



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

**APPROVED MINUTES
STATE BOARD OF EDUCATION
April 6, 2009
Boise State University
Student Union Building
Grand Ballroom
Boise, Idaho**

A regular meeting of the State Board of Education was held April 6, 2009 at Boise State University's Student Union Building, in Boise, Idaho. The meeting was called to order at 8:45 a.m. Board President Milford Terrell presided.

Present:

Milford Terrell, President
Kenneth Edmunds
Tom Luna, State Superintendent

Paul Agidius, Vice President
Richard Westerberg

Absent:

Blake Hall
Rod Lewis

BOARDWORK

1. Agenda Review and Approval

M/S (Agidius/Edmunds): To approve the agenda as presented. Motion carried unanimously.

At this time, Board President Terrell introduced Don Soltman in the audience. Mr. Soltman was recently appointed by Governor Otter to serve on the Board of Education. He will be appearing before the Legislature for confirmation hearings later this week.

BUSINESS AFFAIRS & HUMAN RESOURCES

Section II – Finance

Overview – Student Tuition & Fee Rates (Academic Year 2009 – 2010)

Board member Westerberg outlined the day's schedule for setting the FY 2010 student tuition and fee rates for the colleges and universities. Scott Christie of the Board office explained that policy directs the Board to consider recommended fees as compared to fees at peer institutions, percent fee increases compared to inflationary factors, fees as a percent of per capita income and/or household income, and the share students pay of their education costs. Other criteria may be considered as appropriate. It was noted that an institution cannot request more than a ten percent increase in total full-time student fee unless otherwise authorized by the Board.

Mr. Christie noted that the Council on Academic Affairs and Programs (CAAP) had reviewed the professional fee requests from Idaho State University and the University of Idaho, and is supportive of the requests. Also, per Board policy, the institutions notified students of proposed fee increases and conducted public hearings. Mr. Christie reviewed the various chart details provided to the Board in their agenda materials having to do with general fee-related background information.

INSTITUTION REPORTS

1. Lewis-Clark State College – Student Tuition & Fee Rates (Academic Year 2009 – 2010)

President Dene Thomas reported that LCSC had worked hard to balance the costs of programs with student access. She introduced Vice President of Finance Chet Herbst. Mr. Herbst discussed factors that contributed to LCSC's fee increase request. He emphasized that LCSC has had a very lean operation and depends more on appropriated dollars than the other institutions, so any downturn puts a strain on the College. Also, LCSC benefits less from enrollment workload adjustment compared to the other institutions. Mr. Herbst indicated that LCSC has limited reserves and consistently operates with very lean staffing. He pointed out that the workload for current staff has increased substantially making it more difficult to cut back on staff; but the College has done so when necessary. Mr. Herbst explained that LCSC is in a different Carnegie category than the other institutions and so it falls below in salaries compared to the other institutions. Mr. Herbst discussed a number of key factors that impact the College such as recent construction and occupancy costs to keep up with program growth. He pointed out that expansion, which depends on state funding, has been severely impacted. In terms of endowments and grants, while those funds have grown since 2001, they are still significantly smaller than what the other four-year institutions are able to attract.

Mr. Herbst explained that the College's request for a nine percent increase in student fees is not for expansion of programs or to keep up with growth; and it's not to enhance current operations, promote construction, or for occupancy costs. For the past two years, the strategy of LCSC has been to just hold even, but holding even is impossible this year. This year LCSC is just trying to stay in the race. It is dropping back until the economy recovers and hopes to sustain some programs in the meantime.

Mr. Herbst discussed the funding gap that LCSC is facing. He explained that this is the amount that LCSC needs to come up with in order to just keep close to the current operations. The College did receive stimulus dollars, but not enough to offset the need. Other cost factors that LCSC has had to address include keeping the residence halls affordable for students, adjusting meal plans to keep them affordable, implementing cost-controls related to textbooks and instructional materials, keeping parking reasonable and available to students, and making sure that student health insurance is available at an affordable rate.

