



**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 5, 2010
Idaho State Capitol
Senate/House Auditorium
Boise, Idaho**

A special meeting of the State Board of Education was held on April 5, 2010 at the State Capitol Building in Boise, Idaho, to consider FY 2011 Student Tuition and Fee Rates.

Present:

Paul Agidius, President
Ken Edmunds, Secretary
Don Soltman
Rod Lewis

Richard Westerberg, Vice President
Emma Atchley
Milford Terrell
Tom Luna, State Superintendent

The Board meeting was called to order at 8:30 a.m. by Board President Paul Agidius.

BOARDWORK

1. Agenda Approval

M/S (Terrell/Westerberg): To approve the agenda as submitted. Motion carried unanimously.

OPEN FORUM – Delayed until later in the agenda.

BUSINESS AFFAIRS AND HUMAN RESOURCES – Section II – Finance

1. Overview – Student Tuition and Fee Rates (Academic Year 2010-2011)

Board member Westerberg introduced the agenda and explained the order of the meeting for the day. Matt Freeman of the Board office briefly discussed the materials in the Board agenda and clarified various points for the benefit of the Board. Following introductions, the representatives from the colleges and universities were invited to present their fee and tuition requests to the Board.

PRESENTATIONS – COLLEGES & UNIVERSITIES

1. University of Idaho – Student Tuition and Fee Rates (Academic Year 2010-2011)

President Duane Nellis of the University of Idaho addressed the Board. He was joined by the ASUI Student Body President, Kelby Wilson, the Executive Director of Planning and Budget, Keith Ickes, the Provost and Executive Vice President, Ed Baker, and the Vice President for Finance and Administration, Lloyd Mues.

President Nellis reported that UI is proposing a 12% increase in fees. He spoke at length about the need to increase the student fee and tuition rates and the University of Idaho. He discussed the mission of UI as a land grant university and noted that the fee and tuition discussion is focused on that mission. Dr. Nellis pointed out that outreach, research, and quality education at an affordable price are the goals of the University. He reported that the University issues more degrees in science, technology, and math than any other institution in the state. He emphasized the seriousness of the University's financial situation and discussed the steps the University has taken to address the budget reductions. Dr. Nellis reiterated that while every effort has been made to continue operating in the most efficient and effective way possible, the proposed fee increase will allow UI to stabilize its financial situation and continue to move forward in the present economic climate.

Kelby Wilson spoke to the Board. He indicated that the Student Activity Fee Committee looked carefully at the Student Activity Fee and came to agreement as to which programs were important to maintain. Mr. Wilson noted that the students at UI understand the tough economic situation that Idaho is currently in, as well as the difficulties that the University is facing. The students support the proposed 12% full-time fee increase. He encouraged the Board to approve the increase in order to allow UI to continue to offer quality.

Board member Lewis asked about the University's net asset balances, reserve funds, and unrestricted funds, and the potential availability and usage of these funds. Mr. Ickes explained that those funds from those sources have been used already and so have the overall unencumbered reserves in order to address the holdbacks. It was pointed out that those funds are also being tapped to address the strategic initiatives at UI. It was emphasized that there are still available funds, but there is a risk that if too much is taken away, the University will be at risk.

Board member Lewis asked about the flow of funds from stimulus package and Dr. Nellis noted that the stimulus money is one-time. In regards to the increase in the cost of Room and Board, Lloyd Mues explained that the University operated several years with an under-valued program and adjustments had to be made. Mr. Luna asked about the possibility of using dedicated funds if legislative action freed them up. Dr. Nellis explained that the use of dedicated grant funds are strictly regulated by the federal, state, and private entities that issue them. They can't be used for other things.

Dr. Nellis indicated that UI has been strategic in approaching the issue of being able to provide students with financial aid to ensure accessibility. More distance learning education and outreach education opportunities are being offered in that regard. UI is very sensitive to accessibility and affordability. Institutional support and scholarship dollars are being used as well.

Dr. Nellis reiterated that the University of Idaho has a research mission. That mission requires more expensive curricula in order to deliver science, technology, and math. As the University is making an effort to move in new directions it also operates five UI Centers in other parts of the state. During the discussion, it was pointed out that the Higher Education Price Index is used to calculate the cost of education and there are many factors that are considered, among them, the cost of research equipment, lab materials, and chemicals. Those types of things drive the cost of education up. Dr. Nellis noted that none of the fee increases will go towards salary increases.

Mr. Ickes indicated that an open forum had been held for the students to engage in the process. Also, the Student Fee Committee was very involved in the process. Dr. Nellis noted that UI follows the Board policies related to what goes into the athletic budget. He pointed out that the only way UI has been able to augment the athletic budget is through private giving. He noted that the athletic program does serve to draw people to the University. Mr. Mues explained that the athletic department is not close to the cap in terms of the Board policy and that the staff and faculty of the athletic department are also participating in the furloughs.

