providers in their general geographic locations.

Section V. Corrective Action

This stage requires an LEA to ensure that each school identified for corrective action makes substantive change. This is a two-year process of planning and implementation. If the school continues to fail to meet AYP in the second year of this process, the school also must begin planning to restructure.

Procedures

Below are the Corrective Action procedures that must be followed by the LEA when one or more of its schools fails to make AYP for four and five consecutive years. Schools may choose to submit restructuring plans for approval prior to Year 5.

The LEA must do the following:

1. Ensure that each school identified for corrective action continues to offer choice and supplemental services.
2. Continue to provide technical assistance to schools identified for corrective action.
3. Enroll schools in the state sponsored technical assistance program **and/or** take **one** of the following actions as soon as possible, no later than the beginning of the following school year:
 - a. Provide for all relevant staff appropriate, scientifically research-based professional development that is likely to improve academic achievement of low-performing students.
 - b. Institute a new curriculum grounded in scientifically based research and provide appropriate professional development to support its implementation.
 - c. Extend the length of the school year or school day in a substantive amount to improve instruction and increase student learning.
 - d. Replace the school staff who are deemed relevant to the school not making AYP.
 - e. Significantly decrease management authority at the school.
 - f. Restructure the internal organization of the school.
 - g. Appoint one or more external experts to advise the school
 - (1) how to revise and strengthen the improvement plan it created while in school improvement status, and
 - (2) how to address the specific issues underlying the school's continued inability to make AYP.
4. In the fifth year of failing to make AYP, plan for restructuring if the school does not meet AYP by the end of the year.
5. In the fifth year of failing to make AYP, provide teachers and parents with notification, opportunity to comment and participation in the development of

the school's restructuring plan.

State Support

The State Department of Education will continue to provide technical assistance and monitor the identified corrective actions.

Section VI. Restructuring

This is the last of the sanctions identified for a school and results in a change in governance and operation of the school. Restructuring is a two-year process directed by the LEA. When complete, the restructured school no longer is required to offer choice or supplemental services and is considered in its first year of AYP monitoring.

Procedures

Below are the restructuring procedures that must be followed prior to the beginning of the school year by a LEA when one or more of its schools does not make AYP for four and five years.

1. Continue to plan for restructuring if the school does not meet AYP by the end of the year.
2. Continue to provide teachers and parents with notification, opportunity to comment, and participation in the development of the school's restructuring plan.
3. Prepare a restructuring plan to implement at least one of the following actions:
 - a. Replace all or most of the school staff.
 - b. Enter into a contract with an entity, such as a private management company, with a demonstrated record of effectiveness, to aid in the operation of the school as a public school.
 - c. Turn the operation of the school over to the state education agency.
 - d. Re-open the school as a public charter school.
 - e. Implement any other major restructuring of the school's governance that is consistent with the principles of restructuring.
4. State Department of Education reviews and makes recommendations to the State Board of Education.
5. State Board of Education will determine if the school remains in restructuring or begins as a new school.
6. Begin implementing the restructuring plan no later than the first day of the school year.

State Support

The State Department of Education will continue to provide technical assistance in addition to coordinating efforts with the LEA and its team to implement the restructuring plan.

PART II: LOCAL EDUCATION AGENCY PROCEDURES

State Board of Education rules and federal law establish sanctions or consequences for LEAs that do not make AYP. Sanctions begin when a LEA fails to make AYP for two consecutive years. The sanctions become progressively more severe over the following five years if the LEA continues to fail to make AYP.

Accountability Timeline for LEAs Not Making Adequate Yearly Progress						
Year 1 & 2	Year 3 Improvement 1	Year 4 Improvement 2	Year 5 Improvement 3	Year 6 Improvement 4	Year 7 Improvement 5	Year 8
LEA on alert	Technical Assistance from State	Technical Assistance	Technical Assistance	Technical Assistance		
	LEA Improvement Planning	Implement LEA Improvement Plan	LEA Corrective Action Planning	Implement LEA Corrective Action Plan		

An LEA, also called a school district or LEA charter school, must follow specific procedures to implement these sanctions when the LEA has failed to make AYP for two or more consecutive years. Procedures for each sanction and state support are detailed in the following sections:

- Section I Technical Assistance
- Section II LEA Improvement Plan
- Section III LEA Corrective Action Plan

Section I. Technical Assistance

Although technical assistance is listed with the consequences of not making AYP, it is not a sanction. Technical assistance is practical advice offered by an external source that addresses specific areas of improvement. The purposes of state technical assistance are to help the LEA:

1. Develop and implement its required plan; and
2. Work more effectively with its schools identified for improvement.

Section II. Local Education Agency Improvement Plan

All Idaho LEAs have a strategic plan for their programs and schools. This sanction refers to an addition to the plan that addresses the specific problems identified through AYP monitoring.

