

1. Agenda Approval

Changes or additions to the agenda

BOARD ACTION

A motion to approve the agenda as submitted

2. Minutes Approval

BOARD ACTION

A motion to approve the minutes from the February 25, 2011 Special Board Meeting, The April 1, 2011 Special Board meeting, the April 20-21, 2011 Regular Board meeting, the May 11, 2011 Special Board Meeting, and the May 18-19, 2011 Board Retreat, as submitted.

3. Rolling Calendar

BOARD ACTION

A motion to set May 16-17, 2012 as the date and Boise, Idaho as the location for the 2011 Board Retreat and to set June 20-21, 2012 as the date and the Eastern Idaho Technical College as the location for the June 2012 regularly scheduled Board meeting.



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

**DRAFT MINUTES
STATE BOARD OF EDUCATION
February 25, 2011
Special Teleconference Meeting
Boise, ID**

A special teleconference meeting of the State Board of Education was held February 25 2011. It originated from the Board office in Boise Idaho. Board President Richard Westerberg presided and called the meeting to order at 3:00 p.m. A roll call of members was taken.

Present:

Richard Westerberg, President
Don Soltman, Secretary
Emma Atchley
Milford Terrell

Ken Edmunds, Vice President
Paul Agidius
Rod Lewis
State Superintendent Tom Luna

PLANNING, POLICY AND GOVERNMENTAL AFFAIRS

Review and Discuss Existing and Potential Legislation Affecting Public Education

- ***HB0188 – State Lands, Lease, Business Sales – Fund Distributions***

M/S (Terrell/Soltman): To oppose HB 188. A roll call vote was taken; motion carried unanimously.

Board member Soltman introduced this item. Tracie Bent of the Board office provided background information. She introduced Kent Nelson from the University of Idaho and Kathy Opp of the Department of Lands to discuss additional details.

Board member Atchley asked for clarification as about this legislation. It was noted that the Department of Lands along with lobbyists for higher education have indicated this legislation is not a good one for the Board of Education to support. Kent Nelson pointed out that this legislation would inhibit the ability of the Land Board to maximize the return on this, and other land purchases, which is its constitutional mission.

Mr. Luna indicated that this legislation came about as a result of the Land Board purchasing property that included a for-profit business that will be operating under a government contract. It restricts the Land Board's ability to be involved with commercial properties. Mr. Terrell gave examples where the state is already involved in private sector business, including Correctional Industries.

Mr. Nelson explained that it is important for the Land Board be able to diversify its portfolio and holdings. This legislation would make it very difficult for the Land Board to be flexible. Another issue relates to the utilization of endowment land. He indicated that the Land Board does not intend to operate as a business, but there are business aspects of endowment lands. He introduced Kathy Opp to give more details.

Kathy Opp explained that there are differing opinions on this legislation and the issues it relates to. She indicated that the Department of Lands is not asking the Board of Education to lobby against the legislation, but it does want to keep the Board of Education informed.

Mr. Luna indicated that this legislation is probably an over-reaction to the fact that the storage unit and business were acquired at the same time. He suggested that this bill limits the Land Board's ability to purchase commercial property; that is justification for the Board of Education to oppose the legislation. Dr. Rush noted that he had spoken about this issue with the Governor. He indicated that the Governor recognizes that this is an unusual situation; and he does oppose this legislation.

- ***SB1111 – School Bus – Sale of Advertisements Authorized***

Tracie Bent explained that this legislation directs the Board to promulgate rules authorizing local Boards of Trustees to sell advertizing space on school buses. Should this legislation pass and be signed into Law, the Board can expect to see such rules coming through.

- ***SB1105 – Student Harassment/Bullying – Educational Effort***

Tracie Bent explained that this legislation strengthens Idaho's existing anti-bullying laws by ensuring that districts, schools, and school personnel have a role in preventing and intervening in bullying should it occur. Changes further define intimidation, harassment, and bullying. It also adds standard language relating to the commission of an infraction. This legislation indicates that a third offense would be a misdemeanor and provides the schools more tools for addressing repeat offenders.

Mr. Luna indicated that the Department of Education's concern with this legislation is that it waits until the third violation before raising the offense to the level of a misdemeanor. He noted this is in the amending order, so until it comes out of the amending order it would be premature to take a position on it at this time.

At this time the Board entertained a motion to go into Executive Session.

EXECUTIVE SESSION (Closed to the Public)

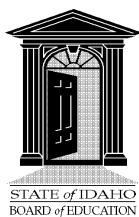
M/S (Edmunds/Agidius): To go into Executive Session at 3:20 p.m. to consider the following:

As Regents for the University of Idaho, to meet in executive session pursuant to Idaho Code Sections 67-2345(1)(b) to consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent. A roll call vote was taken; motion carried unanimously.

M/S (Agidius/Atchley): To go out of Executive Session and adjourn the meeting at 4:00

p.m. Motion carried unanimously.

While in Executive Session the Board, acting as Regents for the University of Idaho consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent.



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

**DRAFT MINUTES
STATE BOARD OF EDUCATION
April 1, 2011
Special Teleconference Meeting
Boise, ID**

A special teleconference meeting of the State Board of Education was held April 1, 2011. It originated from the Board office in Boise Idaho. Board President Richard Westerberg presided and called the meeting to order at 3:00 p.m. A roll call of members was taken.

Present:

Richard Westerberg, President
Don Soltman, Secretary
Emma Atchley

Ken Edmunds, Vice President
Rod Lewis
Tom Luna – joined at 3:05 p.m.

INSTRUCTION, RESEARCH & STUDENT AFFAIRS

1. University of Idaho – Approval of Full Proposal: Doctorate, Athletic Training

The Board moves to approve the request by the University of Idaho to create an advanced clinical doctorate in Athletic Training as set forth in the (attached) Full Proposal.

M/S (Atchley/Lewis):

Discussion:

Ken Edmunds stated that the rigor of the coursework may have some concerns. He also stated that this is a self funding program

Rod Lewis commented to Mr. Edmunds' point that one of the changes the Board thought was important was the requirement that the entry qualification be a master's degree either in the accredited entry level masters in athletic training or a post professional education counsel accredited master's degree in athletic training in a closely related field, or three years of professional athletic training experience. Mr. Lewis acknowledged that this was one of the important steps the University of Idaho had taken for this program and wanted to make sure everyone was aware of it.

Mr. Westerberg asked if anyone had additional questions or comments.

Ms. Atchley mentioned the university is planning on eliminating its bachelor's program in athletic training so as to concentrate on the graduate level and felt that move was wise because of the nature of the changes going on in the athletic training field.

Mr. Westerberg asked if there were any further questions or comments from the Board. Hearing none, Mr. Westerberg asked for a roll call vote on the motion.

The motion passed with a five-to-one vote. Mr. Westerberg voted nay on the motion, with all others voting in the affirmative. The motion was passed.

PLANNING, POLICY AND GOVERNMENTAL AFFAIRS

1. Review and Discuss Existing and Potential Legislation Affecting Public Education

Don Soltman deferred to staff on an update of the various legislative items.

Discussion:

Superintendent Tom Luna updated the Board briefly on public school reform status stating that the third and last piece of legislation had passed the House committee with a 12-6 vote and was recently approved today on the House floor at 44-26. He further stated the last of the three bills is heading to the governor's office for signature. Mr. Luna suggested the Board sit down together soon to review a future task force and likely workload as related to this legislation. Additionally Mr. Luna indicated the budget for the Department of Education was approved by both the House and the Senate and that JFAC had set the budget for K12 education and on Monday and it would be headed to the Senate.

President Westerberg asked if there were any questions for Mr. Luna. Hearing none, he asked Dr. Rush to proceed with further updates.

Mike Rush updated the Board on two items from JFAC. He indicated that the motion to increase public school funding by \$10 million which would have come from the Public School Cooperative Facilities Fund and a separate motion to increase Higher Ed funding by \$10 million which would have come from excess money in the Veterans Administration Account both failed in JFAC.

Dr. Rush informed the Board that the Joint Legislative Oversight Committee (JLOC) met yesterday. He indicated they are the committee who determines what kinds of interim studies the Office of Performance Evaluation will conduct. The JLOC committee has decided to conduct a study on equity funding for higher education.

Mr. Edmunds referred to the JLOC study as the "funding formula issue" and encouraged the Board members to take a leadership role in that study.

Dr. Rush informed the Board that House Bill 222 regarding firearms on campus failed in the Senate committee.

Dr. Rush updated the Board that the Appropriations bill for OSBE and Higher Ed has passed. He commented that the Higher Education Appropriations bill was structured differently than it had been in the past in that each of the four institutions in the college and university budget were broken out in the appropriations bill. In the past it has always been just a single appropriation for the State Board to distribute. Additionally, there is a new section IV which provides the Board

with exemptions from program transfer limitation which means essentially the state Board has unlimited transfers between the programs. In effect, the Board can move money amongst those categories at will.

Dr. Rush updated the Board on HB 328 which clarifies conditions and fees for public records requests. Dr. Rush indicated he felt the changes were reasonable

Dr. Rush updated the Board on HB 159 which allows the Board office to use the same contractors as its institutions and allows faculty to work in the Board office and to return to their institutions with a similar rank and tenure. He indicated it had passed the House and Senate unanimously after he was given an opportunity by Senator Goedde to explain to the legislators the bill in detail.

Dr. Rush discussed requests from Voc Rehab requesting the renal disease program be moved to Health and Welfare. Dr. Rush felt that the issue would move ahead based on the intent language.

Dr. Rush also mentioned a bill by Representative Wendy Jaquet to study the merger of Voc Rehab and the Commission for the Blind. The bill proposing the merger previously failed in the committee.

Dr. Rush indicated those items concluded the legislative update for the Board members.

President Westerberg asked if there was any further discussion regarding legislation. Hearing none, he asked if there was other business to be discussed. Staff indicated no further business.

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

M/S (Atchley/Luna): To adjourn at 3:17 p.m. Motion carried unanimously.



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

**DRAFT MINUTES
STATE BOARD OF EDUCATION
April 20-21, 2011
University of Idaho
Student Union Building, Ballroom
Moscow, ID**

A regularly scheduled meeting of the State Board of Education was held April 20-21, 2011 at the University of Idaho in Moscow, Idaho.

Present:

Richard Westerberg, President
Don Soltman, Secretary
Bill Gossling
Tom Luna, State Superintendent

Ken Edmunds, Vice President
Emma Atchley
Milford Terrell

Absent:

Rod Lewis

Wednesday, April 20, 2011

Board President Westerberg called the meeting to order at 9:00 a.m. He introduced the newly appointed Board member, Bill Gossling and welcomed him to the Board. Mr. Gossling took a few minutes to share about his background and experiences.

BOARDWORK

1. Agenda Review

M/S Edmunds/Soltman: To approve the agenda as printed. Motion carried unanimously.

2. Minutes Review

M/S (Edmunds/Atchley: To approve the minutes from the February 16-17, 2011 Regular Board meeting, and the March 11, 2011 Special Board meeting, as submitted. Motion carried unanimously.

3. Rolling Calendar

M/S (Edmunds/Atchley): To set April 18-21, 2012 as the date and the University of Idaho as the location for the April 2012 regularly scheduled Board meeting. Motion carried unanimously.

BUSINESS AFFAIRS AND HUMAN RESOURCES**Section II – Finance**

Board member Terrell introduced this item. He explained the Board would hear presentations from all the institutions prior to considering their recommendations and taking action.

Eastern Idaho Technical College (EITC)

Burton Waite, President of EITC introduced the new Vice President of Finance and Administration, Jim Stratton. President Waite referred the Board to the agenda materials related to EITC for their information. He noted that EITC is requesting a tuition/fee increase of 5% for full-time students and 4.7% for part-time students.

Mr. Waite indicated that the technology aspect of the operation of the institution is where the majority of the emphasis of the fee increase is directed. He explained that EITC is doing a number of things to control costs. It is working to be efficient with the plant facilities and identifying in each building the needs and the priorities for improvements and costs savings. Mr. Waite noted that EITC went through a restructure at the institution and downsized administration. The College is directing more resources towards instruction.

Mr. Waite explained that EITC is a technical college; it works with numerous advisory committees. Its placement rate is 90%. The College does a good job meeting the needs of the region by balancing employment needs, programs, and student placement. EITC is always concerned about fee increases and the impact on students. However, the reductions for state dollars as well as federal Perkins dollars will have significant impact on all the technical colleges in Idaho. EITC is concerned about how to manage those reductions. In order to continue and maintain their operation, EITC feels the fee increase it is recommending will allow the College to do that and also keep the cost of education at EITC reasonable.

Board member Terrell asked for clarification about the non-resident tuition. Mr. Waite explained that EITC has very few non-residents coming to their institution; students coming in from out-of-state pay the out-of-state rate. Mr. Waite explained that the non-resident tuition amount is paid in addition to paying the regular semester fee.

Board member Soltman asked about the scholarship pool available to entering freshmen. Mr. Waite noted that for the coming year it will be about \$300,000, which is down significantly from last year. He pointed out that last year scholarship funds included money from the Albertson Foundation.

Board member Atchley asked about the enrollment cap. Mr. Waite indicated it varies by program and sometimes it varies by year. Each program has an advisory committee which advises EITC about the current and changing job market. Enrollments are adjusted as much as possible to meet the job market needs.

Board President Westerberg how program caps will effect total enrollments in the coming year.