In terms of efficiencies, UI has recruited students into areas where there is room for them to enter programs and classes without having to add more teachers or classes. It is anticipated however, that as the freshman class enrollments increase, there will be a need to add some and classes and in some cases, some more instructors.

Mark Hoversten, Dean of the College of Art and Architecture (CAA), was invited forward to discuss the proposed changes in the College's professional fees. He explained that the College has proposed a structural reorganization of the College into a one-unit management structure. This new structure will allow for more flexibility in the delivery of integrated interdisciplinary teaching and research, and meet the call for more efficient management structures. The College proposes extending professional fees to all students in the College because they will all be enrolled in one administrative unit, although still pursuing unique majors. This request will unify the student fee structures in the College to correspond to the one-unit management structure and provide equity among all the students in the College. Students in CAA support this effort.

Ron Walters, Chair of the CAA Advisory Council spoke to the Board related to this proposal. He encouraged the Board to send a message of support by unifying the professional fees within the College of Art and Architecture.

Board member Terrell encouraged the Board to approve the request, noting that the request from the College of Art and Architecture is necessary to support the program. He pointed out that the directive by the Board that approved the re-establishment of the College of Art and Architecture in 2006 added the unfunded mandate costs of the college office. The brunt of this cost is born by the student professional fee. Dean Hoversten noted that currently, art and design students do not participate in funding the College office as do all other students in the College. The request by the College would change that.

Board President Agidius observed that the way the College is now structured makes this request appropriate. He also encouraged the Board to support the request. Board member Edmunds discussed the need for the Board to address the problem at a statewide level with an ongoing approach that can be applied in all situations. For that reason, he is not in favor of the motion. Board President Agidius agreed that the Board should look at the statewide policy, but

encouraged the Board to approve the request that is before the Board today because the need is immediate.

Board member Lewis agreed with Board member Terrell in terms of the situation created as a result of past decisions made by the Board related to the College of Art and Architecture. He also agreed with comments made by Board member Edmunds about looking at the statewide policy. He indicated that he is troubled by the situation that the Board helped to create by approving the re-establishment of the College.

Board member Westerberg noted that the Board has previously discussed taking a look at things done in other states in terms of professional fees. He reported that work is being done in that regard. He indicated that while this is a laudable request, he will vote against it because it sets precedence.

M/S (Terrell/Luna): To waive Board Policy V.R.3.b.iv. with respect to the imposition of a professional fee for all students in the University of Idaho College of Art & Architecture, and to approve the professional fee as requested. Motion PASSED 6 – 2 (Edmunds and Westerberg voted Nay).

2. Idaho State University – Student Tuition and Fee Rates (Academic Year 2010-2011)

President Art Vailas addressed the Board. He was joined by Dr. Linda Hatzenbuehler, Interim Associate Vice President for Health and Medical Education, James Fletcher, Vice President for Finance and Administration, and Ross Knight, Associated Student Body President.

Dr. Vailas reported that ISU is proposing a total full-time fee-increase of 9.9%. He explained the process ISU went through to come up with the requested fee and tuition increases. He noted that the University has taken significant steps already to improve in terms of efficiencies and marketability, and in meeting its mission and strategic goals. Dr. Vailas indicated that ISU has a high enrollment. In addition, ISU posted the highest graduate enrollment in the state.

Dr. Vailas pointed out that ISU has been innovative in dealing with the budget reductions and holdbacks. ISU used internal resources to set up an alliance between the regional public school superintendents and the University. The University reallocated more for student programs, reduced some adjunct faculty, cut back administrative overhead, and is looking at consolidation of administrative oversight.

Ross Knight spoke to the Board. He pointed out that he served on the Special Budget Consultation Committee representing the students. In that capacity he was able to examine budget records and documents, and review expenditures. He noted that ISU has been forced to be creative as well as timely in addressing the economic changes. Recruitment, retention, and affordability have been key areas of focus. Mr. Knight indicated that ISU has been restructured to ensure that resources are available for instruction. He noted that while he does not generally agree with tuition increases, he understands the need to ask for an increase.

Dr. Hatzenbuehler discussed the unique issues related to health and medical professions programs. She pointed out that accreditation requirements dictate adequate resources as prerequisites in these fields. Those requirements limit the flexibility of the University in terms of class size, adequate faculty, and general operations. Dr. Hatzenbuehler noted that the health and medical professions programs have a long history of charging professional fees. She

indicated that ISU has more applicants than it can accept into the health programs. In the majority of cases, the class size must stay as is. In other cases the goal is to meet the demand by increasing the class size, increasing access through online programs, or increasing the number of sites where the programs are offered. Dr. Hatzenbuehler noted that ISU surveyed the students and the students understand the situation related to fee increases. Dr. Vailas indicated that the support ISU is getting from clinics and area hospitals and medical services is decreasing due to the economic situation; this puts an additional burden on ISU.