Procedures

Below are the procedures that must be followed by the LEA when it does not make AYP for two or more years. LEAs may choose to submit corrective action plans for approval prior to Year 5.

The LEA must do the following:

1. Develop or revise an improvement plan, no later than three months after the identification. In developing or revising this plan, the LEA must consult with parents, school staff, and others. The plan must:
 - a. Address the fundamental teaching and learning needs of schools in the LEA, especially the academic problems of low-achieving students.
 - b. Define specific measurable achievement goals and targets for each of the student subgroups whose disaggregated results are included in the state's definition of AYP.
 - c. Incorporate strategies grounded in scientifically based research that will strengthen instruction in core academic subjects.
 - d. Include, as appropriate, student learning activities before school, after school, during the summer and during any extension of the school year.
 - e. Provide for high-quality professional development for instructional staff that focuses primarily on improved instruction in the areas identified as needs improvement.
 - f. Include strategies to promote effective parental involvement in the schools served by the LEA.
2. Implement its improvement plan, whether new or revised, no later than the beginning of the subsequent school year.

State Support

When a LEA is identified for improvement, federal law also requires the state to take specific actions. The state must do the following:

1. Promptly notify the parents of each student enrolled in the schools served

by that LEA. In the notification, the state must explain the reasons for the identification and how parents can participate in improving the LEA.

2. Promptly notify parents of its action in clear and non-technical language, providing information in a uniform format and in alternative formats upon request. When practicable, the state must convey this information to limited English proficient parents in written translations that they can understand. If that is not practicable, the information must be provided in oral translations for these parents.

3. Broadly disseminate findings.

Section III. Corrective Action

Corrective action is the collective name given to steps taken by the state that substantially and directly respond to serious instructional, managerial and organizational problems in the LEA that jeopardize the likelihood that students will achieve proficiency in the core academic subjects of reading and mathematics.

The state may choose to delay LEA identification for corrective action if the LEA makes AYP for one year. Otherwise, only extreme circumstances justify a delay, such as a natural disaster, precipitous and unforeseen decline in the financial resources of the LEA or other exceptional or uncontrollable circumstances. In any case, if the state chooses to delay identification, it may do so for only one year and in subsequent years must apply appropriate sanctions as if the delay never occurred.

Procedures

Federal law requires the state to take specific steps when a LEA does not make AYP for three or more years.

The state must do the following:

1. Continue to ensure that the LEA is provided with technical assistance.
2. Provide the LEA with a public hearing no later than 45 days after the state decision.
3. Take at least **one** of the following corrective actions, as consistent with state law:
 - a. Defer programmatic funds or reduce administrative funds.
 - b. Institute and fully implement a new curriculum based on state and local content and academic achievement standards that includes appropriate, scientifically research-based professional development for all relevant staff.

- c. Replace LEA personnel who are relevant to the inability of the LEA to make adequate progress.
- d. Remove individual schools from the jurisdiction of the LEA and arrange for their public governance and supervision.
- e. Appoint a receiver or trustee to administer the affairs of the LEA in place of the superintendent and school board.
- f. Abolish or restructure the LEA.

In conjunction with at least one of the actions on this list, the state may also authorize parents to transfer their child from a school operated by the LEA to a higher-performing public school operated by another LEA that is not identified for improvement or corrective action. If it offers this option, the state must also provide transportation or provide for the cost of transportation to the other school in another LEA.

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**Restructuring Rubric
for Idaho Local Education Agencies and Schools**