Mr. Waite indicated the College expects the enrollments to be about the same as the previous two years. Mr. Westerberg asked if the budget increase or fee increase includes salary increases. Mr. Waite emphasized it does not pointing out that there haven't been salary increases or bonuses for the last two years.

Mr. Terrell asked what happens to EITC if it goes past the flat rate in terms of enrollment. Mr. Waite indicated that the allocations will be the same as noted in the agenda materials. The PTE fees are used for instruction, for the students.

Mr. Waite concluded by asking the Board to support its recommendation to increase the fees at EITC.

Lewis-Clark State College (LCSC)

Dr. Tony Fernandez presented the request for LCSC. He introduced Trudy Alva, Chet Herbst, and Janelle McCoy to provide additional input. Dr. Fernandez indicated that LCSC is seeking a 7% fee increase.

Chet Herbst explained the rationale for LCSC's request. The College is asking for a 7% increase. The strategy is to recover a portion of the operating budget rather than asking for the full amount. This will help to sustain access for students with the most economic challenges. Mr. Herbst noted that LCSC has continued to make cuts in staff and services throughout the year to avoid significant new program cuts or stretch-outs.

Mr. Herbst pointed out that LCSC's objective is to maintain a current operational focus. He explained that because it is a small campus LCSC is able to provide a one-on-one attention to its students. He noted it has close to a 100% placement rate and generates both academic and PTE graduates.

To keep the operational tempo reasonably steady LCSC will have to dip into the already limited reserves to keep the lights on. The College is lean on staffing, lean on salaries, and lean on reserves. Mr. Herbst noted that LCSC has a higher dependence on appropriated dollars; it also has the lowest tuition rate of the four-year institutions. As a result, in times of financial hardship LCSC is more adversely affected than the other four-year institutions.

Mr. Herbst explained that funds are needed to meet the unfunded MCO requests: inflation, replacement capital, enrollment workload adjustment, and base reduction. To keep even, LCSC would need a fee increase of 18.9% to meet unfunded MCO request. What LCSC is actually asking for is 7%. One reason for keeping it at 7% is the concern about student access and affordability for those for who any increase is an economic hardship.

The challenge of the LCSC staff is to avert, avoid, delay or put off the impact of the lack of funds, including the maintenance of operations, facilities, etc. The institution is attempting to be fair about spreading out the impact so there is minimal damage and there is a balance in the pain. The goal is not to keep even or to expand, but to avoid significant harm to programs.

Mr. Herbst noted that LCSC continues to seek out grants, gifts, and other means to bring in funds. In terms of the impact of the 7% fee increase, LCSC assumes it will have a 0% increase in enrollment, no increase to student activity fees, estimated increased revenue of \$960K, and approximately 1% (about \$130,000) of the increase going to fund scholarships.

In terms of the impact on students, LCSC will still have the lowest tuition of the four four-year

institutions in the state. Its fees will remain below the averages for Idaho, the WICHE region, and the peer institutions around the country. Other costs at LCSC are being controlled as well, including housing, meal plans, textbooks, student health insurance, and parking.

Dr. Fernandez noted that LCSC is ranked as the most affordable four-year college/university in Idaho in the Lumina Report and it provides quality affordable education opportunities to the citizens of Idaho. If the Board does not grant this request, even drastic cuts will need to take place by LCSC which will be extremely detrimental to the institution and its students.

Board member Terrell asked about the athletic fees. Mr. Herbst indicated that no increase at all will take place in athletics or in any of the student activity fees. The enrollment growth helps take care of athletics.

Mr. Terrell raised a question about scholarships and LCSC's strategy. Dr. Fernandez indicated that a portion of the strategy has to be fee increases. If the trend continues the resources are going to have to come from fee increases as well as seeking funds from other sources such as grants, donations, gifts, and foundation funds. He pointed out that LCSC also understands it may need to continue to make cuts. He noted that should the economy improve, the College intends to try to roll back the fees and tuition.

Mr. Terrell asked about the flat enrollment estimate. Dr. Fernandez indicated that LCSC has been modest over the years in making the assumptions of what the enrollment increases would be. It is not justifiable to make large assumptions because past performance is no guarantee of future performance; He pointed out that LCSC is trying to be realistic.

Board President Westerberg referred to a chart provided in the Board materials outlining the trends of historical funding by the Legislature. He noted that there were a number of points to consider in terms of the end funding. He indicated he was doing a risk analysis in his mind and Mr. Herbst agreed that LCSC has also considered a number of the same things and the same risk factors. Mr. Herbst emphasized that LCSC does not want to go to the students to fill all the gaps. Mr. Westerberg asked if the enrollment projection by LCSC is realistic. Dr. Fernandez indicated it is.

Mr. Westerberg asked about needs-based scholarships. Dr. Fernandez explained about the make-up of the student body and how all the revenues are used. Janelle McCoy, Student Body President, pointed out that the students would like to see more merit based scholarships available because many LCSC students tend to fall into gaps in terms of scholarships based on need.

Ms. McCoy indicated that the students at LCSC understand that due to the lack of funding support from the government, it falls to the students to provide additional support. The students passed a resolution related to that understanding.

Mr. Westerberg asked about summer and part-time tuition increases and how to increase summer session participation. Dr. Fernandez indicated the College is looking at ways to accomplish that.

State Superintendent Luna asked about online learning and what LCSC is doing to stretch their education dollars. Dr. Fernandez explained that LCSC has secured funds over the past few years to increase the band width that comes to the College. Funds have also been secured in several districts for high schools to hook up to the network in the state. The College has also worked with UI to access equipment that will allow for live delivery of video courses. And as a

priority LCSC has increased its online participation to the point of evaluating how to manage online coursework with the face-to-face component. The PACE program is one of their most successful programs.

Mr. Luna asked about requiring students to take online or blended courses each semester to address financial issues. Dr. Fernandez indicated that LSCS has not done that because it is not necessary. Students are flocking to take online courses. Mr. Luna urged LCSC to make it a requirement. Dr. Fernandez noted that there are some classes that are only available online. Dr. Fernandez pointed out that because that is already happening, there would not be any additional cost savings at this time.

University of Idaho (UI)

Dr. Duane Nellis introduced Samantha Perez newly elected Student Body President, Steven Parrott outgoing Student Body President, along with Keith Ickes and Lloyd Mues.

Dr. Nellis noted that UI is trying to preserve things at the University. He explained that over the past decade there has been a fundamental change in the funding paradigm in Idaho, and nationally as well. As the amount of state funds has decreased, the amount of tuition/fee funding has increased. He noted that endowment funding has also decreased. Dr. Nellis noted that over the past decade, the purchasing power of students is down.

Dr. Nellis indicated that UI has addressed the funding situation by eliminating positions, closing programs, limiting hiring, reorganizing colleges, eliminating classes, and invested in energy savings to reduce future costs. The transformational changes include promoting entrepreneurial thinking to cut costs and raise revenues; increasing class and program efficiencies; expanding online and dual courses; refining interactive learning opportunities; revamping the financial aid program; restructuring research and economic development; overhauling recruiting and enrollment processes; and increasing community involvement.

Ms. Perez explained that one of the things the students will work on this year is evaluating the student activity fees to see if those activities actually benefit the students. Fees going to activities that are not beneficial will be redirected.

Dr. Nellis discussed the fiscal challenges UI is facing including reduction of state funding, increases in costs, the need to use reserves and bridge funds, and other unfunded state obligations. Dr. Nellis referred the Board to the current tuition and fee package.

Stephen Parrott discussed the proposed fee increase for this year. An 8.4% fee increase is proposed for resident students; the non-resident fee increase is 8%. The graduate fee proposed fee increase is 15%. The breakout of the student activity fee is \$5.26 per year per student. It is part of the tuition and fee package. The technology fee and the facility fees are not increased. Mr. Parrott explained that the proposal was taken to the open forum for students to allow them the opportunity to respond. He noted that there has been a very positive response; they would rather see an increase than to see things get cut.

Dr. Nellis indicated that if the fee increases are approved, UI's FY 12 tuition and fee rates still fall below the peer institutions fee and tuition rates. Dr. Nellis discussed how the fee increase will help UI meet the challenges. The internal budget cuts for FY 2012 based on the proposed fee increase will be \$1.8 million. UI is building for the future. The University continues to be highly ranked for what it offers: the return students have for their investment; the quality of the education opportunities it provides; and its reputation nationally. UI wants to preserve what it

has. This proposal has been thought through very carefully.

Steve Parrott thanked the Board for allowing them to attend the meeting. He pointed out that UI is very unique and has a great partnership between its students and administration. Administration has been open to listening to the students and their concerns. Ms. Perez mentioned the student approval for this proposal has been overwhelming. There were no major objections because the students understand that administration has been transparent, willing to work with the students, and to listen to their concerns.

Board member Terrell raised a point about the enrollment assumption. Dr. Nellis indicated that the funds that come in will be used as outlined in the proposal even if the enrollments are higher than estimated. Mr. Nellis added that UI is using a different approach to recruit new students.

Mr. Terrell asked for clarification on the Kibbie Center operations. Mr. Parrott pointed out the Kibbie Dome is the ASBU Kibbie Dome and used for many other events, classes, and activities in addition to athletics. Mr. Terrell asked why the Spirit Squad is funded with student activity fees and Mr. Parrott explained that the Spirit Squad helps with recruiting, and performs at other student activities beyond sporting events. Ms. Perez explained that UI does not fund the Spirit Squad fund so the students voted to fund them.

Mr. Terrell asked about UI's strategy if the economic situation continues. Dr. Nellis noted that the Board needs to look at the transformational activities and programs that UI has initiated because they could generate revenue and offset costs. UI hopes to increase the out-of-state enrollments as well to increase revenue through gifts, grants, and foundation support. Dr. Nellis noted UI will continue to do business differently. He expects there will be increasing costs such as deferred maintenance, utilities, technology and software etc. And, while UI is working with contractors and vendors to keep those costs under control, the needs won't go away. Also, there have not been salary raises for staff in nearly five years and there are serious consequences related to that as the University continues to lose staff to other states.

Board member Edmunds asked about the multiplier used for non-residents and Mr. Ickes noted that the basic fee package is charged to every student; then the non-resident fee package is added on top of that.

Mr. Edmunds asked about the direction all of the institutions are going noting there seems to be a lot of duplication. He suggested that there should be serious talk about whether growth is the right thing. In terms of the overall cost of education in the state, if there was a different approach with more focus on programs and less focus on growth, there could be significant costs savings.

Ms. Atchley asked about the online courses offered at UI and whether an online course offered by one institution can be transferred to another institution in the state. Dr. Nellis noted that there is complete transparency, and transferability isn't an issue. However, there are some for-profit institutions where it is an issue. In terms of costs savings, Dr. Nellis noted that there is such a range of online courses and such a variety in the types and requirements, online learning does not always guarantee that there will be a cost savings. It varies significantly depending on the subject matter, the design of the course, the enrollment in the course, the teaching staff, the assessment, etc. Provost Baker noted that there is confusion when the term online is used; it is good for some courses, and not good for others. Online learning is not watching a video. A lot of active teaching is required and so there is cost factor there.

Board President Westerberg expressed his appreciation in having the students involved in the decisions and the Board presentation. He asked about the use of student tuition to fill the gaps.

Dr. Nellis explained that UI used \$4.2 million of its reserves this past year to fill in the gaps. It hopes to make up some of the loss of those reserves funds so they won't drop too much lower.

Mr. Westerberg asked about ways to increase summer enrollments and summer rates. Provost Baker indicated that UI doesn't believe price is the lever because it is already pretty low; so it is looking at place, price, and promotion. It is also looking at distance education as well in terms of summer courses.

Board member Terrell raised a point about the institutions going to self-funding of athletics. Steve Parrott noted that there would be immediate concerns for the students if that were the case. Currently, students benefit significantly from athletics. If the funds go away, students would have to begin to bear more of the cost in order to attend events. Also, the additional uses that students are able to take advantage of within the athletic department are important.

Mr. Edmunds returned to the idea of revenue streams and costs streams; on the student side there are costs streams and grant/financial aid streams. Some of those grant/financial streams are drying up or diminishing significantly for students. The bottom line is how do students afford to go to school? The debt load when students come out of school is a serious issue. Mr. Ickes indicated that UI will have a research project underway to study this issue.

Mr. Luna asked if UI has looked at BYU-Idaho's three semester system. Students are assigned which two semesters of the three they can attend; there is no summer school option. Provost Baker indicated UI has looked at this; but traditionally their students go home and work in the summer. Dr. Baker indicated UI may not have the same flexibility as BYU-Idaho in telling students they can only take two semesters when there are three semesters available.

Boise State University (BSU)

President Bob Kustra introduced Stacy Pearson, Vice President of Finance and Administration, Brandie Van Order, newly elected Student Body President, and Emily Walton, Secretary of ASBU external communications, Chris Rosenbaum, Director of Budget, Martin Schimpf, Interim Provost.

Dr. Kustra agreed that BSU, like the other institutions, are struggling with the new normal. He noted that the reduction in the appropriation is not the only problem; but also the lack of recognition on the part of the Legislature that significant numbers of students are coming to BSU and the Legislature refusing to provide funding for BSU to enroll them. He also noted that BSU's strategic plan was written at a time when the economy was better; it needs to be updated to reflect the current situation and trend. Dr. Kustra pointed out that BSU can no longer expect to be a research institution in all areas; it can no longer think about offering graduate degrees or doctorates in all areas. The expenses these kinds of programs incur make it impossible to fund them. The technology needs in the Valley requires BSU to focus more on science and engineering because the technology demand is where the greatest need is now.