LCSC Student Body President Brent Astle was introduced. He presented the student perspective and noted that there are three points to consider: first, the obligations of the institution to provide a sound and well-rounded education; second, the benefit of education to the student, the community, and the state; and third, the change factor at LCSC as it works to balance cost with access in these difficult economic times. Mr. Astle emphasized that LCSC is finding a new mold to fit into. He agreed that while the proposed nine percent increase is difficult in a community where people are losing jobs, the Associated Student Body is willing to accept that increase with the understanding that LCSC will continue to work to bring costs down. Mr. Astle noted that students at LCSC feel that the Board process has not valued the input of the students in the past. He encouraged the Board to understand that the students at LCSC do recognize that the cost of their education is worth the value of that education; thus, the students stand behind LCSC in its request.

President Thomas emphasized there will be program cuts and personnel cuts; LCSC will be running a lesser operation. Some class offerings and some programs will go away. Mr. Herbst reported that LCSC has approximately \$1.5 - 2 million in reserves. Without a nine percent increase, LCSC will have to make deeper more drastic cuts to programs. He noted that even with a nine percent increase, LCSC will still have to dip into its reserves.

2. Boise State University – Student & Fee Rates (Academic Year 2009 – 2010)

President Bob Kustra thanked the Board for their thorough review of the higher education budget requests. He noted that BSU's endowment fund is down significantly which will seriously impact scholarships. In addition BSU will lose students and funds with the transfer of the Seland College of Technology to the College of Western Idaho. Dr. Kustra explained the process BSU went through to come up with the recommended increase and indicated that while BSU needs much more, the five percent increase was all it was willing to recommend. He introduced Stacy Pearson to present the fee increase proposal.

Ms. Pearson discussed various aspects of the budget planning process and that BSU's guiding principles include supporting the core functions of the University. While the general account reductions will be partially offset by funding from the federal stimulus, those funds are one-time monies covering two years. BSU will reduce its operating budget by focusing on its priorities while minimizing, as much as possible, the financial impact on students.

Ms. Pearson explained that in managing the holdbacks and continued reductions, BSU requested all the departments on campus to identify organizational efficiencies and opportunities for change, and to draft plans for potential reductions of six, eight and ten percent. BSU also reviewed the academic offerings and requirements and notified staff that reductions would not be across-the-board, but strategic. In addition, a review of vacant positions was conducted resulting in some positions not being filled and others being eliminated. Departments have reorganized to reduce operating costs. Scenarios are in place such as furloughs and voluntary work reductions to offset possible personnel reductions. To keep staff updated, the University set up a website to solicit suggestions, answer questions, and address rumors and concerns in an effort to improve communication.

Student Body President Trevor Greg and Student Body Vice President Joe Bunt were introduced. Mr. Greg noted that the fee proposal brought to the Board today represents the strong voice and involvement of BSU's students. He emphasized that students were given thorough information and access to the details. He noted even though the students approved a

6.35% increase in fees, President Kustra asked for it to be lowered down to five percent. He is satisfied that administration gave students an active role in the overall decision.

Dr. Kustra made the observation that the reserve funds at BSU may differ from those at other institutions. For example, at BSU, the reserve fund is a symbol of the University's fiscal prudence and stability. The reserve fund also plays a critical role in the bonding ability of the institution because it allows BSU to get the kind of interest rates that enable the University to move forward. Dr. Kustra noted that before doing anything in the way of fee increases, the University made sure none of its departments held back more than was reported for rainy days.

Ms. Pearson reported that BSU has both net unrestricted and unobligated funds. In the unobligated category, BSU has approximately five million dollars. She noted that those funds are set aside for emergencies and holdbacks. To manage FY 2010 budget constraints, BSU will continue to make cuts where possible. Ms. Pearson indicated that BSU does not expect its reserve balances to increase.

Mr. Christie of the Board office clarified that the institutions have to have a strong reserve fund balance in order to have an acceptable financial ratio. Some of the institutions have to make up lost ground in that regard.

Related to enrollment growth, Dr. Kustra reiterated that BSU needs to make up for the 1,200 enrollments that have or will move to the College of Western Idaho along with the Larry Selland College programs. He announced that BSU has had an 11% increase in applications so far. He is optimistic that there will be an enrollment increase to go along with that.

3. Idaho State University – Student Tuition & Fee Rates (Academic Year 2009 – 2010)

President Art Vailas addressed the Board. He shared his perspective that every college and university, nationally speaking, has different needs in terms of the condition and age of their infrastructure, the demand for program growth and offerings, equipment needs, regional setting, mission, goals, and financial health. ISU based its recommendation on what it determined its students should be expected to shoulder. Dr. Vailas indicated that the Legislature and the Board have both cautioned ISU regarding its reserves so the University is obligated to be mindful of that situation.