	Minimum Sub group Indicators (One to three indicators in one student category {SWD, LEP, etc.} or AYP {Math, Reading, etc.})	Systemic Indicators (multiple student, multiple years and/or multiple AYP categories as determined by the LEA or SDE approved Review Team)
Self Assessment (Policies)	<ul style="list-style-type: none"> • District Team + SDE approved consultant to facilitate review process • Analysis of special circumstances • Curriculum Review • Instructional Review • Assessment Review • Data Utilization Assessment • Review of Instructional Schedule <ul style="list-style-type: none"> ○ What are your goals and objectives, are you placing your staff in the correct areas to meet your goals and objectives? • Proof that the School Improvement Plans are developed by a committee, reviewed at the district level and submitted to the State for approval <ul style="list-style-type: none"> ○ School must show adherence to plan during visit • Findings presented and approved by local school board¹ 	<ul style="list-style-type: none"> • Disaggregate data even when “n” is under 34 and evaluate impact • District Team + SDE approved consultant to facilitate review process + School Improvement Coach to assist in facilitating change² • Analysis of special circumstances • Curriculum Review • Instructional Review • Assessment Review • Data Utilization Assessment • Review of Instructional Schedule <ul style="list-style-type: none"> ○ What are your goals and objectives, are you placing your staff in the correct areas to meet your goals and objectives • Proof that the School Improvement Plans are developed by a committee, reviewed at the district level and submitted to the State for approval <ul style="list-style-type: none"> ○ School must show adherence to plan during visit • Potential SDE Supported Integrated Review³ • Findings presented and approved by local school board
Funding <ul style="list-style-type: none"> • Technical Support • Professional Development • Curriculum/Materials 	<ul style="list-style-type: none"> • Funding Audit • Identify redistribution of funding to address area indicated by AYP 	<ul style="list-style-type: none"> • Funding Audit • Identify redistribution of funding to address area indicated by AYP. • Target funds to implement a Scientifically Based Research School Improvement Model identified by SDE/OSBE • Based on potential SDE Supported Integrated Review, funding is targeted at systemic needs/changes.

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Governance Structure	<ul style="list-style-type: none"> • District Team + SDE approved consultant develop restructuring plan based on information gathered from self assessment and funding audit. <ul style="list-style-type: none"> ○ Restructuring plan must contain restructuring policy, practices and procedures as needed to address area indicated by AYP ○ Include methods of collaboration and address at least one option for restructuring in accordance with the most recently approved NCLB Non-Regulatory Guidance for LEA and School Improvement • Review District Master Contract for language, procedures and policies that directly impact a schools ability to restructure and otherwise comply with the requirements of Title I • Include a process by which School District Patrons are informed of the Restructuring efforts 	<ul style="list-style-type: none"> • District Team + SDE approved consultant + School Improvement Coach develop restructuring plan based on information gathered from self assessment and funding audit. <ul style="list-style-type: none"> ○ Restructuring plan must contain restructuring policy, practices and procedures as needed to address area indicated by AYP ○ Include methods of collaboration and address at least one option for restructuring in accordance with the most recently approved NCLB Non-Regulatory Guidance for LEA and School Improvement • Review District Master Contract for language, procedures and policies that directly impact a schools ability to restructure and otherwise comply with the requirements of Title I • Include a process by which School District Patrons are informed of the Restructuring efforts
Professional Development	<ul style="list-style-type: none"> • Ongoing training for both staff and administration specific to curriculum, instruction and assessment review findings that match the identified sub group for AYP • Training should focus on building capacity within the school and or district to sustain the fundamental change • District sponsored professional development should be tied to schools curriculum, instruction and assessment review findings that match the identified sub group for AYP 	<ul style="list-style-type: none"> • Ongoing training for both staff and administration specific to curriculum, instruction and assessment review findings that match the identified sub group for AYP • Training should focus on building capacity within the school and or district to sustain the fundamental change • District sponsored professional development should be tied to schools curriculum, instruction and assessment review findings that match the identified sub group for AYP

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Improvement Efforts	Implement scientifically based research improvement model, curriculum, etc. associated with increased student achievement for that student type – must choose from SDE approved menu <ul style="list-style-type: none">○ This must be a school or LEA wide implementation requiring significant change in governance, structure, etc. Must choose from SDE approved menu^{4 5}	<ul style="list-style-type: none">● Implement scientifically based research improvement model, curriculum, etc. associated with increased student achievement for that student type – must choose from SDE approved menu<ul style="list-style-type: none">○ This must be a school or LEA wide implementation requiring significant change in governance, structure, etc. Must choose from SDE approved menu
Evidence of Improvement <ul style="list-style-type: none">● Include school and district	<ul style="list-style-type: none">● The Readiness to Benefit Surveys will give schools an opportunity to share:<ul style="list-style-type: none">○ Improvement Plans from earlier years showing significant changes and evidence of success○ ‘Stories behind the data’ to illustrate progress in AYP indicators○ Data across indicators shows improvement in student achievement (define amount of improvement)○ Level of involvement of stakeholders in district/school self assessment, planning and implementation of improvement plan.● Readiness to Benefit Surveys will be submitted to the State Department of Education	

¹ Board minutes must prove that plans and findings have been presented, reviewed and approved by the local School Board for both Minimum and Systemic Indicators.

² SDE approved consultant and School Improvement Coach are approved by and report directly to the local school board for both Minimum and Systemic Indicators.

³ The State Department of Education reserves the right to conduct an integrated review after reviewing the restructuring plan for schools with Systemic Indicators.