BSU knows its area of emphasis is changing. BSU is looking at teaching loads and class size; class size is growing all across the campus. BSU has over a 1000 online courses and that number will continue to grow. It is impossible to say whether BSU has saved money with online courses because of the up front investment and set-up costs. Dr. Kustra noted that if a graduate degree program is offered elsewhere in the region it may be that BSU does not have to continue to offering those courses or programs any more. He suggested that it will take a chancellor-like system on the part of the Board that willingly imposes upon the institutions some of the recommendations that have been suggested.

Dr. Kustra mentioned the tuition costs and the price. He suggested that higher education does not price its product realistically. The institutions must determine actual costs and what it takes to do something; and the Board must agree to help meet the costs. Currently, there are no differential costs between programs, and no difference in what a freshman/sophomore pays compared to a junior/senior. He suggested that perhaps there ought to be because the upper level courses are more expensive to deliver. Dr. Kustra shared that another way to look at solving the financial crisis is to decide which institutions will recruit and enroll the bulk of non-resident students and which ones should focus more on resident students.

Dr. Kustra noted that BSU is asking for a 5% increase across the board. He emphasized that it really is not fair to put more of a burden on the students. He shared that it is wrong-thinking on the part of the Legislature that higher education always has tuition and fees to fall back on. Higher education in Idaho is on the bottom of the pile in terms of the budget approval process undertaken by our state government. Dr. Kustra suggested that Idaho needs to go back to the basics. It needs to look at the funding mode and needs to look at the base-plus model.

Stacy Pearson discussed the particulars of what BSU is requesting. The part-time increase is 3%; the resident undergraduate proposal is 5%. The increase is needed to address the enrollment increases, to off-set the lack of funding from the state government, and the detrimental impact of the holdbacks over the year. BSU had a 40% increase in applications in new and transfer students. BSU plans to stay with its core principles and identify efficiencies, reorganize functions, reduce administrative effort, and continue to review the academic offerings and requirements including class size, curriculum, and course delivery model.

Ms. Pearson noted that even though BSU budgeted for a 2% enrollment growth in FY 2011, it actually had closer to a 5.6% enrollment growth; it may see a 3-4% enrollment growth this year. The revenue is targeted to mitigate the state budget reduction for FY 2012 and the total unfunded enrollment workload adjustment, and to partially fund the needs and services related to enrollment growth.

The alternative calendar is under review at BSU. Online learning will continue with students taking at least one online course. Alternative schedules such as evenings and weekends are even more popular to take advantage of the physical plant. The summer and inter-session programs have seen increasing enrollments as well. BSU was listed by U.S. News and World Reports as among the top colleges and universities for its innovated and promising efforts.

Brandie Van Order spoke about the process of the fee request and noted that the students were fully involved. The students actually proposed a larger increase, but Dr. Kustra determined to come in at a lower number. Ms. Van Order said students want to obtain a quality education and degree. They don't like to see the burden increase; but, they recognize the need to meet the costs.

Emily Walton noted that BSU needs to receive a more equitable distribution of the state funds that are available. Right now that is not the case. It has the largest number of students of all the other universities and colleges. Students value their education and so they are in agreement with the increase.

Board member Terrell asked for clarification on how the funds that came to BSU as a result of the unanticipated enrollment were used. Ms. Pearson explained that when BSU does its budgeting process, they do it by priority. It is based on an estimated enrollment and tuition growth. If the actual enrollment is higher than estimated, the funds are looked at in terms of the

priorities on the lists. For the most part BSU waits to see what the actual annual amount will be. In this case, some of these one-time funds were moved into other areas, but not outside the educational needs. It did not go towards athletics.

Mr. Terrell asked how BSU feels about taking away state funding from athletics. Ms. Pearson noted that currently the budget that goes to athletics is a little more than 2%. It is used primarily to hire coaches. When the student fees are added into that, there is not a lot of opposition to that because the students do benefit from the athletic programs and events. She pointed out that the institutions are limited by Board policy as to what they can put towards athletics, and there are requirements that are mandated by the federal government that must be taken into consideration as well.

Ms. Pearson pointed out that the athletic programs, activities, and events benefit to the university, the students, and the community. They are an entity of the university. Ms. Pearson noted that the challenge is take a long-term view because athletics does bring returns to the institutions. Ms. Van Order noted that students would not agree with zero support for athletics. It is something the students enjoy; they benefit from it. It's part of their community and it would be disappointing to have it go away. She is confident that the students would be interested in looking at the costs involved and how or where there could be cuts.

Dr. Kustra indicated that he could live with a State Board decision to remove funding support from athletics even though it would place a greater burden on the institutions to find the funds elsewhere. However, the Board should be aware that such a move would hand over to the donors more control over athletics than they should. In removing the one mechanism that puts some safe-guards and oversight around to the programs, the Board would open up a can a worms. Dr. Kustra pointed out that you can see evidence of those very types of problems in other universities throughout the country where the donors exert influence, call the shots, and place the athletic directors in a position where they have to placate the donors to a huge degree.

Board member Soltman asked about the impact of ongoing costs and how are those costs addressed. Ms. Pearson noted that is always a concern and it is a long-term process in terms of planning. BSU still needs the academic space and the campus master plan is in the process of being updated. Dr. Kustra explained that he has lobbied the Legislature for occupancy costs funding the last eight years. He understands that it really is the responsibility of the institution to run the buildings they build, unless they are state mandated buildings. He noted that BSU continues to build occupancy costs it into its budget.

Board member Atchley asked about the number of students taking full-time credit load and how that works into their thoughts about the cost of education. Ms. Pearson indicated it is a large portion. Also, there is an increase in the number of students taking credit hours. BSU will get those numbers to Ms. Atchley. Ms. Atchley asked how funding relates to the graduation rate. Ms. Pearson said enrollment workload adjustment is used to get the students into the door and into the classroom. New money helps BSU move further towards increasing the graduation rates.

Mr. Luna raised a question about state stimulus dollars. Ms. Pearson noted that BSU received 4.3 million one year and 1.3 million the next, but those were one-time funds to help get BSU through the reductions. Board member Soltman asked if BSU has been using its reserves. Ms. Pearson indicated that was the case, particularly this year. Board member Edmunds clarified that BSU is projecting to operate at a deficit and part of that will be from reserves. Ms. Pearson noted that BSU will probably draw about 2.8 million from reserves. It could do used its reserves for part of its funding for a few years; but the hope is not to do that too many more years.

Board member Westerberg agreed with Dr. Kustra about the point of funding education based on the actual costs. He also suggested that BSU may be one of the universities that could operate like BYU-Idaho and force students into the three semester system.

Idaho State University (ISU)

Jim Fletcher, the Financial Vice President, and Barbara Adamcik, the Interim Provost of Idaho State University, presented the fee/tuition request for ISU. Dr. Vailas was unable to attend the Board meeting for personal reasons. Student body officers Cassy Yanke, current ASISU President, and Shawn Stokes, newly elected ASISU President, were also introduced. Mr. Fletcher explained the process that ISU used in both the ISU budget development and fee setting processes. He noted there will be a new budget consultation council with elected members as a tool to optimize budget decisions.

Cassy Yanke explained that ASISU understands the reasoning for the increases. She noted that an open forum was held at ISU and also at the Idaho Falls campus to gather input and recommendations. The general understanding of the students is that the increase is needed to maintain and grow the University. She thanked President Vailas and the ISU administration for their efforts to offset the tuition increase by providing opportunities for students related to career guidance and employment opportunities.

Shawn Stokes indicated that his goal is to make sure ASISU is transparent to the students. One way to accomplish this is through the representation they have on the various councils, particularly the budget council. He noted that students do have a say in the many different aspects of campus life and decision making.

Mr. Fletcher discussed the process for determining tuition and fee increases. There was agreement that as the institution decided to make budget cuts and reductions, there would be reductions in the percentage increase of the fees and tuition recommendations. They call this process linkage. Mr. Fletcher noted that there are many factors that were taken into consideration, among them the aging infrastructure of the campus, the services that need to be provided, and reduction in state funds.

Improvements to the infrastructure, enhanced services, improvement to the emergency notification system, upgrades to the campus student equipment, online registration including online financial aid processes all took place in FY 2011. Also the transcript request system is now entirely online, as is the ability to run quarterly financial statements online. Enhancements to these services and others will continue to take place in FY 2012.

Mr. Fletcher noted that the changing financial picture and the new normal in terms of funding sources has required the University to continue looking at ways to meet the challenges with new approaches. They are proposing a 7% increase for resident full-time students; and, and increase of 6.2% increase in part-time credit hour fees. This posture is what is required to put ISU where it needs to be. ISU sees itself as still competitively priced against its peers.

ISU looks at what the net price is when all things are considered. The uncertainties related to decreases in federal financial aid is going to have a serious impact, but just what that will be is not known. One of the strategies ISU has taken to offset the reductions to financial aid is the Career Path Intern program for students.

Looking beyond this, the overall budget challenge to be address includes the legislative base

budget reduction, loss of federal stimulus funds, and unfunded other needs. This need would be addressed with the 7% fee and tuition increase. ISU is also planning for over two million in budget reductions. One of the restructuring challenges that was undertaken had to do with the lack of a focused recruiting function. That has been addressed with the addition of a recruiting function with very active recruiters working all throughout Idaho as well as in a number of states and also internationally. It is hoped that this will produce enrollment increases.

Mr. Fletcher shared a number of transformation changes that are underway at ISU to change how decisions are made and operations are managed. Some of these include implementation of a new unified University Policies and Procedures Manual, continued strategic balance of staffing and enrollment, and increases in professional fees. FY 2012 budget priorities focus on balance and not putting the burden on the students. Budget reductions allowed for bringing that down. ISU will maintain and enhance student services, preserve the core faculty, and avoid layoffs and furloughs. ISU is not spending anything out of its reserves.

ISU is trying to address key points of stress on affordability. The Career Path Internship (CPI) program is one of those points. It enhances the educational experience that a student has. The CPI program is strongly supported by the faculty, staff, and students. The FY 2012 budget proposes a funding increase for the CPI program. It has already been noted that it will offset some of the significant cuts coming in financial aid.

Mr. Fletcher explained that all of this is taking place in the context of declining public support for public education. The institutions need to plan on how they will survive the transition. ISU's strategic plan will include a major strategic budget initiative to position ISU next year to see what actions can be taken next year outside of normal. The deans will consider how they will strategically position themselves for further reductions over the next 5 years. On the plus side, the institution wants the deans to also look at how they can fund significant unmet University needs. There will also be continued focus on fund raising, goal setting, monitoring levels which will drive additional increases.

Board member Terrell asked about the headcount over the past few years where there have been decreases a number of times. Mr. Fletcher indicated that last year's decrease had to do with the state's reclassification. Mr. Terrell asked for clarification about student tuition and intercollegiate athletics. Mr. Fletcher noted that Mr. Terrell was looking at the yearly numbers and he was talking about the semester numbers.

Mr. Fletcher noted that if there is more money coming in than anticipated, it will go to education. If there are more applications, how can there be a flat rate estimated for headcount. Mr. Fletcher explained that there are three pools they are seeing in applications. The international applications are up significantly. The others are out-of-state, but domestic. The largest number is still in-state. When ISU tries to get to the enrollment number, there is always a fall-out between the number of applications and the numbers of enrollments.

Board member Edmunds asked about the updated 2011 enrollment numbers. Mr. Fletcher indicated that ISU's budget assumption was to hold it flat. He explained that the part-time enrollments are up and the non-resident enrollments are up. The flatness of the FTE is strictly full-time enrollment. The prediction is based on the fact that the mix has changed. Related to the applications on a weighted basis, ISU believes it will be up slightly.

Mr. Luna asked if ISU factored in the stimulus dollars when it showed the cuts. Mr. Fletcher indicated they had not. They received about the same amount as BSU.

Mr. Edmunds wondered about the trend of international applications. ISU is strong in its confidence because of last year. There is a tremendous increase in responses, inquiries, and the work of alumni nationally and internationally to recruit higher numbers.

Board President Westerberg asked about the use of reserves. Mr. Fletcher indicated that ISU's decision not to use reserves resolves around philosophical grounds and situational standings of the institution. ISU has been low on reserves in the past and it does not want to go back to that position. It proved detrimental in years past; it doesn't want to target the reserves as a source of funds; rather they want to increase the reserve funds. The plan to increase reserve funds will be made by the budget consultation committee.

Board member Atchley asked about the amounts spent on instruction versus administration over a ten-year period. She noted that ISU's administration numbers appear to have increased more than the instruction numbers. Mr. Fletcher suggested that may be due to a mistake in the way the funds were identified. He will check on that and let Ms. Atchley know.

Board member Terrell thanked the presenters. At this time Mr. Terrell asked for a short break to work on the motions prior to making them.

Student Tuition and Fee Rates (Academic Year 2011 – 2012)

Overview

M/S (Terrell/Soltman): To waive Board policy III.T.3.c., with respect to the student activity fee for athletics, to allow the institutions to change the student fee for the athletic programs at a rate that is not more than the rate of change of the total student activity fees. Motion carried unanimously.

Idaho State University – Student Tuition and Fee Rates (Academic Year 2011 – 2012)

M/S (Terrell/Soltman): To approve the annual full-time resident student fee rates for FY 2012 for Idaho State University at an overall increase of 7%, to include tuition, facility, technology, and activity fees for a total dollar amount of \$5,796; and to approve the annual fulltime student fee rate for nonresident tuition of 7 % for a total dollar amount of \$11,236. Motion carried 6-1 (Edmunds voted Nay).