James Fletcher spoke to the Board about the importance of putting the fee and budget discussions into context. He noted that ISU has made every effort to make reductions in every area, and to reset the cost base at the University. ISU has eliminated vacant positions. It used a financial task force to examine every line item of the budget and expense sheets to find more areas where costs could be cut. Only the critical needs have been kept and even in those areas there have been changes. Some examples include increasing parking rates and fees, cutting travel, putting a freeze on hiring, and eliminating international travel. Internal transformation has been undertaken to allow the University to move forward and accommodate increased enrollment. A new funding model is being pursued, but the effort is being made to minimize the impact to students.

Mr. Fletcher emphasized that student involvement is a key part of the fee increase decision making. This has ensured broad constituency involvement with the proposed increase of fees being discussed in terms of the whole University picture, and with absolute transparency. The effort has incorporated the Faculty Senate Budget Council recommendations. The President has reported back several times on the status of the University.

Mr. Fletcher noted that ISU set budget priorities. Those included preserving core faculty, avoiding additional layoffs, maintaining and enhancing student services, changing operations in the business and registrar offices, and not adversely impacting salary compensation. ISU has been able to carry out the maintenance needs of Turner Hall, has provided match support to the Promise Scholarships, and directed support to the services provided to veterans and other programs such as ISU Cares which is available to all students. He noted that there are other efforts underway that will reduce fees for students which include changes in the health insurance. ISU is also implementing an effort where students rent text books rather than purchasing them which will provide significant financial relief to students as well.

Mr. Fletcher explained that transformational change is a big theme at ISU. Transformation, however, is difficult to accomplish because structural impediments are significant. He explained that significant cost reduction plans are being considered including a performance-centered concept for all programs that will be used as a basis for reallocation. A strategic rebalancing of the enrollment to staffing levels is being carried out to ensure that it reflects the current needs and situation of the University. He reiterated that the budget process has been restructured and every decision is made on a sound business case view. The fee increase is needed to balance the budget.

Mr. Luna suggested that if ISU cuts salaries, it could reduce the amount it is asking for in fee increases. Mr. Fletcher pointed out that salaries are already over 20% lower than at peer institutions. Dr. Vailas respectfully disagreed with Mr. Luna's suggestion based on his own experience in other states. Dr. Vailas emphasized that ISU is already losing faculty. He also noted that cutting salaries won't address the efficiency and efficacy of the programs. It also

impacts the ability to deliver student services. Dr. Hatzenbuehler noted that in terms of health professions faculty, ISU is already competing with the private sector.

Dr. Vailas explained again that ISU has chosen to restructure and reduce the overhead of the institution rather than sacrifice the quality of the education it hopes to offer its students. That is the reason ISU has not implemented furloughs. He emphasized again that ISU has made reductions in other areas and hopes to avoid having to do that. Mr. Fletcher and Dr. Vailas agreed that the fee increase is necessary to keep the operation at ISU going. Dr. Vailas indicated that ISU eliminated about 10 or 11 programs in the last holdback. It also eliminated 60 vacant positions and instituted 73 layoffs. Mr. Fletcher agreed that if there had been workload adjustment funds allocated this year ISU could have asked for a lower fee increase.

At this time the Board agreed to hear from a student who signed up to appear on the Open Forum.

OPEN FORUM

Jason Denizac of Boise State University spoke to the Board about tuition hikes. He indicated that he represents a newly formed organization called the Idaho Student Association which includes students from throughout the state who speak with one voice. Mr. Denizac recognized that while these are difficult times economically, students are being hurt by tuition hikes. He went on to remind the Board to focus on prioritizing in order to improve access to higher education, improve freshman retention, and make education more affordable. He emphasized that there are too few seats in the classrooms; and, there are too few teachers for the number of students they must teach and reach. He urged the Board to look at other ways to meet the needs of higher education and the students of Idaho other than raising the tuition and fees. He noted that the Idaho Student Association looks forward to working with the Board on the tough issues, and collaborate with the Board to improve the quality and accessibility of education in Idaho.

PRESENTATIONS (continued)

3. Boise State University – Student Tuition and Fee Rates (Academic Year 2010-2011)

President Robert Kustra addressed the Board. He noted that the real cost of a university degree has been heavily subsidized by state, federal and local governments. He pointed out that BSU has lost \$19 million in holdbacks over the last few years. He observed that it is difficult to implement an eight year plan with holdbacks and unexpected budget reductions. He indicated that Idaho's public universities rank among the lowest across the West in terms of tuition. Dr. Kustra noted that ranking was fine when there was a steady and substantial state appropriation, but it's not a good place to be when the flow of state, federal and local money dries up.