⁴ An LEA has the final decision to follow and implement restructuring plans but the State Department of Education reserves the right to withhold Federal Funds from a LEA who chooses not to do so for both Minimum and Systemic Indicators.

⁵ Appeals and petitions for restructuring will be submitted to the SDE and considered by the State Board of Education as is outlined in the Adequate Yearly Progress Accountability Procedures for Idaho Local Education Agencies & Schools for both Minimum and Systemic Indicators.

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Idaho's Accountability Procedures 2004-2006

January 8, 2008

Prepared by
Marybeth Flachbart

The Elementary and Secondary Act (ESEA) requires all states to have accountability plans. ESEA has been in existence since 1965 and is reauthorized approximately every five to six years by the federal government. The last reauthorization was in 2002 and at that time became known as the No Child Left Behind Act, or NCLB. The goal of NCLB is for 100% of students reach proficiency in core subject areas by 2014. NCLB includes many programs all geared towards increasing proficiency of high risk students. Idaho receives in excess of \$40,000,000 annually in funding from NCLB. Those funds are distributed to districts and schools that serve a significant number of high risk students. Risk is defined as low socio-economic status, limited English proficiency, and students at risk for failure due to migration.

Idaho's Accountability Procedures were first approved by the State Board of Education in 2004. Unlike many states, Idaho's State Board of Education decided to create one accountability plan for all schools. In many other states the federal accountability plan is only applied to schools receiving Title I funds. The Accountability Plan included 41 separate measures of Adequate Yearly Progress (AYP) which include participation in testing for all subgroups, as well as achievement goals for each subgroup. Subgroups include both ethnicity (white, Hispanic, Native American, etc.) as well as specific risk categories (students with disabilities, limited English proficient, migrant, etc.).

In 2004, 504 or 82% of Idaho Schools met all 41 AYP goals. Of the 113 schools that did not make AYP, 51 were schools who received federal funding and 71 began the first year of school improvement. Once a school is determined to "need improvement" it must write a plan for improvement which is approved by the State Department of Education and notify parents of the identification and offer to transport students to another school within the district. In Year 2 of "needs improvement" schools must complete the same process and offer supplemental education services (tutoring) to students on a priority basis.

In 2004 no schools were in Year 2 of "needs improvement" however by 2005 more schools were challenged to meet the increasing restrictions of the Accountability Plan and asked the State Board to revisit the policy.

In January 2006, a stakeholder group composed of State Department of Education Staff (Title I, Special Ed, School Improvement, Charter Schools, Technology), Office of the State Board Representative, district personnel, school leaders and a higher education representative studied:

- The Accountability Plans of 16 other states
- Interviewed State Department representatives from Kentucky, South Carolina, Maryland and Illinois
- Consulted with Northwest Regional Education Lab and the Council for Chief State School Officers

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The stakeholder group created a specific guidance document in terms of state, district and school responsibility. The Accountability Plan was revised to give more flexibility to schools not receiving additional federal funding, while staying within the original spirit of the Accountability Plan which required all schools to comply with NCLB.

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REFERENCE: APPLICABLE STATUTE, RULE, OR POLICY

*IDAHO ADMINISTRATIVE CODE
State Board of Education Rules*

*IDAPA 08.02.03
Governing Thoroughness*

114. FAILURE TO MEET ADEQUATE YEARLY PROGRESS (AYP).

01. Compliance with Federal Law. All schools and local educational agencies in this state shall comply with applicable federal laws governing specific federal grants. (4-6-05)

a. With respect to schools and local educational agencies in this state that receive federal grants under title I of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001 (Title I schools), the State Department of Education shall develop procedures for approval by the State Board of Education, consistent with federal law, that describe actions to be taken by local educational agencies and schools in this state in regard to schools that fail to meet AYP. (4-6-05)

b. With respect to schools and local educational agencies in this state that do not receive federal grants under Title I of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001, such non-Title I schools and local educational agencies shall be required to comply with federal law and with the procedures relating to failure to meet AYP as provided in Subsection 114.01.a. of this rule, as if they were Title I schools, except that any provisions relating to the use of federal grants to pay for such expenses shall not be applicable to such non-Title I schools and local educational agencies. In such event, non-title I schools shall be required to fund such compliance costs from general operating funds. (4-6-05)

02. State Department of Education. With respect to the implementation of duties responsibilities described under Title I of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001, that are applicable to a state educational agency, the State Department of Education shall perform such duties and responsibilities, including, but not limited to, making technical assistance available to local educational agencies that fail to meet AYP as required under federal law, and for providing technical assistance, developing improvement plans, and providing for mandatory corrective actions to local educational agencies as required under federal law. (4-6-05)

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