M/S (Terrell/Atchley): To approve all other fees for FY 2012 for Idaho State University as contained in the Idaho State University Fees motion sheet which will be made part of the written minutes. Motion carried unanimously.

Boise State University – Student Tuition and Fee Rates (Academic Year 2011 – 2012)

M/S (Terrell/Edmunds): To approve the annual full-time resident student fee rates for FY 2012 for Boise State University at an overall increase of 5%, to include tuition, facility, technology, and activity fees for a total dollar amount of \$5,566; and to approve the annual fulltime student fee rate for nonresident tuition of 10% for a total dollar amount of \$10,400. Motion carried unanimously.

M/S (Terrell/Atchley): To approve all other fees for FY 2012 for Boise State University as contained in the Boise State University Fees motion sheet which will be made part of the written minutes. Motion carried unanimously.

Lewis-Clark State College – Student Tuition and Fee Rates (Academic Year 2011 – 2012)

M/S (Terrell/Soltman): To approve the annual full-time resident student fee rates for FY 2012 for Lewis- Clark State College at an overall increase of 7%, to include tuition, facility, technology, and activity fees for a total dollar amount of \$5,348; and to approve the annual full-time student fee rate for nonresident tuition of 7% for a total dollar amount of \$9,532. Motion carried 6-1 (Edmunds voted Nay).

M/S (Terrell/Soltman): To approve all other fees for FY 2012 for Lewis-Clark State College as contained in the Lewis-Clark State College Fees motion sheet which will be made part of the written minutes. Motion carried unanimously.

Eastern Idaho Technical College – Student Tuition and Fee Rates (Academic Year 2011 – 2012)

M/S (Terrell/Edmunds): To approve the annual full-time resident student fee rates for FY 2012 for Eastern Idaho Technical College at an overall increase of 5%, to include professional-technical education, technology, and activity fees for a total dollar amount of \$1,932; and to approve the annual full-time student fee rate for nonresident tuition of 5% for a total dollar amount of \$5,146. Motion carried unanimously.

M/S (Terrell/Atchley): To approve all other fees for FY 2012 for Eastern Idaho Technical College as contained in the Eastern Idaho Technical College Fees motion sheet which will be made part of the written minutes. Motion carried unanimously.

University of Idaho – Student Tuition and Fee Rates (Academic Year 2011 – 2012)

M/S (Terrell/Soltman): To approve the annual full-time resident student fee rates for FY 2012 for University of Idaho at an overall increase of 8.4%, to include tuition, facility, technology, and activity fees for a total dollar amount of \$5,856; and to approve the annual full-time student fee rate for nonresident tuition of 8% for a total dollar amount of \$12,520. Motion carried 6 – 1 (Edmunds voted Nay).

M/S (Terrell/Soltman): To approve all other fees for FY 2012 for University of Idaho as contained in the University of Idaho Fees motion sheet which will be made part of the written minutes. Motion carried unanimously.

Board President Westerberg thanked the institutions for their presentation. Bill Gossling asked that the Board thank the student leaders for their participation and involvement by drafting a letter to them to that effect. They were a key component in the decisions today. Board President Westerberg agreed and directed the Board staff to do so.

CONSENT AGENDA

M/S (Edmunds/Luna): To approve the Consent Agenda as posted. Motion carried unanimously.

1. Boise State University – New Positions and Changes to Positions

By unanimous consent, the Board agreed to approve the request by Boise State University for sixteen (16) new positions (16.0 FTE) and increase in term two (2) positions

(2.0 FTE), supported by appropriated and local funds.

2. Idaho State University – New Positions

By unanimous consent, the Board approved the request by Idaho State University for two (2) new positions (2.0 FTE), supported by state and grant funding.

3. University of Idaho – New Positions and Changes to Positions

By unanimous consent, the Board approved the request by the University of Idaho to create one (1) new position (1.0 FTE) and reactivate two (2) positions (2.0 FTE), supported by appropriated and non-appropriated funds.

4. Alcohol Permits Issued by University Presidents

By unanimous consent, the Board accepted the report as submitted.

DEPARTMENT OF EDUCATION

1. Superintendent's Update – moved to end of this agenda

2. Correction to School District Boundaries

Mr. Luna introduced this item. He noted that the Idaho Tax Commission had reviewed boundaries over the last year and found errors in the legal description on a number of them. This action item serves to approve the necessary corrections in the legal description. Board member Terrell asked if the districts are aware of the boundary corrections. Mr. Luna explained this is a correction in the paperwork and will not be a surprise to any of them. It is a correction to verbiage so that it matches the facts. Board member Terrell said he will vote with the stipulation that nobody is displaced.

Board President Westerberg indicated his understanding is to make sure that the written legal description conforms to the description on the ground.

M/S (Luna/Soltman): To approve the corrected boundary legal description for the districts as follows: the Bruneau-Grand View Joint School District, the Buhl Joint School District, the Castleford Joint School District, the Hagerman Joint School District, the Horseshoe Bend School District, the McCall-Donnelly Joint School District, the Moscow School District, the Mountain View School District, the Mullan School District, the Nezperce Joint School District, the Oneida County School District, the Orofino Joint School District, the Teton County School District, and the Wallace School District. Motion carried unanimously.

3. Alteration of School District Boundaries – Jefferson Joint School District #251/Madison School District #321

M/S (Luna/Gossling): To accept the findings and conclusions in the recommended order issued by the hearing officer and to approve the excision and annexation of property from the Jefferson Joint School District to the Madison School District. Motion carried 6-1 (Ms. Atchley voted Nay).

Mr. Luna presented this item. He noted it was brought to the Board previously. It went to the voters, but was not approved at that time. It is coming back to the Board again for consideration.

Mr. Luna explained that the hearing officer made the recommendation that there is justification to approve the request for annexation of property from the Jefferson Joint School District to the Madison School District. If the Board approves this motion, it will go back before the voters to decide.

Board member Atchley noted this situation was being returned to the Board after a very short turn-around time. She suggested that the Board should have stricter rules on how soon such items can be returned to the Board.

4. Appointments to Professional Standards Commission

M/S (Luna/Soltman): To approve Nick Smith as a member of the Professional Standards Commission for a term of three years, effective July 1, 2011 through June 30, 2014, representing the Idaho Department of Education. Motion carried unanimously.

M/S (Luna/Atchley): To approve Dan Sakota as a member of the Professional Standards Commission for a term of three years, effective July 1, 2011 through June 30, 2014, representing secondary classroom teachers. Motion carried unanimously.

5. George Fox University Boise Center – Proposed MAT Plus Online Teaching Endorsement Program

M/S (Luna/Edmunds): To accept the Professional Standards Commission recommendation to conditionally approve the MAT Plus Online Teaching Endorsement program offered through the George Fox University Boise Center. Motion carried 5-2 (Mr. Mr. Terrell and Gossling voted Nay).

Board member Edmunds noted that George Fox University falls under higher education and expressed concern as to how these requests are processed. It is his understanding that issues related to higher education usually go before CAAP before coming to the Board. Board member Edmunds invited Dr. Mantle-Bromley, Dean of College of Education at UI and Provost Baker of UI to speak to this.

Dr. Baker indicated his concern isn't with the proposal, but rather the communication gap. Normally, CAAP is made aware of higher education items, but that wasn't so in this case. Dr. Mantle-Bromley explained that the standard practice for teaching endorsements/programs is to have them go to the Professional Standards Commission (PSC) to make sure the endorsements/program meets the standards. She explained that three university deans sit on the Commission; two public and one private. They are responsible to make sure the information gets back to the institutions and to CAAP. Dr. Mantle-Bromley noted that the loop needs to be formalized to make sure it happens. She noted that George Fox has been forthcoming in addressing this gap. Board member Edmunds agreed that the Professional Standards Commission did do their job. The question is how to do a better job to make sure all the provosts are informed as well.

Board member Atchley asked why this came through the Department of Education. Mr. Luna noted that the PSC is staffed by, and part of, the Department of Education. All of these policies and programs come through the PSC for their consideration and recommendation. He noted that almost anything that deals with teacher certification and endorsement goes through the

Department of Education.

Mr. Luna clarified that higher education has three or four seats on the PSC. The expectation is that the members of the PSC are communicating the information back to their representative groups. He suggested that maybe there needs to be a conversation at the PSC level about making sure that happens. Board member Edmunds noted that the reason he brought it up is because he saw an information gap and thought there needed to be a way to address that gap. He is not opposed to this item.

Board member Gossling suggested that this motion be defeated in order to allow the university presidents take the lead on this.

1. Superintendent's Report

Mr. Luna reported to the Board on Students Come First. He provided an overview of the specifics on what became law and what will be driving the K-12 education system in Idaho. He reminded the Board members that Idaho has cut or shifted over \$200 million of the public K-12 schools budget over the past two years. Not only was education considerably cut; it tapped into over \$200 million in one-time money to help meet the need and minimize cuts to the current system.

Mr. Luna noted it is important to put this into perspective because it has been suggested by some that if the new laws had not been put into place and everything stayed the same, everything would be fine. Mr. Luna indicated that something had to be done and there were three options to consider: continue to cut the current system; raise taxes to fund the current system; or change the system. It was decided the best option was to change the current system.

Regarding student achievement, specific areas have seen success through efforts such as the Idaho Reading Initiative, the Idaho Math Initiative, and the ISAT Remediation program. The Department of Education recognizes there is still a long way to go. The goal of Students Come First is to educate more students, at a higher level, with limited resources. The three pillars of Students Come First are: 21st Century classrooms; great teachers and leaders; and transparent accountability.

Board President Westerberg reminded the Board that the legislation passed this session allows the Department of Education to put together a task force to study the implementation of online courses. Mr. Luna indicated the task force will have 27 members. The task force will craft an implementation plan for the one-to-one technology. Mr. Luna noted that the Board of Education will have the responsibility to decide what the online credit requirement will be.

In discussing how the Board should do that Mr. Luna pointed out that the Board could recommend a number, but it needs to keep in mind that there is a standard to measure against: to have an effective and efficient education system. He suggested that working backwards from that point to decide how online courses help meet that goal is one approach the Board could consider taking.

Mr. Edmunds suggested that this is a big piece of education reform which will require substantial work. The concern is that rules are required to be promulgated so the Board needs to have something ready by August. Mr. Luna pointed out that if the Board focuses on what the law requires it is manageable. He suggested focusing on the evidence that is already there.

Mr. Westerberg noted that his concern is about dividing the issue and duplicating effort. He wondered if it would make more sense to keep the effort with the task force and have it make a recommendation. Mr. Luna explained that the Board's responsibility is to set graduation requirements. Mr. Luna also pointed out that because he is also the chair of the task force, it could be perceived as being a done-deal. So it is important to keep the two issues separate and not turn it over to the task force.

Mr. Westerberg asked how the Board wants to proceed with this. Ms. Atchley noted that the Board has to approach this in a practical manner. If it sets a minimum requirement that does not preclude students from taking more online courses, the limit can be at the lower end to start, with the understanding that it can be increased later on if necessary.

Board member Terrell said he views this as the Board's responsibility to do a small job, agreeing it might be perceived as bigger than it really is. He suggested that SDE staff need to meet with Board staff to clarify what the task is so that they can bring it to the Board with more clarity. Then, the Board can take the next steps.

Board member Gossling agreed with Mr. Edmunds that the Board needs to take an integrated systems approach. He suggested that the Board should consider what this does to the K-12 through higher education system. He encouraged the Board to look at the long-term goals of what it wants to achieve. He suggested that the key is to develop the standard and work backwards from there.

Ms. Atchley noted that a lot of the work has already been done through the legislation and what the Department of Education has already done; it is encased in law. She questioned whether the Board needed to revisit the work of other experts who have already studied the issues, researched the facts, and concluded that online learning is effective. She agreed with the analogy that education is a system; but it seems that a lot of that has been determined and put into law already by the Department of Education.

Mr. Gossling asked if online courses are designed to develop a citizen, a student with technology capabilities, or a student that is able to move on to further studies or a career. Mr. Luna read from the legislation to help clarify the points being discussed. He noted that the local level will require what courses will be taken; and a number of decisions at the local level will be factored into that. He explained that the Board just needs to set the number; the task force determines the plan for implementation.

Mr. Soltman pointed out that Provost Baker had previously discussed the Center for Online Education and the University of Idaho. He suggested his input would be helpful. Dr. Baker indicated all the universities would be glad to provide input in any way that is helpful.

Board President Westerberg returned to Mr. Terrell's suggestion that the Board direct the Board staff to put a process in place for the Board as the starting place. Mr. Westerberg requested the Board staff to follow up on that directive. He also noted that there will be a special Board meeting to discuss the proposal.

Mr. Luna provided the Board with handouts with additional information related to this item.

ELECTION OF OFFICERS FOR THE STATE BOARD OF EDUCATION

M/S (Terrell/Atchley): To appoint Richard Westerberg as President of the Board of

Education for the coming term. Motion carried 6-0 (Mr. Westerberg did not vote).

M/S (Soltman/Atchley): To appoint Ken Edmunds as the Vice President of the Board for the coming term. Motion carried 6-0 (Mr. Edmunds did not vote).

M/S (Terrell/Westerberg): To appoint Don Soltman as the Secretary for the Board for the coming term. Motion carried 6-0 (Mr. Soltman did not vote).