Dr. Kustra observed that BSU is a major lynch-pin in terms of economic recovery because of its location, mission, and size. He thanked Mr. Denizac for his comments and agreed that the students of Idaho deserve to have a quality education opportunity. He noted that it is imperative to also to continue to support the efforts of the University. Dr. Kustra indicated that BSU has a healthy research budget, and that money that comes into the institution through research grants flows into the local economy in other ways.

Dr. Kustra pointed out that 70% of BSU students receive financial aid. In addition, students in this part of the state have other options in terms of access and affordability, including attending the College of Western Idaho where the tuition is lower. He noted that last year BSU only asked for a 5% increase in tuition and fees. This year BSU needs to ask for an overall 8.96% fee increase for full-time undergraduate students.

Stacy Pearson, BSU Vice President for Finance and Administration, was introduced to provide an overview of the finances at BSU. Ms. Pearson discussed the positive impact that BSU students and alumni have on the economy. She noted that a college degree results in higher earnings and the primary goal of BSU is to help students complete that degree and do so in a timely manner. Ms. Pearson observed that tuition revenues are essential to cover the costs as state support has declined over 20 percent in the last three years.

Ms. Pearson reported that BSU has implemented several strategies to improve retention and timely graduation. One strategy BSU plans to implement is requiring eight fewer credits for graduation for some degrees (going from 128 to 120). She noted that, nationally, many other institutions already have done this. BSU also has articulation agreements with the community colleges. BSU has already established many ways to improve the student and teacher connection. Graduation rates for first-time, full-time students in four years, has increased over the past few years.

Ms. Pearson reiterated that a key retention strategy at BSU is to improve the academic profile of new freshmen and make sure they have a place to go. BSU has experienced a 13.5% student FTE growth over the last four years. BSU has \$938K unfunded occupancy costs that must be covered by BSU's budget. The net shortfall still needs to be covered. The tuition and fee increases will cover a portion of that shortfall, but the rest will need to be covered in other ways.

Guiding principles to address the budget situation include supporting the core functions, maintaining the capacity to serve students, linking decisions to BSU strategic plan, and identifying and implementing additional efficiencies where possible. Ms. Pearson pointed out that some programs have been discontinued. Also, personnel and budget reduction measures are being implemented including eliminating or not filling vacant positions, and looking at various furlough scenarios. Ms. Pearson reported that the process for requesting an increase in the tuition and fees included student involvement with public hearings. Recommendations were forwarded to President Kustra.

Trevor Grigg, Student Body President, spoke to the Board. He noted that while he is not in favor of increasing fees, he does understand the need. He emphasized that he values his education and will continue to do what is necessary to pay for it, and to have the services and programs available that make that education a quality experience with a positive outcome. He noted that students went line-by-line through the budget during the student activity fee discussions. Board member Atchley asked what students will do to make college available if the situation worsens. Mr. Grigg noted he will work more and apply for more federal aid. He understands the importance of getting an education and is willing to make the sacrifice.

Board member Lewis commended the students and the reduction in the student activity fee. To clarify, Ms. Pearson noted that goal of BSU has been to increase the full-time tuition and to get the part-time cost-per-credit hour into alignment with the full-time fee. She indicated that BSU has seen an increase in the number of full-time enrollments. Being in the third year of significant budget reductions enrollment growth has been difficult to manage. Cutting services

would have a negative impact. And, while BSU has delayed hiring it has not implemented furloughs as yet. She noted that there have not been salary increases.

In terms of using reserve funds, Ms. Pearson emphasized that BSU is cognizant of the importance of having a strong reserve rating. She noted that in the past few years the balances in the reserves have come down. It is a challenge to manage the budget reductions and also maintain healthy reserves so that BSU can effectively operate. Dr. Kustra noted that in the future BSU may be to look towards endowments as a wave of reform. A substantial overhaul and strengthening of the foundations and endowments is essential to deal with what is happening and will happen with funding and tuition in the future.

Mr. Luna expressed concern about the hesitation to look at the funds allocated towards salaries. Dr. Sona Andrews pointed out that faculty have been asked to do significantly more over the last few years. Also, all of the institutions in Idaho compete nationally for faculty and the competition is stiff. It was noted that none of the tuition increases would go to wages.