Jim Fletcher was introduced to discuss the proposed fee increase. He reported that while ISU's faculty and staff had been notified of possible non-renewal of contracts, a key priority is to keep and maintain tenured faculty. ISU is striving to minimize the impact of the financial constraints upon student services. It hopes to maximize the reduction to non-people expenses in order to protect people as much as possible.

ISU is working to make sure that ISU is right-sized for the future and can navigate through this difficult time. Mr. Fletcher reiterated that the ISU budget was set within the context of the University's strategic plan. Mr. Fletcher noted that ISU's reduction-in-force approaches triple digits. One of the things that ISU has done to assist those who are being let go is to contract with Monster Services in an attempt to provide out-placement services and give them resources to help find other employment.

Mr. Fletcher reported that while this has been a difficult year, the attempt has been made to find the right balance in burden-bearing. He noted that the student body and senate were

extensively involved in the fee setting process. A budget review committee was created that could move quickly, keep confidentiality, and communicate effectively in the midst of constantly changing demands. The total tuition and fee setting process was driven by things such as enrollment, benefit cost increase, inflation adjustments, unfunded mandates, state holdbacks and initiatives.

Mr. Fletcher explained that even a fee rate increase of 8.4% will not meet the University's needs which include academic priorities, equipment needs for the aging infrastructure, and the flexibility to deal with additional holdbacks, among other things.

Linda Hatzenbuehler was introduced to discuss the new professional fee requests for Speech Language Pathology online courses, Speech Language Online Pre-Professional program, Dental Hygiene program, Radiographic Science program, the Clinical Lab Science, and the Social Work program. She explained that special professional fees were originally developed to maintain the level of funding to meet the accreditation requirements. Now, they are needed to fund new programs because no state funding is available. Dr. Vailas explained that the quagmire ISU faces is to provide the programs to meet the state's shortages and still hold onto accreditation.

Mr. Fletcher noted that this has been a grueling budget process. The human reality baked into this reduction is that there is now a higher teaching workload, larger classes, fewer meals, decreased mail delivery and janitorial services, reduced travel and purchases, a notable reduction of administrative support, and many other things. A number of ideas have been explored to find ways for people to do more, with less.

Student Body President Matt Spencer thanked the Board for the opportunity to speak on behalf of the students. He noted that a downturn in the economy ideally should not fall on the backs of the students. But, the students at ISU are in agreement that a downturn in the economy should not rob them of the opportunity for a good education either. He gave several examples of how students have had to make up the difference financially with the economic downturn such as having to stay in school an extra semester or two because classes are eliminated or over-filled. Mr. Spencer noted that he was involved in the fee setting proposal process all along the way. And, while the process had to be confidential because of the many issues being discussed, administration had an open-door policy to all the students who wanted to know more about what was going on.

4. University of Idaho – Student Tuition & Fee Rates (Academic Year 2009 – 2010)

President Steven Daley-Laursen presented the proposed fee recommendation and introduced Vice President of Finance Lloyd Mues to discuss the details. Student Body President Garrett Holbrook and Student Lobbyist James Smith were also introduced.

Dr. Laursen explained that the proposed increase for FY 2010 is 8.5%. Students pay about 17% of the total revenue that comes into the institution. UI does not want to reduce the array of student development opportunities or increase the amount of time it takes for students to complete their education. The process undertaken to arrive at the proposed fee increase was thorough. The request is about minimizing the impact on students and their families at the same time staying focused on quality. At the time of the proposed fee increase discussion there were about 80 faculty positions that were targeted to be cut. UI has a solid plan and is not relying solely on fees to fund the needs of the institution. In the last few years the UI reallocated internally, and has realized increased enrollments as a result. Strategic enrollment

management has also been successful in helping the UI to project enrollment numbers. In regards to advancement, UI has been successful. UI has utilized strategic program utilization to target programs that were light in enrollment or heavy in costs. A request from the departments for suggestions of efficiencies and effective use of funds brought forward many ideas that can be used by UI to save and better utilize investments.