EXECUTIVE SESSION

M/S (Edmunds/Gossling): To go into Executive Session at 5:25 p.m. to consider:

- **Tab 1. As Trustees for Boise State University, pursuant to Idaho Code 67-2345(1)(d), to consider documents that are exempt from disclosure as provided in chapter 3, Title 9, Idaho Code.**
- **Tab 2. As Trustees for Idaho State University, pursuant to Idaho Code 67-2345(1)(c) for deliberations to acquire an interest in real property which is not owned by a public agency.**

A roll call vote was taken; motion carried unanimously.

During Executive Session the Board considered the following: as Trustees for Boise State University, documents that are exempt from disclosure as provided in chapter 3, Title 9, Idaho Code; and, as Trustees for Idaho State University, acquiring an interest in real property which is not owned by a public agency.

M/S (Terrell/Soltman): To go out of Executive Session at 6:00 p.m. and adjourn for the evening. Motion carried unanimously.

Thursday, April 21, 2011

The Board reconvened on April 21, 2011. Board President called the meeting to order at 8:30 a.m. He took time to make comments related to activities, accomplishments, and achievements in the educational community over the past several months including programming awards nominations for Idaho Public Television. Mr. Westerberg then recognized former Board member, Paul Agidius whose term recently ended. He noted that Mr. Agidius served on the Board for ten years and was part of many important decisions, initiatives, and efforts during that time. Mr. Westerberg thanked Mr. Agidius for his commitment, his leadership, his friendship, and his wise counsel throughout the years. Mr. Agidius thanked the audience and the Board members. He noted that his time with the Board was memorable, and he appreciated the opportunity to serve during his tenure with the Board.

By unanimous consent, the Board agreed to include discussion of the process related to online learning at the end of the PPGAC agenda.

PLANNING, POLICY, AND GOVERNMENTAL AFFAIRS

1. University of Idaho Annual Report

Dr. Duane Nellis reported on the progress of the University of Idaho over the past year. He welcomed the Board to Moscow. Dr. Nellis discussed the mission of UI as a land grant research university. The priority is to ensure student success through quality education. UI has made great strides to achieve this through transformational teaching and learning, preparation,

outreach and engagement, and purposeful growth. The new strategic plan for 2011 through 2015 includes a formal strategic planning committee which will continually review the plan and progress.

Dr. Nellis noted achievements including increasing graduate enrollment, extending recruitment initiatives, and an emphasis on programs related to community and culture. They've adopted an enrollment and recruitment plan that extends beyond the Moscow campus. Over the past two years UI has seen the largest freshmen enrollments; one third of them are the first in their families to attend college. They have 81 national merit scholars. As far as retention rates, 81% of freshmen are returning.

UI has many physical locations statewide and it continues to build for tomorrow. The facilities, the research enterprise, and the campus improvements have been addressed in spite of the financial constraints. UI is in the midst of a capital campaign; it will go public with it in 2012. The campaign focuses on students, faculty, programs, and facilities.

Dr. Nellis shared about the Polya Math Learning Center which gives students structure and an appropriate delivery model to maximize success. It is a national model. Dr. Nellis discussed the UI research enterprise. He noted that the total amount of awards received in FY 2011 have benefited the University and its students during difficult economic times. UI has transformative programs related to economic development underway including the University Economic Development Council and the Laboratory for Applied Science Research. Idaho businesses have sponsored a number of startup efforts as well.

UI is a leader in partnering with other businesses and institutions. The Center for Advanced Energy Studies in Idaho Falls (CAES) is one example and INBRE (the Idea Network) is another. UI has educational partnerships with WSU, BSU, and BYU-Idaho. Outreach and engagement are part of the mission of UI as a land grant university. Extension programs have earned national recognition. Budget line items that support key programs were mentioned.

Board member Soltman thanked Dr. Nellis for his report.

2. Presidents' Council Report

Burton Waite, President of EITC, presented the Presidents' Council report on behalf of the institutions. He referred to the written report in the Board agenda materials. He briefly highlighted results of the April meeting noting that Lt. Governor Brad Little met with the Presidents. In addition, there was a report on the legislative items that passed this session that will affect higher education. Mr. Waite thanked the Board for its support during the legislative session.

Dr. Kustra asked for time to discuss a point raised at the previous day's meeting which related to an online teacher endorsement program being offered at George Fox University. He noted that BSU does offer an online program as well. Board member Terrell noted that he had voted against the item related to that topic yesterday. He suggested that the agenda item should come back to the Board.

Mr. Luna explained that SDE approves multiple programs that are offered elsewhere. Those items routinely come before the Board. The question yesterday had to do with the process of the PSC informing the institutions. Approving the online program at George Fox doesn't preclude the other institutions from offering the same types of programs. Board member Gossling noted his concern from yesterday's meeting had to do with the cost. He suggested the

Board go back and revisit that point. The Board should look at ways to offer the endorsement within our institutions. Dr. Fernandez pointed out that all the institutions have teacher education programs.

Mr. Luna explained that what the Board is discussing is a teacher getting an endorsement in a particular area. He reiterated that the PSC offers dozens of endorsements across the state and teachers have multiple ways of getting those endorsements. Mr. Luna noted that NNU, BYU-Idaho, and College of Idaho all offer teacher endorsement programs so the request from George Fox University isn't unique. He reminded the Board that George Fox University's program had to meet the criteria in order for it to be approved. The job of the PSC is to make sure the standards are met; this is done through a vigorous review. Mr. Luna pointed out that the standards are approved by the Board, and the PSC follows those standards.

Mr. Terrell asked permission to work with Mr. Luna on this issue. Board member Soltman agreed that would be a good idea. Board President Westerberg asked what the goal of the discussion would be. Mr. Luna noted that they could come back to the Board with some history and background on what endorsements are for, who offers them, and the role of the PSC in that. Perhaps the chair of the PSC could come and explain the process at a future Board meeting. Mr. Gossling volunteered to be part of that discussion.

At this time Ann Stephens of the Division of Professional-Technical Education took time to recognize Dr. Mike Rush. He was recently awarded the National Emeritus Award from the NASDCTEc. She noted that Dr. Rush served as the State Administrator of DPTE and also as the national president of the NASDCTEc. His contributions to education at the state and national level are well known and this national recognition is well deserved.

3. Idaho Professional-Technical Education Annual Report

Ann Stephens, State Administrator, presented the annual PTE report to the Board. She discussed the strategic plan goals and noted that PTE is defined as secondary, postsecondary and adult courses, programs, training and services for occupations and careers that require less than a four-year baccalaureate degree. Ms. Stephens noted that the PTE delivery system includes: and the technical college system. Ms. Stephens shared that 66% of high school PTE completers go onto college compared to 49.1% of Idaho's general high school population. In addition, 94% of high school completers and 90% of the technical college completers found jobs or continued their education in 2010.

Ms. Stephens referred to the Harvard Graduate School of Education's Pathways to Prosperity Project which reported that the current education system places far too much emphasis on a single pathway to success, that being the academic track. But, according to a June 2010 New York Times article, sometimes a certificate in a particular trade, a two-year associate's degree, or just a few years of college may be as valuable to one's career and income as a traditional baccalaureate degree. In addition, the Pathways to Prosperity Project found that 27% of people with postsecondary licenses or certificates and credentials short of an associate's degree earn more than the average bachelor's degree recipient. Some examples of that include electricians, paralegals, police officers, and dental hygienists.

Ms. Stephens pointed out that PTE has portable, stackable credentials. PTE programs are offered in 112 school districts; 791 secondary programs were offered in 2010. PTE programs contribute to high school graduation by keeping students engaged in school because the curriculum is grounded in relevance. PTE prepares today's students for tomorrow's challenges. High school and technical college programs are linked through tech prep articulation

agreements. PTE also delivers workforce training which includes training and retraining, and customized training. In FY 2010 over 50,000 students were enrolled in workforce training programs. Adult Basic Education and GED programs are also offered through the technical college system.

Ms. Stephens explained that 82% of the PTE appropriation is state funds; and over 62% of those funds are used to provide 100% of the direct cost of professional-technical education at the technical colleges. She noted that tuition paid by technical college students are retained by the main institution for maintenance and operations of PTE facilities. Additional revenues from tuition and tuition increases do not increase the PTE budget.

Related to the affect of the federal budget reduction, Ms. Stephens noted that PTE has not received the official allocation table as yet, but the expectation is that the cut will be significant. That, coupled with the state decreases over the last few years, will have a significant impact on all programs.

Mr. Luna asked about online education and the role of PTE at this time. Ms. Stephens noted that health professions are delivered online as well as a limited number of foundation classes online. She pointed out that with PTE programs, the capstone classes require critical work in lab settings and applied learning centers. She noted that there are a number of blended classes offered as well. Mr. Luna noted that he looks forward to discussions with PTE about how online learning can be facilitated. Ms. Stephens indicated she anticipates working closely with SDE to make sure both are moving in the same direction.

4. Idaho Division of Vocational Rehabilitation – Vocational Rehabilitation Counselor Recognition

Board member Soltman presented this item. He read from the materials provided in the Board agenda commending Idaho's vocational rehabilitation counselors for their hard work. He expressed appreciation and gratitude for the important role that voc rehab counselors make in the lives of clients they serve. Mark Browning noted that Gary Hamilton, the area manager from the CDA office, was in the audience.

5. Idaho State University Faculty Governance Report

M/S (Soltman/Terrell): To approve a new provisional faculty senate to be elected under a proportional representation approach that would assign more members to the larger colleges. The provisional faculty senate will develop a constitution and bylaws for approval by the University president and the Board.

- **Elections for the provisional faculty senate positions would begin immediately, under processes directed by the deans in each of the respective colleges**
- **The provisional faculty senate will sunset in one year or earlier if work on the new constitution and bylaws is complete, at which time an election of new members will be held in conformity with their approved by-laws.**

Motion carried unanimously.

Dr. Barbara Adamcik, the Acting Provost, briefly summarized the situation at ISU related to its governance system. She noted that at the February Board meeting, the SBOE approved the suspension of the ISU Faculty Senate. Since then, a thorough ongoing effort has been underway to develop and implement a plan for restoring the Faculty Senate as an important part of a reformed structure of University Shared Governance.

Dr. Adamcik indicated that Dr. Vailas has had numerous meetings with faculty and other key

constituencies, discussing the reasons for the suspension and engaging in discussion of plans to move forward. Current plans are to continue these meetings and to focus more on smaller meetings with faculty chairs and their departments. Governance workshops have been held as well. On April 6 the last workshop discussed and voted unanimously that ISU needs a provisional senate in order to continue the work. The provisional senate will be in place and ready to begin its work as soon as the fall semester begins. The suggested process for serving on the provisional senate is that the faculty serving will be senior faculty that have more experience in higher education. The provisional senate will have a year to complete the new bylaws. Once the bylaws are completed, the permanent senate will be elected.

Board member Soltman noted that the items that Dr. Adamcik outlined do need Board approval. He made a motion to that end.

6. School District Trustee Zone Boundaries

M/S (Soltman/Gossling): To approve the requirements for school district trustee zone equalization proposals as submitted. Motion carried unanimously.

Board member Soltman presented this item.

7. Complete College America Grant Application

M/S (Soltman/Luna): To approve the request by Board staff to apply for the Complete College America Completion Innovation Challenge Grant. Motion carried unanimously.

Board member Soltman presented this item. Tracie Bent of the Board office discussed this item and explained that this gives Board staff permission to move forward with application for the grant. To meet the deadlines on this grant will require hiring a consultant to head up that effort. The proposal is due May 17th. Dr. Rush indicated that the amount required for a consultant would be about \$1,500.

8. Board Policy I.M. – First Reading

M/S (Soltman/ Atchley): To approve the first reading to Board policy section I.M., as submitted. Motion carried unanimously.

Board member Soltman presented this item. It was noted this puts the current practice into policy.

9. Board Policy I.J. – First Reading

M/S (Soltman/Terrell): To approve the second reading of proposed amendments to Board Policy Section I.J. Use of Institutional Facilities and Services as submitted in attachment 1. Motion carried unanimously.

It was noted that there have been no changes to this item since the first reading.

At this time the Board took up the item related to online learning. A handout, drafted by Dr. Rush, was distributed. It outlined a possible process.

Board member Terrell asked for time to review at the information and give it some thought before making a decision. Mr. Luna reminded the Board it needs to have a rule before the

Legislature in January, so the Board needs to take action sooner rather than later. He noted that the longer the Board waits the greater the possibility that there won't be something ready for the Legislature.

Board President Westerberg indicated he hoped there would be a shared view about how to proceed, even to the point of appointing a committee chair at this meeting. Mr. Luna said he wouldn't have a problem with appointing a committee chair; however, there needs to be time to think about the whether the key questions have been identified. Board member Terrell agreed with Mr. Luna.

Board member Edmunds asked for clarification and Mr. Westerberg indicated the work would be done by a separate ad hoc committee chaired by a Board member. It will have an end date because of the time sensitive nature of what needs to be done. Mr. Westerberg asked to have a special telephone conference meeting so the committee chair could share with the rest of the Board how the committee will proceed. Mr. Westerberg appointed Board member Soltman to chair that ad hoc committee and asked that there be a special meeting in two weeks.

Dr. Rush asked the Board members to consider the document that outlined a possible process as a brainstorming document, and it should be treated as such. Mr. Westerberg indicated that the document suggests that the institutions should be involved in the effort along with SDE.