Mr. Luna asked if there has been any consideration about pursuing a three-year degree track. Dr. Kustra noted there are a number of states that have taken action towards this end. Dr. Kustra went on to point out that one issue that BSU, as a commuter university, faces is the embedded cultural mentality whereby students take a few classes now and then in the pursuit of an education. Not every student is working towards a degree. And, those who are may extend the time it takes to get a degree because of this approach.

Mr. Lewis noted that the university sector nationally may not have experienced the same kinds of cutbacks or budget constraints. Dr. Kustra pointed out that the higher education world is a diverse landscape. Each one is impacted by a variety of factors and no two are alike. There are states where there are significant cutbacks and others where huge taxes have been implemented and revenue enhancements have been implemented to subsidize education. The greatest challenge of some of the well-known land grant public research universities is that they are being raided of faculty by private universities.

4. Lewis-Clark State College – Student Tuition and Fee Rates (Academic Year 2010-2011)

President Dene Thomas addressed the Board. She introduced Provost and Vice President for Academic Affairs, Tony Fernandez, Vice President for Finance and Administration, Chet Herbst, and Clay Long, Student Body President.

Dr. Thomas agreed with the other institutions in terms of the pattern of decreasing state support for public higher education in Idaho over the past years. She observed that it is more noticeable when the state economy is in trouble, but the decrease in state support has occurred even in the good years. Dr. Thomas noted that LCSC is a growing institution with quality programs that is operating with efficiency. She pointed out that LCSC has a non-funded community college function. In addition, LCSC is the lowest cost four-year institution in Idaho and it is asking for the lowest percentage increase in that regard.

Clay Long spoke to the Board. He noted that the students of LCSC fully support the College's proposed fee increase. In addition to the student fee hearing, information was given to the student senate on a regular basis as to the status of the budget and the request. A resolution was passed in the student senate commending the administration of LCSC. He noted that the students recognize the difficult times LCSC is in and also recognize the value of their education.

Chet Herbst reiterated that LCSC has the lowest tuition rate of all the public four-year institutions in Idaho. He pointed out that the small school environment that allows for direct interaction is a plus. This environment makes it possible for students to enjoy a quality education in a more personal setting. Mr. Herbst noted that LCSC is more dependent on appropriated dollars than the sister universities and colleges in Idaho. He pointed out that over half of the LCSC budget relies on state appropriated funds. Mr. Herbst indicated that LCSC was rated by Lumina Foundation as the most affordable four-year college/university in Idaho.

As far as salaries, Mr. Herbst reported that LCSC has been trying to catch up for a number of years. As a result, LCSC is sustaining reduced salaries year-in and year-out instead of taking furloughs or making salary cuts. Mr. Herbst noted that there is a large gap in salaries paid at LCSC compared to the other institutions in Idaho. As far as reserves and how they are used, LCSC has little cushion to work with. Mr. Herbst reported that LCSC has experienced the highest growth rate of four-year institutions and it has been a steady increase over time. LCSC has lagged behind in getting funding for the growth received.

Mr. Herbst noted that LCSC also realizes very little from enrollment workforce adjustment. LCSC has other mandates it accepts proudly and works hard to achieve. The strategy at LCSC depends on state funding for construction to keep up with growth. LCSC has tried to hold ground to keep close to previous year's dollars despite enrollment growth. Last year LCSC reduced the operation tempo and went into the hole, though not to the extent of hurting the institution. It will have to continue that approach in FY 2011. Salaries and program expansion are on hold. LCSC is holding students harmless on occupancy costs and striving to preserve mission-critical programs, make vertical cuts, defer maintenance, and stabilize operations by drawing down reserves.

Dr. Thomas pointed out that LCSC's need exceeds 15%, but it is only requesting 8.75% in order to maintain access for the targeted student population. The fee increase will be applied across the board to all student categories. The requested increase will cover half of unfunded must-pays. The rest of what is needed will come from additional cuts and drawdown of reserves. Some of the must-pays include inflation (utilities, service contracts), capital equipment replacement, occupancy costs (immediate), and electrical and IT system bills.

5. Eastern Idaho Technical College – Student Tuition and Fee Rates (Academic Year 2010-2011)

President Burton Waite addressed the Board. He reported that the proposed 5.1% fee increase request was presented to both employee and staff groups on campus as well as to students. There was one open student hearing and not one student came to ask a question. EITC has implemented furloughs this current fiscal year, starting last July, and it applied to all employee groups. Mr. Waite pointed out that EITC is unique in that their funds come through the Division of Professional-Technical Education as an appropriation.

President Waite noted that in prior years EITC was protected to some degree as a result of the maintenance of effort requirement connected to federal Perkins Funds. The Perkins maintenance of effort was not met this year so there will be a negative fiscal impact on EITC. In addition, more Perkins funds will go to the College of Western Idaho this year which means EITC will receive fewer federal dollars. Thus, EITC will see reductions in both state and federal funds. Mr. Waite noted that EITC has positioned itself to operate in a fiscally

responsible way. The 5.1% increase will allow EITC to continue to offer the kind of education students have come to expect in Idaho.