Garrett Holbrook presented concerns and issues raised by students related to fees. In terms of student involvement, the process has been thorough and transparent. Students worry that if UI can't keep up or pay staff and faculty a salary that will keep them there, they may leave UI. That situation would be to the detriment of the students. Also, without sufficient staff and faculty, students are more likely to miss classes they need to graduate, etc. Mr. Holbrook indicated that the students at UI have approved the proposal even though it will be a hardship because the hardship is outweighed by the desire of the students for a successful, strong, and quality education and future.

Lloyd Mues presented additional details to the Board. UI anticipates enrollment going up by one percent. As to the reserves, UI will continue to work to build that back up. Mr. Mues reviewed the matriculation fee which covers student services, institutional support, and plant operations. He discussed the scope of the facilities fee, the technology fee, and the activities fees. Mr. Mues emphasized that even with the stimulus dollars and the recommended fee increase, there will still be a significant negative of about \$2 million at the UI. UI has taken about 80 positions out of its base already. There will potentially be additional personnel and program cuts of one sort or another. Mr. Mues emphasized again that the strategic reserve fund balances need to go up because they are currently at the lowest that UI can tolerate.

5. Eastern Idaho Technical College – Student Tuition & Fee Rates (Academic Year 2009 – 2010)

President Burton Waite presented the fee rate increase recommendation for EITC. He introduced Bob Smart to discuss the details. Mr. Waite noted that the funding for EITC is different from all of the other institutions because its budget is part of the Division of Professional-Technical Education budget. Mr. Waite emphasized that in all its budget discussions, EITC's priority is to hold students in the classrooms harmless while continuing to provide them with quality services and opportunities. Of note, EITC has people wanting to apply, but equipment or accreditation requirements related to student-teacher ratios make it impossible to enroll them.

Bob Smart of Eastern Idaho Technical College reported that EITC proposes a five percent increase for full-time resident and full-time non-resident student enrollment fees. EITC also proposes an increase in the part-time resident and non-resident fees by 1.2% as part of the College's plan. Based on current information, EITC is looking at a six percent base reduction. Mr. Smart reported that the students were involved in the fee setting process which included public hearings and discussion. As far as reserve funds, EITC has an unrestricted fund balance of \$3.5 million and the College will tap into those funds as needed. A five percent fee increase will bring in about \$72,000.

In order to balance the budget, ETIC is looking at reductions in all areas including personnel, adjunct faculty, operational costs as far as facilities are concerned, consolidation of classes, reducing travel, associations, etc.

Following the EITC presentation, Board President Terrell took a moment to introduce Wayne Davis and two students representing Idaho's student council leaders. The students were in town to visit the Legislature. Mr. Davis introduced Nate Roberts of Idaho Falls and Meagan Keller of Kuna. Ms. Keller and Mr. Roberts discussed the activities, impact, and recruiting efforts undertaken by Idaho's student councils. They noted that students who participate in student government go on to be involved citizens who have a better understanding of government issues in general, and have a desire to translate their service into activities in the world beyond high school. They discussed outreach efforts that are undertaken to draw more students into student government activities. They explained that Idaho's association works to improve communication to and from, and among Idaho's many schools and school districts. The Board thanked the students for being at the Board meeting and sharing with the Board members.

The Board returned to the business of setting fees. There was a brief discussion and motions were drafted related to the fee rate increase recommendations.

1. Lewis-Clark State College

M/S (Westerberg/Agidius): To approve the annual full-time resident student fee rates for FY 2010 for Lewis-Clark State College at an overall increase of seven percent (7%), to include tuition, facility, technology, and activity fees; and to approve the annual full-time student fee rate increase for nonresident tuition at seven percent (7%). Motion carried unanimously.

M/S (Westerberg/Edmunds): To approve all other fees other than the annual full-time resident and non resident student fee rates for FY 2010 for Lewis-Clark State College as contained in the LCSC Fees motion sheet which will be made part of the written minutes. Motion carried unanimously.

M/S (Westerberg/Luna): Provided that if the Idaho Legislature approves a personnel cost reduction that is less than five percent (5%), then all resident and non-resident general education fees, including feeds for tuition/matriculation for full-time, part-time, summer, and graduate students, shall be adjusted to account for the additional general funds realized by any change to the personnel funding appropriation. Motion carried unanimously.