10. Institution and Agency Strategic Plans – this item was moved to the end of the agenda

Information Item

INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS

1. Boise State University – Approval of Full Proposal – Masters of Science Degree in STEM Education

M/S (Edmunds/Soltman): To approve the request by Boise State University to offer a Master's of Science in STEM Education. Motion carried unanimously.

2. Idaho State University – Approval of Notice of Intent - Discontinuance of the Dental Lab Technical Program

M/S (Edmunds/Atchley): To approve the request by Idaho State University to discontinue the Dental Laboratory Technician Program. Motion carried unanimously.

3. University of Idaho – Approval of Full Proposal – Masters of Science Degree in Athletic Training

M/S (Edmunds/Gossling): To approve the request by the University of Idaho to create an entry-level Master's of Science in Athletic Training as set forth in the attached Full Academic Proposal. Motion carried unanimously.

4. University of Idaho – Approval of Notice of Intent – Expansion of Current Professional Practices – Doctor of Education

M/S (Edmunds/Atchley): To approve the request by the University of Idaho to expand the existing Ed.D. to offer a Professional Practices Doctor of Education as set forth in the attached Notice of Intent. Motion carried unanimously.

5. University of Idaho – Approval of Notice of Intent – Restructure and Consolidation of the Department of Microbiology, Molecular Biology, and Biochemistry

M/S (Edmunds/Soltman): To approve the request by the University of Idaho to reorganize and consolidate the Department of Microbiology, Molecular Biology, and Biochemistry (MMBB) as presented. Motion carried unanimously.

6. First Reading, Proposed Amendments to Board Policy III.I., Roles and Missions

M/S (Edmunds/Atchley): To approve the first reading of the proposed amendments to Board Policy III.I., Roles and Missions, as submitted. Motion carried 6-0 (Terrell abstained).

Board member Edmunds presented this item. He noted that there has been confusion as to what is written in the strategic plans and what the institutions have in their policies. Selena Grace of the Board office discussed this item.

Ms. Grace indicated that this is a critical policy primarily because of the accreditation requirements. The Board and the institutions need to work together on this. Ms. Grace noted there are five standards the institutions must meet according to the NW Commission. One of those standards is that institutions must articulate their purpose in the form of a mission statement. The NW Accreditation cycle is a seven-year cycle requiring a progress report every two years. Ms. Grace asked that the Board require the institutions to bring a mission statement to the June Board meeting for the Board's review. In addition, she asked that the Board to request the institutions to bring a draft of their year-one report to the August meeting.

Board member Terrell asked for clarification on the motion noting that the motion doesn't include a mention of the institutions. It is an overview of the roles and mission for the Board. Mr. Edmunds explained that the Board sets the Board level role and mission for the institution. It is a starting point. It needs to line up with the seven-year renewal cycle of the NW Commission. He clarified that when the institutions submit their next strategic plan, the plans must line up with this policy.

Board President Westerberg noted that there is nothing directive in the policy that requires the institutions to redo their mission statements. It was clarified that particular language and instruction is not part of this policy. Mr. Edmunds pointed out that without being date specific, there is still a calendaring requirement related to the strategic plan. He noted that the next agenda item will bring up more specifics.

7. First Reading, Proposed Amendments to Board Policy III.Z., Delivery of Postsecondary Education – Planning and Coordination of Academic Programs and Courses

M/S (Edmunds/Atchley): To approve the first reading of the proposed amendments to Board Policy III.Z, Planning and Delivery of Postsecondary Programs, as submitted. Motion carried unanimously.

Ms. Grace discussed this item. The changes were driven by the request from the Board that clarification was necessary. The changes consist of moving from an eight year planning cycle to a five year planning cycle. The Board previously assigned each institution program responsibilities; those assignments were not previously in Board policy and now they are. The responsibilities of the community colleges are not assigned by the Board.

Board member Edmunds pointed out that there were conflicts between the Board's mission statements for each institution and the policy about their programmatic assignments. The goal is to clarify things, but it does not solve problem of mission creep in areas such as general research. The policy clarifies language and gives the Board a starting point as to who is doing what and why, and to provide rationale for why the institution is doing what it is doing. In addition, the changes don't touch the assignments; it only cleaned up language. He asked the Board to get the policy language cleaned up now and if there is a desire to do more than that, the Board should take that up at another time.

Board member Terrell expressed difficulties with the changes and asked for clarification. Mr. Edmunds reiterated that the policy makes statewide assignments and it makes regional assignments. He also explained there are wording changes that are subtle. Ms. Grace indicated that the purpose of this effort is to clean up the policy, to get rid of redundancy, to move things together so it flows together logically. However, the changes to the policy are minimal; the content is still there. It is primarily related to the changes in the timelines. The reference to the statewide policy is there how. It is just a reformatting of the policy.

To further clarify, Ms. Grace noted that the intent of the policy is such that if an institution which doesn't have a statewide responsibility for a particular program plans to go into another service area, it is required by policy to collaborate with the regional institution through the sharing of facilities or the sharing of resources if building separate facilities. Dr. Rush added that the policy presumes that the institutions will work together; but it doesn't exclude the ability of the institution to rent or build a facility with Board approval, where the education and workforce needs of the community demand it.

Mr. Edmunds explained again that this is not a change in policy; it is a clean up the policy. He agreed that there will be further work to be done along the line of assignments and responsibilities. Board President suggested the language needs to be strengthened along the line of the five year planning plan. To have it in policy makes a lot more sense. Board member Gossling called for the question.

8. Dual Credit

M/S (Edmunds/Luna): For the Board to maintain the current statewide fee of \$65 per credit for dual credit classes for the 2011-2012 academic year and that a cost analysis be completed and brought back to the Board prior to the April 2012 Fee Setting meeting along with amendments to Board policy V.R. adding dual credit fees. Motion carried unanimously.

Board member introduced this item. He noted that there is not adequate information in this area and it needs to be developed. It was found that there is no cost-data to support the fee. Board staff has been asked to go back to the drawing board on this. Ms. Grace explained that the Board staff has worked with stakeholders and determined that an appropriate cost analysis needs to be done to determine what the correct fee should be. She noted that the institutions charge differently and that needs to weigh into the discussion. She and Matt Freeman of the Board office will be working with the financial VP's and the provosts on this together. Matt Freeman explained that dual credit can be delivered in different ways so the costs may differ based on that. That needs to be factored into the per credit charge. Mr. Edmunds noted that there are issues related to incentive for the student and benefit for the colleges. He reiterated that there is not adequate information; they've operated on a one-shoe-fits-all basis to date.

Mr. Luna suggested that it might be valuable that next year when the universities and colleges come to the Board for fee/tuition requests they include the dual credit fees in the requests as well. Board President Westerberg asked about the need for this motion if the fee is going to stay the same for now. Ms. Grace referred to the policy and noted that it is necessary for it to be reviewed; it is up to the Board to decide if the fee can be set for multiple years. Dr. Rush indicated that technically this fee should be in the fee structure provided by the institutions. He noted that there is a significant advantage for the state to have a single fee statewide. The Board staff is suggesting that if the Board wants to have a uniform fee, it needs to set it in the individual institutions request each year or set a uniform fee.

Mr. Luna explained that the reason for the \$65 fee is that SDE has had that as a line item budget for dual credit. It was agreed to about 3 of 4 years. A consistent number is important for budgeting purposes.

Provost Baker encouraged the cost study on behalf of the other institutions. He noted there really is no cost-basis to the \$65. It does cost more to deliver dual credit courses which means that the money to deliver those courses is coming from somewhere. An analysis will help make the determination as to what is actually should be.

Board member Atchley acknowledged the tremendous work of Board staff on these two policies and thanked them.

BUSINESS AFFAIRS AND HUMAN RESOURCES

Section I – Human Resources

1. Amendment to Board Policy – Section II.B. – Appointment Authority and Procedures – First Reading

M/S (Terrell/Luna): To approve the first reading of the proposed amendments to Board Policy II.B.3., as submitted. Motion carried unanimously.

2. Amendment to Board Policy – Section II.M. – Grievance and Appeal Procedures – All Employees – First Reading

M/S (Terrell/Soltman): To approve the first reading of the proposed amendments to Board Policy II.M., as submitted. Motion carried unanimously.

3. Idaho State University – Employment Agreement – Head Women’s Volleyball Coach

M/S (Terrell/Atchley): To approve the request by Idaho State University to execute a multi-year employment contract with Chad Teichert, Head Women’s Volleyball Coach (1.0 FTE), for a term commencing January 21, 2011 and terminating January 20, 2014, in substantial conformance to the contract submitted to the Board as Attachment 1. Motion carried unanimously.

BUSINESS AFFAIRS AND HUMAN RESOURCES

Section II – Finance

1. FY 2013 Budget Guidelines – Line Items

M/S (Terrell/Soltman): To direct the agencies and institutions to use the following categories to develop FY 2013 Line Item budget requests:

- **Unfunded Enrollment Workload Adjustment**
- **Center for Advanced Energy Studies (CAES)**
- **Biomedical Research Collaboration**
- **Occupancy Costs**
- **Strategic Initiative(s)**

And to direct the Office of the State Board of Education to include the Opportunity Scholarship as a Line Item in the FY 2013 Scholarships and Grants budget request. Motion carried unanimously.

Board member Terrell presented this item. Dr. Nellis noted salaries and CEC are not on the list. Mr. Freeman explained that salaries and CEC are requested as maintenance items, not line items so the institutions can still make those requests.

2. FY 2012 Appropriations

2a. Information

2b. FY 2012 College and Universities Appropriation Allocation

M/S (Terrell/Soltman): To approve the allocation of the FY 2012 appropriation for Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and system-wide needs, as presented on page 3. Motion carried unanimously.

2c. Community Colleges FY 2012 Appropriation Allocation

M/S (Terrell/Soltman): To approve the allocation of the FY 2012 appropriation for the College of Southern Idaho, North Idaho College, and College of Western Idaho, as presented on page 3. Motion carried unanimously.

2d. Allocation of the Division of Professional-Technical Education Appropriation

M/S (Terrell/Luna): To approve the request of the Division of Professional-Technical Education for the allocation of the FY 2012 appropriation detailed in Attachment 1. Motion carried unanimously.

2e. Idaho Robert R. Lee Promise Scholarship – Approve Category A Award

M/S (Terrell/Atchley): To approve the amount of the Idaho Promise Scholarships, Category A, at \$3,000 per year (\$1,500 per semester) for those applicants who are selected to receive or renew the Idaho Robert R. Lee Promise Category A scholarship for the 2011-2012 academic year. Motion carried unanimously.

2f. Idaho Promise Scholarship – Approve Category B Award

M/S (Terrell/Soltman): To approve the amount of the Idaho Promise Scholarship, Category B, at \$200 per semester per student (4400 annually) for those current recipients who maintain eligibility and for qualified first-year entering students under the age of 22 in academic year 2011-2012, and to delegate to the Executive Director the authority to approve adjustments to the amount as necessary resulting from any enrollment changes

or holdbacks that may be ordered by the Governor during FY 2012. Motion carried unanimously.

2g. FY 2012 Idaho Opportunity Scholarship

M/S (Terrell/Soltman): To approve the maximum amount of the Idaho Opportunity Scholarship, to be \$3,000 per year (\$1,500/semester) for those applicants who are selected to receive or renew the Idaho Opportunity Scholarship for the Fiscal Year 2012. Motion carried unanimously.

M/S (Terrell/Gossling): To set the Cost of Attendance to be used in the formula that determines the award for the Opportunity Scholarship at a maximum of \$16,500 for the Fiscal Year 2012. Motion carried unanimously.

M/S (Terrell/ Atchley): To approve the student contribution for the Fiscal Year 2012 at \$5,000, and to accept student-initiated scholarships and non-institutional and non-federal aid as part of the student contribution. In cases where further clarification is needed to determine whether aid counts towards the student responsibility, the Board delegates to the Executive Director or his designee authority to make these determinations on its behalf. Motion carried unanimously.

3. University of Utah School of Medicine Contract

M/S (Terrell/Soltman): To approve the three-year contract between the University of Utah School of Medicine and the State Board of Education as submitted, and to authorize the Executive Director of the State Board of Education to execute the contract on behalf of the Board. Motion carried 6-0 (Luna absent during the vote).

4. Amendment to Board Policy – Section V.F., Bonds of Other Indebtedness and Section V.K., Construction Projects – First Reading

Board member Terrell invited the VP's of Finance to address this item. Matt Freeman explained that the current policy on capital projects is not consistent with the Board's preferred practice in terms of the project approval milestones. While institutions generally follow the Board's preferred approval process, the process has never been formally documented nor adopted. The revised policies will provide clarity in terms of the Board's expectations and preferred process for submitting requests for major capital project approval.

Mr. Freeman noted that some policy sections have been moved to make it flow better. He said the substantive changes begin on Tab 4, page 6, with numbers 2, 3, 4, and 5. Section 2 clarifies when the institutions need to notify the Board of plans for major projects. Mr. Freeman noted that there is still work to be done on the point of the pre-planning effort however, in terms of what the institutions must have the ability to undertake in order to have something to bring to the Board.

Mr. Freeman noted number two is approval of the post-plan, number three is approval of planning and design, number four is approval of preliminary financing plans, and number five has two points: first, if the project does not require bonding that project and financing, plans can be done in one step; second, it requires bonding, the institution needs to come back separately for financing approval. Mr. Freeman asked for input related to the design/build. Mr. Soltman asked if it would be advisable to have a separate policy on design/build if it is so different.