Mr. Robert Smart, Dean of Administration and Controller, discussed the EITC request. Mr. Smart indicated that the 5.1% increase is minimal considering the enrollment increases and the efforts already underway to reduce costs while meeting the demand. He asked the Board to support EITC's request.

In terms of enrollment increase, President Waite explained that as a professional-technical college there are advisory committees for each of the industries to advise EITC on the job market. Because of that, some programs have caps and are operating at full capacity. Mr. Waite explained that EITC does not want to saturate the job market or train people for jobs that aren't there. The goal is to continue to provide quality instruction that ensures student success and a meaningful level of employment for the greatest number of individuals possible.

BOARD DISCUSSION

The Board invited the Presidents to come forward and share their perspective on higher education in terms of the long-term trend line. The Board also asked for suggestions about the direction the Board should consider taking and the funding model the Board should pursue if the economic situation does not improve soon.

Dr. Nellis indicated he remains optimistic about where Idaho will be in the next four-to-five years. UI will continue to look at ways to increase private funding, generate alternative revenue sources, and even do more recruiting of international students who pay full out-of-state fees. He noted that it takes time to develop those diversified portfolios. That is why Idaho needs to stabilize the state's investment so that the colleges and universities can plan on how to maintain affordability and accessibility.

Dr. Vailas echoed Dr. Nellis. He noted that the bigger question is how to continue the public mission when on a course of self-sustainability. The hope is that public funds will continue to be there for the infrastructure. He pointed out that each institution made it clear during its presentation the steps taken to hold off on doing anything about the infrastructure as a result of the reductions and holdbacks. The result is that the infrastructure continues to wear out, break down, and decay. He reminded the Board that the future cost to remedy that situation increases the longer repairs and maintenance is delayed.

Dr. Vailas also urged the Board to remember that it is necessary to deal with the elements of accountability and the delivery of education all the while noting that transformation will be required in the process. He suggested that there is a need to make legal reforms to allow institutions greater flexibility in efforts such as competitiveness with the private sector. Along this line, if institutions can set up an enterprise to create revenue they won't have to rely as much on government or the students. Dr. Vailas noted that the institutions and the Board may need to take political risks if they hope to effect change and that's not an easy thing to do.

Dr. Thomas shared that, in looking back to Idaho's Constitutional mandate, we see that the founding fathers saw that public education was a good thing and something that the public should pay for. The change of view from that time to now has been demonstrated over time, but the degree and rate of change has increased in recent years. She noted that there is declining public support for higher education because it is now viewed as a private benefit, and something

that the private citizen should pay for. Dr. Thomas noted that as the state economy struggles, the legislature will be able to provide less money. There will be the need to do more with less, and sometimes to just do less. Idaho is seeing incremental changes in all of the public institutions. However, greater swings are occurring because of unexpected changes. In the future there will be more focus on distance learning.

Dr. Thomas shared the point that one sector that is doing well in this economy is private higher education. On the other hand, public higher education is suffering because it is a government funded institution. Dr. Thomas suggested that as institutions look at grants, private funds, and different ways of doing business, they must be as entrepreneurial as possible to balance things out. She noted that one of the legs of the stool will remain public support, and what the legislature does will always impact public education. In terms of the cost of education, Dr. Thomas pointed out that in looking at the technological and scientific developments, the Board and institutions must address how to keep up and stay relevant and current with those developments regardless of the economy; that is essential.

Dr. Kustra noted that one of the fundamental challenges Idaho faces is the way budgets are constructed in public higher education. The legislature often looks at public higher education as the place to take funds away from when the budget is tight. Dr. Kustra indicated that he thinks Idaho will get back to economic health because it is a conservative state in terms of the budget. He suggested that Idaho's legislature would benefit for looking at how other conservative states, like Kentucky, have structured and funded public higher education. He noted that the commitment of the people of Kentucky and its government to public higher education is noteworthy.

In thinking of the future in Idaho, Dr. Kustra shared his belief that Idaho will come out of the decline slowly. He indicated that he doesn't see a deep seated commitment to public higher education in Idaho's legislature; it doesn't appear to view public higher education as a driver of economic health. On the other hand, other states, like Oregon, have taken deliberate steps and made difficult economic decisions to increase taxes in order to invest during this time of recession. He shared his belief that Idaho will continue to work towards the new business model of shifting the cost of public higher education away from the public and onto the private citizen. Because of that, the institutions will be back before the Board again asking for increases.