2. Boise State University:

M/S (Westerberg/Agidius): To approve the annual full-time resident student fee rates for FY 2010 for Boise State University at an overall increase of five percent (5%), to include tuition, facility, technology, and activity fees; and to approve the annual full-time student fee rate increase for nonresident tuition of five percent (5%). Motion carried unanimously.

M/S (Westerberg/Edmunds): To approve all other fees other than the annual full-time resident and non-resident student fee rates for FY 2010 for Boise State University as contained in the BSU Fees motion sheet which will be made part of the written minutes. Motion carried unanimously.

M/S (Westerberg/Edmunds): Provided that if the Idaho Legislature approves a personnel cost reduction that is less than five percent (5%), then all resident and non-resident general education fees, including feeds for tuition/matriculation for full-time, part-time, summer, and

graduate students, shall be adjusted to account for the additional general funds realized by any change to the personnel funding appropriation. Motion carried unanimously.

3. Idaho State University:

M/S (Westerberg/Edmunds): To approve the annual full-time resident student fee rates for FY 2010 for Idaho State University at an overall increase of six and one-half percent (6.5%), to include tuition, facility, technology, and activity fees; and to approve the annual full-time student fee increase rate for nonresident tuition of six and one-half percent (6.5%). Motion carried unanimously.

M/S (Westerberg/Edmunds): To approve all other fees other than the annual full-time resident and non resident student fee rates for FY 2010 for Idaho State University as contained in the ISU Fees motion sheet which will be made part of the written minutes.

M/S (Westerberg/Edmunds): Provided that if the Idaho Legislature approves a personnel cost reduction that is less than five percent (5%), then all resident and non-resident general education fees, including feeds for tuition/matriculation for full-time, part-time, summer, and graduate students, shall be adjusted to account for the additional general funds realized by any change to the personnel funding appropriation. Motion carried unanimously.

4. University of Idaho:

M/S (Westerberg/Edmunds): To approve the annual full-time resident student fee rates for FY 2010 for University of Idaho at an overall increase of six and one-half percent (6.5%), to include matriculation, facility, technology, and activity fees; and to approve the annual full-time student fee rate increase for nonresident tuition of zero percent (0%). Motion carried unanimously.

M/S (Westerberg/Agidius): To approve all other fees other than the annual full-time resident and non resident student fee rates for FY 2010 for University of Idaho as contained in the UI Fees motion sheet which will be made part of the written minutes. Motion carried unanimously.

M/S (Westerberg/Agidius): Provided that if the Idaho Legislature approves a personnel cost reduction that is less than five percent (5%), then all resident and non-resident general education fees, including feeds for tuition/matriculation for full-time, part-time, summer, and graduate students, shall be adjusted to account for the additional general funds realized by any change to the personnel funding appropriation. Motion carried unanimously.

5. Eastern Idaho Technical College:

M/S (Westerberg/Edmunds): To approve the annual full-time resident student fee rates for FY 2010 for Eastern Idaho Technical College at an overall increase of five percent (5%), to include tuition, facility, technology, and activity fees; and to approve the annual full-time student fee rate increase for nonresident tuition of five percent (5%). Motion carried unanimously.

M/S (Westerberg/Edmunds): To approve all other fees other than the annual full-time resident and non-resident student fee rates for FY 2010 for Eastern Idaho Technical College as contained in the EITC Fees motion sheet which will be made part of the written minutes. Motion carried unanimously.

M/S (Westerberg/Agidius): Provided that if the Idaho Legislature approves a personnel cost reduction that is less than five percent (5%), then all resident and non-resident general education fees, including feeds for tuition/matriculation for full-time, part-time, summer, and graduate students, shall be adjusted to account for the additional general funds realized by any change to the personnel funding appropriation. Motion carried unanimously.

OTHER BUSINESS

EXECUTIVE SESSION

The regular meeting of the Board was adjourned and the Board voted to go into Executive Session at 2:45 p.m.

M/S (Agidius/Westerberg): To go into executive session at 2:43 p.m. pursuant to Idaho Code Section 67-2345(1) (a) to consider hiring a public officer, employee, staff member, or individual agent. A roll call vote was taken; motion carried 5-0 (members Hall and Lewis were not present).

M/S (Agidius/Westerberg): To go out of executive session and adjourn. Motion carried unanimously.