Stacy Pearson of BSU said it is a positive move to clarify these steps. She noted that when it comes to the design/build it would be helpful to work on that separately because it is a different model. She noted that the institutions already go through the Permanent Building Fund process and the six-year plan, so it would be helpful to have those processes line up. She noted and item under Tab 4 which reads seven, should read six because that would tie in with the six-year plan that is submitted to the Permanent Building Plan.

Ms. Pearson pointed out a struggle with item two, and how far institutions can or should go before coming to the Board. She explained that a lot of work has been done in order to have clarity about the project for the benefit of the Board before it is first brought to the Board. The problem with this scenario is that if the institution doesn't have a budget and the Board is asking for that detail, it waste time for everyone not to be able to have that information ready. They are looking for a mechanism that updates the Board on their plans but also allows for the ability to come back with more substantive details. It was also noted under item five, in the last sentence, the two levels can be requested concurrently.

Jim Fletcher indicated that ISU is supportive of the comments made. The separation of the design/build is essential versus the design/bid/build activity. The specification on some kind of pre-spending limitation would be helpful.

Chet Herbst agreed with his colleagues. He noted that the timing and the wording didn't line up with the design/build. The language here is almost like it is two separate languages. He would prefer working with Division of Public Work so we use the same language, same timelines, same schedule, same approval process, and same terms so everyone is on the same page. LCSC noted that many projects fall below the level of having to come to the Board in the first place. In the past week the institutions have received the request from Division of Public Works to submit their plans.

Mr. Westerberg noted that during the robust process, have the limits been considered. The process requires some time. He wondered if the committee discuss those points. Mr. Freeman noted that the numbers have been bumped up last year.

By unanimous request, the Board agreed to return this go back to the committee for more work and bring it back to the Board for another first reading.

5. Boise State University – Enterprise System Roadmap Project

This is an information item.

6. Boise State University – OIT Equipment Purchase

M/S (Terrell/Soltman): To approve the request by Boise State University to proceed with procurement of server and data storage equipment from existing State Division of Purchasing contracts for a total cost not to exceed \$1,300,000. Motion carried unanimously.

Ms. Pearson indicated that the source of funds for this purchase is the committed reserve funds. She explained this server will replace their computer equipment that supports the PeopleSoft Enterprise university systems. She pointed out that this kind of effort is planned over the long term and the funds are set aside for it. Student fees are not used for this. Equipment that is replaced will be used elsewhere if possible. In addition, the University has, in the past, donated used equipment to school districts.

7. Boise State University –Bronco Bookstore Lease

M/S (Terrell/Soltman): To approve the request by Boise State University to lease space in the Nampa Gateway Center as provided in Attachment 1, and to authorize the University's Vice President of Finance and Administration to execute all necessary documents on behalf of the Idaho State Board of Education. Motion carried unanimously.

8. University of Idaho – McCall Outdoor Science School – Self Support Fees

M/S (Terrell/Soltman): To approve the establishment of a self-support fee of \$14,222 per student FTE to fund the operation of a graduate residency program at the University of Idaho McCall Outdoor Science School (MOSS) in McCall, Idaho. Motion carried unanimously.

Lloyd Mues discussed this item. He noted that the biggest benefactor of this program is the K-12 students. It is a certificate-producing program and it is one of the programs that is very entrepreneurial.

9. University of Idaho – Farmhouse Ground Lease

M/S (Terrell/Soltman): To approve the proposed ground lease between the University of Idaho and Idaho Farmhouse Club, Inc., according to the terms submitted to the Board and to authorize the University's Vice President for Finance and Administration to execute the ground lease in substantial conformance with the draft submitted to the Board as Attachment 1. Motion carried unanimously.

10. University of Idaho – Railroad Land Exchange

M/S (Terrell/Gossling): To approve closing the modified exchange with Palouse River and Coulee City Railroad under the terms of the Replacement Exchange Agreement presented to the Board, and to authorize the University of Idaho to enter into the site lease in substantial conformance to the form submitted to the Board in Attachment 2, and to authorize the University's Vice President for Finance and Administration to execute the necessary documents for the closing and site lease. Motion carried unanimously.

11. Lewis-Clark State College – Parking Easement

M/S (Terrell/Soltman): To approve the granting of a non-exclusive access easement to the owners of the College Place facility parking lot, and to authorize the Vice President for Finance and Administration at Lewis-Clark State College to sign all necessary documents with the private property owners and City of Lewiston on behalf of the Board of Trustees. Motion carried unanimously.

12. Lewis-Clark State College – Elevator Replacement Project Loan

M/S (Terrell/Gossling): Finding that the elevator replacement project for the LCSC Center for Arts and History is economically feasible and necessary for the proper operation of the College; to approve the attached Loan Agreement with the City of Lewiston for funds to complete the project and the attached authorizing resolution to accept the proposed indebtedness; and to authorize the College's Vice-President for Finance and

**Administration to sign any necessary documents on behalf of the Board of Trustees.
Motion carried unanimously.**

At this time the Board returned to item 10 on the PPGAC agenda.

PPGAC

10. Strategic Plans

Board member Soltman provided background details related to this item. Tracie Bent of the Board office discussed the plans of the agencies for the Board. She noted that it is important to note that the strategic plan process and the accreditation process differ. The strategic plan sets goals and outlines points on how to achieve those goals. The accreditation process looks at the institution's mission statement and whether it is meeting the mission of the institution. She reminded the Board that the mission statements will be reviewed in June along with the strategic plans.

Ms. Bent briefly reviewed the agency strategic plans. The plans were provided to the Board in their agenda materials. She asked the Board members to make a note of things that they may want to address in the plans so Board staff can address them in June. Ms. Bent pointed out that the objectives that the Board approves will be the objectives the agencies report on in October. In referring to the strategic plan for SDE, it was noted that changes in the plan should be anticipated due to the legislation that was passed this year. Board member Gossling noted that it is important to hear about quality as well as quantity. Ms. Bent noted that they do that; in fact that is more apparent in the agency plans and reports.

Selena Grace reported on the strategic plans for the institutions. She noted she has been working with the institutions to streamline some of the processes that overlap. She highlighted the goals that the institutions have in their strategic plans. She pointed out that in order for the institutions to meet the accreditation requirements, significant time and resources will be need in order to make the necessary revisions in time to meet the June Board meeting due date.

Board President Westerberg noted that what he heard today is that the next job of the Board is to conduct an audit or review of the institutions to see how they comply with the current policy. Secondly, the Board needs to look at future steps after the mission statements have been revised. Mr. Westerberg reiterated that the next step is to look at how the institutions are performing under the current plans and then see where the Board wants to go after that.

Mr. Edmunds raised the issue about target numbers pointing out that those don't show up in the plans. He said he doesn't know the answer or how to get there. Mr. Westerberg noted that when BSU submits its new strategic plan, the Board needs to review that and that is the time to speak out about changes. The Board can ask them how they contribute to the 60% for example.

Ms. Bent offered that the 60% goal is the Board's goal and that will be something that Board will look at in terms of performance measures. Mr. Edmunds asked if the expectation is that the student retention goal will roll up to the Board's plan. Mr. Westerberg noted that the institutions can speak to how they are working towards that goal.

Back to the research example and duplication of effort and supporting all of those things, the question came up as to whether the Board should wait for the institutions to bring those things to forward or should the Board ask for it from them.

It was reiterated that if there are goals that the Board wants the institutions to incorporate and it needs to let the institutions know that. In that way there is both top-down and bottom-up exchange.

Board member Terrell noted he would like to see the breakdown of information and also have a copy of the PowerPoint because it would be helpful to him in reviewing the individual plans.

Mr. Westerberg indicated that the plans all come back in June. Ms. Grace noted that the institutions have been working on how to meet the NW accreditation requirement; they've been working on mission statements and the direction of the strategic plans. All of their plans align with the Board's goals. Mr. Westerberg noted that the mission statements are the meat of what the Board expects the institutions to be doing. He asked if the mission statements will go to IRSA or CAAP before they go to the Board. Ms. Grace noted they will go to the Presidents' Council first and then PPGAC.

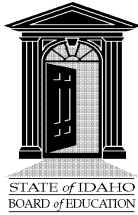
Mr. Gossling would like to see in each institution's strategic plan reference to how it relates to the plans of other institutions as well. Ms. Bent noted that as the Board members look at the plans in more detail, if there are any questions or concerns let her or Ms. Grace know so they are prepared to answer those questions at the June meeting.

Mr. Westerberg noted that the May meeting usually has time set aside for Board discussion of topics. He asked the Board members to let him or Mike know what topics they might want to discuss informally.

OTHER BUSINESS

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

M/S (Terrell/Atchley): To adjourn at 1:35 p.m. Motion carried unanimously.



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

**DRAFT MINUTES
STATE BOARD OF EDUCATION
May 11, 2011
Special Teleconference Meeting
Boise, ID**

A special teleconference meeting of the State Board of Education was held May 11, 2011. It originated from the Board office in Boise Idaho. Board President Richard Westerberg presided and called the meeting to order at 2:00 p.m. A roll call of members was taken.

Present:

Richard Westerberg, President

Ken Edmunds, Vice President

Don Soltman, Secretary
Emma Atchley
Bill Goesling

Rod Lewis
Milford Terrell

Absent:

Rod Lewis

BUSINESS AFFAIRS & HUMAN RESOURCES

1. Review request by Idaho State University for approval of Real Estate Acquisition.

Milford Terrell stated that the Board is here today to discuss the authority to make an offer to purchase a building and property associated with ISU research and their business park. Ken Edmunds reported a brief history of the building which was also included in the materials presented for review to the Board from ISU. Mr. Edmunds stated the building has many of the attributes necessary for a research facility at ISU and further commented that the primary repayment would be in the form rent either from work performed through ISU or other things providing some kind of income stream.

Mr. Edmunds reminded the Board that those other types of commitments are not presently in place. He also indicated there was a sense of urgency to purchase the building so the opportunity was not lost. He commented that the building is substantially below market value and greatly below replacement value. Board members Emma Atchley and Ken Edmunds recommended ISU come before the Board with a request for acquiring the building from university funds and not a request based on other sources of income from the university.

Mr. Edmunds believes ISU has demonstrated they can cover the variable costs of the building and

have a small surplus without any other revenue stream. The university's hope is that with the available facility they will be able to enhance that revenue stream both for the benefit of the university finances and for the benefit of the university's growth in research.

Emma Atchley further commented that this transaction would be very beneficial for the university. She also commented that an added benefit would be the reduction in storage costs for equipment they currently do not have a place for. She reiterated that the likelihood of other income streams is very high with having this building.

Milford Terrell requested Jim Fletcher from ISU to give an additional overview. Mr. Fletcher reminded the Board members of the packet they were given containing financial analysis of the building transaction. To summarize, ISU proposes to purchase the Ballard Building with funds from its reserves which they feel are more than sufficient to cover this purchase. The purchase will be structured as a loan to the College of Science and Engineering which they will pay back over time. ISU has allocated funds from various sources within the College of Science and Engineering's budget which total approximately \$380,000 which will provide the revenue stream for the Ballard building.

Mr. Fletcher commented that ISU had looked exhaustively at the maintenance costs of the building which will be around \$186,000 and they strongly feel they are able to maintain the building with all the operational costs plus approximately \$25,000 in moving-in/set-up costs and still realize in the first year \$167,000, and the second year \$192,000 without any additional revenue opportunities. Mr. Fletcher stated it is a 6.5% return on the money being used to purchase the building. The price of the building was negotiated with Kimberly Clark and the purchase price which they have agreed upon is \$3.6 million dollars. This price has also been confirmed in writing. Mr. Fletcher said they will proceed with purchase upon approval from the Board. The finalization will include an appraisal, a title search and a contract with Kimberly Clark. ISU's general counsel estimated they should be able to close by the end of next week (week of 5/23).

Mr. Fletcher pointed out that the appraised value is \$5 million which shows they are buying it below market value and below replacement value.

President Vailas briefly reiterated the importance and benefits for the university to purchase this building and that it is a low risk proposal given the long term benefits of acquiring this building which includes opportunities to stimulate the economy.

M/S (Edmunds/Atchley): I move to authorize Idaho State University to enter into an agreement to purchase a building and associated assets located in Pocatello, Idaho, within the boundaries of the Idaho State University Business and Research Park, commonly known as the Ballard Medical Building, for a purchase price not to exceed \$3,600,000, and to authorize James A. Fletcher, ISU Vice President for Finance and Administration, to execute all related closing documents for and on behalf of the State Board of Education for Idaho State University. A roll call vote was taken and the motion passed 6-1. Tom Luna voted no on the motion.

Discussion:

President Westerberg asked if there was further discussion regarding the motion.

Matt Freeman posed two questions to Jim Fletcher of ISU. Mr. Freeman asked what would be the funding source for the college to repay the loan and if there is any internal commitment or plan to restore the university reserves as the loan is repaid. Mr. Fletcher responded that the revenue source in the short term to repay the loan would be the excess revenue from the college's commitment. The college is putting up 380,000 and they need less than half of that to carry the building. The agreement will say that as revenues come into the facility from the additional opportunities which will be available, the college will accelerate the payment of the loan. Mr. Fletcher commented that repayment may be able to be done within one year.

To the second portion of Mr. Freeman's question, Mr. Fletcher commented that the university reserves will remain intact because instead of being invested in cash and marketable securities, the money will be invested in real estate. They expect the full reserve to be restored within a year considering the revenue opportunities of the facility.