Board member Edmunds asked about quantity versus quality in terms of what is right for the state of Idaho. Dr. Vailas noted that if higher education is to lead to long term and sustained economic development, there has to be a balance between the two. You can't have one without the other.

Dr. Kustra wondered how much weight the Board should put on Idaho's per capital income and Idaho annual wages. The trap of comparing ourselves inside the boundary of the state is restrictive because our students are competing in the global economy and we can't lose sight of that fact.

Board member Edmunds indicated that the affordability of higher education in Idaho limits the number of students who are able to go to college. Dr. Kustra shared about a model that many of the states in the union currently use. It is called the Monetary Assistance Program (MAP program). Many states have their own statewide scholarship programs, programs much bigger

than Idaho's Promise Scholarship program. Idaho doesn't have that kind of program, but if it did it would be of enormous benefit to the students and as a result to the state and the economy.

Dr. Nellis noted that another part of the equation is financial aid. The amount of aid that goes to students, whether through private or institutional support, off-sets what students are actually paying and is an important dimension to consider. Another dimension to look at is that the demand for education and the increase in enrollments demonstrate a desire for higher education even though Idaho has raised fees. Dr. Nellis shared that West Virginia has a statewide program where flat-rate tuition was applied to qualified students who committed to stay in-state. That program has had a dramatic impact in West Virginia.

Dr. Nellis agreed that the college-going-rate in Idaho is troublesome. He suggested that Idaho needs to start preparing and encouraging students at a much younger age to believe in the need for, and the importance of a higher education. As it is, some of the qualified students who would be able to get aid aren't even looking at college.

Board member Terrell observed that what the institutions are requesting is the ability to maintain the operation and to keep the tools in place, so that education is available. Without keeping the schools operating at the highest level possible, the future is bleak on many fronts. He reiterated that he wants to see the students benefit and they won't be able to benefit if the fees are not increased to keep things going.

Board member Westerberg noted his concern that approving a large tuition increase sends a message to the institutions that incremental change is enough. He suggested that the net goal is to get more kids through school. Therefore, the cost needs to decrease not increase.

Mr. Luna pointed out that while Idaho enjoys a high graduation rate from high school, too many graduates do not go on to college. He emphasized that Idaho needs to work on that. Mr. Luna shared that in traveling through the state, he sees that students do recognize the importance of higher education, but many believe that the financial burden is prohibitive. He is concerned about the long-time trend of increases being made in terms of fees and tuition. He noted that there have been requests for tuition increases even when the economy was good. He agreed that the institutions have to be funded adequately. The issue is how to keep the institutions moving forward while, at the same time, not restricting opportunities for students who are struggling financially and may believe that higher education is unaffordable and inaccessible to them.

Board member Lewis agreed with comments from Mr. Westerberg and Mr. Luna. He observed that great care must be undertaken in making a decision. He thanked the institutions for all they are doing in these extraordinarily stressful times. He weighed in with the reminder of where the colleges and universities will be next year given the lag effect with government funding. He urged the Board and the institutions to think about changes and adjustments that need to be made. He noted that planning requirements may cause delays in the time it takes to effect the necessary changes. He encouraged the institutions to think ahead so they can comply with the time periods if the economy doesn't come back. He indicated that he agreed with the comments related to the lack of support for higher education in Idaho and noted that everyone needs to take responsibility to change that culture.

BOARD ACTION

1. University of Idaho

MOTION #1/S (Westerberg/Terrell): To approve the annual full-time resident student fee rates for FY 2011 for the University of Idaho at an overall increase of 12%, to include matriculation, facility, technology, and activity fees for a total dollar amount of \$5,524.00; and to approve the annual full-time student fee rate for nonresident tuition of 15% for a total dollar amount of \$11,592.00. Roll call vote; motion FAILED 4 - 4 (Agidius, Terrell, Soltman, and Atchley voted Yes).

Substitute Motion #1-Motion #1/S (Lewis/Westerberg)

To approve the annual full-time resident student fee rates for FY 2011 for the University of Idaho at an overall increase of 7.9% to include the matriculation, facility, technology, and activity fees for a total dollar amount of \$5,322.00; and to approve the annual full-time student fee rate for nonresident tuition of 15% for a total dollar amount of \$11,592.00. The institution shall have the discretion to allocate the increase between matriculation and fees as they deem appropriate. Roll call vote; motion FAILED 4 - 4 (Lewis, Luna, Westerberg, and Edmunds voted Yes).

Substitute Motion #2 – Motion #1/S Terrell/Westerberg

To approve the annual full-time resident student fee rates for FY 2011 for the University of Idaho at an overall increase of 9.5% to include the matriculation, facility, technology, and activity fees for a total dollar amount of \$5,402.00; and to approve the annual full-time student fee rate for nonresident tuition of 15% for a total dollar amount of \$11,592.00. The institution shall have the discretion to allocate the increase between matriculation and fees as they deem appropriate. Motion FAILED 1 - 7 (Westerberg voted Yes).

MOTION #2/S (Soltman/Terrell)

To approve the annual full-time resident student fee rates for FY 2011 for the University of Idaho at an overall increase of 9.7% to include the matriculation, facility, technology, and activity fees for a total dollar amount of \$5,412.00

Substitute Motion #1 – Motion #2/S Westerberg/Lewis)

To approve the annual full-time student fee rates for FY 2011 for the University of Idaho at an overall increase of 9.5% to include the matriculation, facility, technology, and activity fees for a total dollar amount of \$5,402.00 and to approve the annual full-time student fee rate for nonresident tuition of 15% for a total dollar amount of \$11,592.00. The institution shall have the discretion to allocate the increase between matriculation and fees as they deem appropriate. Motion PASSED 6 - 2 (Atchley and Edmunds voted Nay).

M/S (Westerberg/Soltman): To approve all other fees for FY 2011 for University of Idaho as contained in the UI Fees motion sheet as amended which will be made part of the written minutes. Motion PASSED unanimously.

2. Idaho State University

M/S (Westerberg/Soltman): To approve the annual full-time resident student fee rates for FY 2011 for Idaho State University at an overall increase of 9.5%, to include tuition, facility, technology, and activity fees for a total dollar amount of \$5,440.00; and to

approve the annual full-time student fee rate for nonresident tuition of 7.1% for a total dollar amount of \$10,500.00.

Substitute M/S (Lewis/Luna): To approve the annual full-time resident student fee rates for FY 2011 for Idaho State University at an overall increase of 9.0%, to include tuition, facility, technology, and activity fees for a total dollar amount of \$5,416.00; and to approve the annual full-time student fee rate for nonresident tuition of 7.1% for a total dollar amount of \$10,500.00. Motion PASSED 7-1 (Edmunds voted Nay.)

M/S (Westerberg/Terrell): To approve all other fees for FY 2011 for Idaho State University as contained in the ISU Fees motion sheet as adjusted which will be made part of the written minutes. Motion PASSED 7-1 (Edmunds voted Nay).

3. Boise State University

M/S (Westerberg/Luna): To approve the annual full-time resident student fee rates for FY 2011 for Boise State University at an overall increase of 9.5%, to include tuition, facility, technology, and activity fees for a total dollar amount of \$5,300.00; and to approve the annual full-time student fee rate for nonresident tuition of 5.0% for a total dollar amount of \$9,456.00. Motion PASSED 6-2 (Atchley and Edmunds voted Nay)

M/S (Westerberg/Soltman): To approve all other fees for FY 2011 for Boise State University as contained in the BSU Fees motion sheet as adjusted which will be made part of the written minutes. Motion PASSED 7-1 (Edmunds voted Nay).

4. Lewis-Clark State College

M/S (Westerberg/Terrell): To approve the annual full-time resident student fee rates for FY 2011 for Lewis-Clark State College at an overall increase of 8.7%, to include tuition, facility, technology, and activity fees for a total dollar amount of \$4,998.00; and to approve the annual fulltime student fee rate for nonresident tuition of 8.8% for a total dollar amount of \$8,908.00. Motion PASSED 7-1 (Edmunds voted Nay)

M/S (Westerberg/Soltman): To approve all other fees for FY 2011 for Lewis-Clark State College as contained in the LCSC Fees motion sheet as adjusted which will be made part of the written minutes. Motion PASSED 7-1 (Edmunds voted Nay).

5. Eastern Idaho Technical College

M/S (Westerberg/Atchley): To approve the annual full-time resident student fee rates for FY 2011 for Eastern Idaho Technical College at an overall increase of 5.1%, to include professional-technical education, technology, and activity fees for a total dollar amount of \$1,840.00; and to approve the annual full-time student fee rate for nonresident tuition of 5.1 % for a total dollar amount of \$4,900.00. Motion PASSED unanimously.

M/S (Westerberg/Edmunds): To approve all other fees, other than the annual full-time resident and nonresident student fee rates for FY 2011 for Eastern Idaho Technical College, as contained in the EITC Fees motion sheet as adjusted which will be made part of the written minutes. Motion PASSED unanimously.

It was clarified a number of times throughout the discussion that the fees are not just made up of the matriculation fees; additional fees that are received by the institutions as well.

OTHER BUSINESS

There being no further business, a motion to adjourn was entertained.

M/S (Terrell/Westerberg: To adjourn the meeting at 6:25 p.m. Motion PASSED unanimously.