Mr. Goesling stated he was concerned the packet the Board received did not contain value information for other educational institutions in Idaho. He asked that if other educational institutions wished to do a cooperative program with ISU in that particular facility, what the priority and needs would be. Would they overshadow the commercial aspects of the building?

President Vilas indicated that ISU is and has been in collaboration with the other universities and also the Idaho National Lab (INL), and certainly would be welcoming to other universities to participate in scientific programs at ISU.

Milford Terrell asked Bill Goesling to explain more about his question. Mr. Goesling stated that he felt it was important to include input to or from other universities on being able to use these facilities cooperatively. His concern was that if the building was filled with outside entities as tenants, there would be no room for the other institutions in Idaho to participate in programs at that facility.

Mr. Edmunds commented that there is a strong collaborative effort going on among the universities that is being documented and being put into a plan. He commented that one of the primary income streams being considered is actually work being performed by ISU with their accelerator that will create a revenue stream that benefits a commercial company but is still under the control of ISU. He summarized that the intent and the way this building purchase is being structured should address Mr. Goesling's concerns of collaboration.

Mr. Goesling stated that he would additionally like to see an indication of value to state and local economy showing the benefits both to Pocatello and the State of Idaho.

Mr. Goesling further commented that the cost estimate seemed to be low and that certain costs would be ramping up sooner than shown. He felt that higher move-in/start-up costs should be reflected along with maintenance and waste removal costs, and he felt those costs were underestimated.

In response, Mr. Fletcher stated that the business case reflects only the costs of maintaining the facility as a storage facility for the high tech equipment. It does not reflect what would be the cost requirement for the additional opportunities. He commented that as they move toward additional opportunities, additional costs would be manageable and containable. Mr. Fletcher indicated they did not show that scenario in the business case as presented because they are simply showing that if none of those opportunities materialize, they can still carry the cost of maintaining the building.

Mr. Fletcher further went on to answer the question on the impact of Pocatello and southeastern Idaho. He commented that extensive analysis had been done on area impact as well, where they

have identified all economic sectors that would be impacted, the multiplier effect, and the job opportunities which could be provided to the city of Pocatello.

Mr. Fletcher stated moving costs in the model were based on the university's actual costs of moving equipment into the temporary storage facility. Mr. Fletcher acknowledged Mr. Goesling's concerns and stated that certainly additional costs would be incurred as they move toward additional opportunities and they have examined and reviewed that information with Board members Atchley and Edmunds.

Tom Luna questioned that if they show an increase in the activity of the building and realize those increases, then certainly the operating costs would go up. He asked if those activities would generate some additional revenue that is going to offset the obvious increases in costs.

Mr. Fletcher answered that they will have costs with the additional opportunities, and the expenses will be carried and paid for by the additional revenue generated from the additional opportunities. Mr. Luna asked what generates the additional revenue. Mr. Fletcher stated that a number of opportunities will generate this additional revenue; however those opportunities will materialize *after* they have access to the building. Because those contracts will not be accessed until after they have access to the building, they did not include them in the business case.

Mr. Fletcher further commented ISU could review those contracts with the regents, Mr. Edmunds and Emma Atchley as they occur. Mr. Luna commented that they don't need to specifically identify who the additional opportunities are with, but they should identify what the additional revenue would be and what the additional expense would be so that the Board could see that this is something that is a net-net type of a bid.

Mr. Luna mentioned that another concern was the fact that this property is coming off of the tax rolls with the possibility that it will generate other economic activity in the community, but the other economic activity is not going to compensate for the loss of property tax revenue that goes to the schools and other governmental entities that rely on property taxes. He commented that creating more jobs does not increase property taxes. Additionally, by taking a piece of property off the tax roll, it will have an impact on everyone else's property taxes in that they will be increased to cover the loss of that property tax revenue. Mr. Luna commented that he did not agree with ISU's analysis that one will offset the other.

Mr. Luna commented that the Board recently approved a tuition hike where one of the arguments made by ISU was the need to preserve its reserve account. Mr. Luna is concerned that now, ISU is stating that it is going to take those reserves and spend them on property.

Mr. Fletcher indicated the economic impact of the additional opportunities include direct jobs, indirect jobs, an increase in business for local transportation and service industry business, all of which will pay taxes. Mr. Fletcher further commented that it was the judgment of the county and the Mayor that the overall economic impact of this transaction will more than offset the loss in property tax. Mr. Luna commented that their argument is flawed in that all the identified activity is not going to increase property tax revenue for the city. It will increase sales tax revenue, payroll taxes and business activity but none of that additional activity will replace the property tax revenues when you take this building off the property tax rolls.

Mr. Fletcher commented that the overall assessment made by the city was very positive, and collectively they believe with the opportunities this building will provide such as new employees, there will also be new housing which would include property taxes. Further, when the additional revenue opportunities materialize, additional spending will be allocated.

Mr. Fletcher stated that as to the matter of the reserves, ISU's reserves are not depleted from an accounting point of view because they are simply transferring money from cash into real estate, in which the cash will be replaced. ISU has 7.6 **million** of reserves that will stay. He further stated the commitment made to the Board at the time of the tuition fee review meeting has not changed.

Mr. Luna queried how long it would take to replace the cash. Mr. Fletcher responded that they expect to have it replaced within the year.

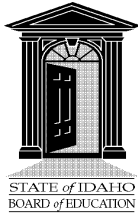
President Vailas concluded by commenting that there are a number of revenue opportunities with a facility like this one. Additionally, the kind of research this facility will support has high potential in generating patents and other kinds of agreements. He commented that the facility is a short distance from ON Technology, who is a semi conductor facility in Pocatello. He stated that in the debate held in Pocatello about the building, ON Technology, the Mayor and the Economic Development Council was very supportive of the direction ISU is taking in occupying this facility.

President Westerberg asked if there were any additional questions or comments from the Board members.

No further discussion.

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

M/S (Terrell/Goesling): To adjourn at 2:33 p.m. Motion carried unanimously.



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

**DRAFT MINUTES
 STATE BOARD OF EDUCATION
 May 18-19, 2011
 Special Board Meeting – Board Retreat
 Boise, ID**

A special Board meeting of the State Board of Education was held May 18-19, 2011. It originated from Boise State University, Stueckle Sky Center, in Boise Idaho. Board President Richard Westerberg presided and called the meeting to order at 8:00 a.m. A roll call of members was taken.

Present:

Richard Westerberg, President

Ken Edmunds, Vice President

Don Soltman, Secretary

Rod Lewis

Emma Atchley

Milford Terrell - jointed

at 9:50 am

Bill Goesling

Tom Luna –

joined at 8:30 am

AGENDA APPROVAL

M/S (Edmunds/Goesling): A motion to approve the agenda as posted. Motion carried unanimously.

STATE DEPARTMENT OF EDUCATION (Open Meeting)

8:00 a.m. Alt-ISAT – Proficiency Level Achievement Scores and Temporary/Proposed rule IDAPA 08.02.03.004.07 (incorporation by reference)

Carissa Miller, with the Department of Education, presented the temporary and proposed rule changes to IDAPA 08.01.03. The Board originally approved temporary changes to this section of rule in 2010 setting levels for Reading and Language Usage. Those changes are coming forward now as Proposed Rule changes. Additionally, the rule includes a fourth level of complexity required by the new math standards.

The Department received positive feed from educators around the state regarding the proposed rule changes.

M/S (Edmunds/Atchley): To approve the Proficiency Level Achievement Scores and Performance Level Descriptors for the Idaho Standards Achievement Tests-Alternate in Reading, Language Usage, Mathematics and Science.

M/S (Edmunds/Atchley): To approve the temporary and proposed rule IDAPA 08.02.03.004.07, Rules Governing Thoroughness, Incorporation by Reference, The Idaho Alternative Assessment Extended Achievement Standards.

EXECUTIVE SESSION (Closed to the Public)

M/S (Edmunds/Atchley): A motion to enter into executive session at 8:06 a.m. pursuant to Idaho Code Section 67-2345(1)(b), which permits an executive session for the purposes of evaluating, dismissing or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent, or public school student. This executive session will be utilized to evaluate the presidents of Idaho's state higher education institutions and its executive director.

M/S (Edmunds/Soltman) A motion to go out of executive session at 12:40 p.m. Motion carried unanimously.

BOARD RETREAT (Open Meeting)

The Board convened for regular business on May 18, 2011 for discussion of Higher Education issues, including system governance, facilitated by Dr. Tom Meredith from the Association of Governing Boards (AGB). President Westerberg called the meeting to order at 1:12 p.m.

President Westerberg turned the floor over to Executive Director Mike Rush who introduced AGB guest speaker Dr. Tom Meredith, pointing out his extensive background.

Dr. Meredith facilitated the discussion, thanking the Board for the invitation and participation in this meeting. To start, Dr. Meredith pointed out to the Board the materials given to them which were compiled from the meeting two years ago. He did not go through them, but suggested reflection of where the Board was at that time. Dr. Meredith went on to ask the Board what they would like to accomplish and speak about today and identified bullet points from each Board member.

The Board members identified the following bullet points for discussion:

- Governance
- Value of higher education
- Systems approach
- Relationships between Executive Director, Board and institution presidents i.e., tension free relationships
- Board's role as education advocates
- Public v. private funding for education. Funding mechanism for state universities.
- The role of research as it relates to education
- How to better serve our institutions as Board members and role with K-12

The Board discussed each of the bullet points identified, starting with governance, where Dr. Meredith pointed out the basic format of a board organization chart which included the state, the system and the institutions. Dr. Meredith emphasized that as a board gets ready to make decisions, it should be every board's first priority to ask "what's best for the state." Dr. Meredith further engaged discussion on "what are the things the institutions should be doing?" Overall, institutions should be assisting with the State's economic development.

Additionally, the Board and institutions have a responsibility to help beyond their borders (i.e., nationally, globally). Together, the group identified the following bullet points institutions should be focused on:

Institutions:

- Economic development
- Responsibility to help beyond borders
- Research
- Degrees (quality & credentials)
- Service

President Kustra commented that often, service is the first to suffer with all the pressures faculty are under. Dr. Meredith commented that reward drives behavior and that the institutions should know what their reward structure looks like. He further stated that the Board needs to hold the presidents accountable for outcomes, but they also need to know the incentive process.

Dr. Meredith then drew out a chart showing where the Board members and presidents thought the major strengths were at each institution:

- UI – Law, Ag, natural resources, architecture, science and technology, business, engineering, basic research, pre-med, music.
- ISU – Health professions, nuclear, education, pharmacy, energy, accounting, professional technical, social work, music.
- BSU – Public administration, engineering and technology, business, nursing, public policy, social work, MFA (arts), environmental, accounting.
- LCSC – Nursing, teaching, native languages, technical (welding), pre-med

Dr. Meredith showed a spreadsheet containing number of degrees awarded at each university by area of major and summarized that it is good to make comparisons of each institution based on what degrees they offer and identify if the needs of the state are being met. He reiterated the point that the overall responsibility is not what is good at the institution, but what is good for the state. Dr. Meredith suggested the universities also look at doing business differently because times are changing.

Board member Tom Luna also encouraged the institutions to look at different ways of doing things because of the constraints they are under, especially financially.

As part of the discussion, Dr. Meredith affirmed that board members should be aware of and concerned with the graduation rates at each institution. Questions that arose for the institutions are: Do you have any measurements in place to track improvement? What does the state need and are you meeting the needs of the state? He emphasized that full circle communication is the key for all stakeholders.

President Kustra commented on graduation rates as a measurement of success, and that boards (i.e., the system) need to be looking at the success rate of an institution not necessarily based on graduation rates because not all of the student body is counted accurately.

Dr. Meredith commented that this is a national challenge that many boards are dealing with. Dr. Meredith suggested using as accurate a counting rate as possible and to take other areas of student success besides graduation rates into consideration. He clarified the important thing is to be able to track progress (i.e., If there is improvement, there should be reward, if there is no improvement, then something needs to change). Dr. Meredith suggested looking at other similar institutions to see if they had encountered the same scenario and possibly using them as a model to obtain new ideas from.

The meeting attendees took a short break and after which regrouped to discuss roles and missions of the institutions. Selena Grace handed out a comprehensive collection of the current roles and missions of the 4 four-year schools. Dr. Meredith suggested the Board identify a plan to utilize this type of information and to start looking seriously at roles and missions. He also mentioned the importance of sequence as it relates to the strategic plan. The state goal needs to be coupled with the role and missions of the institutions. Questions to think about included: Are the roles and missions being followed at the institutions? Do they meet the Board's current expectations? Do they need to be revised? Additionally, the roles and missions should be tied directly to the budget. How are the institutions budgeting to address pieces of the goals identified for this state?

Dr. Meredith also commented on the importance of check points and timelines for the institutional goals. For example: If you have a 60% goal by 2020, where do you plan to be by 2015? Each institution must have goals that align with the system goal. Dr. Meredith reiterated that the Board has a constitutional obligation to make decisions based on the needs of the state and the citizens of Idaho.

President Kustra asked if there is a template Dr. Meredith would recommend to a board like Idaho's to be used as a process for review? Dr. Meredith said he would send Tracie Bent, Board Office Staff, some materials collected from other states to distribute to the Board members and presidents for review and use.

The group took up discussion on programs at the institutions and Dr. Meredith suggested each institution review its programs and get rid of those that aren't working.

Rod Lewis stated there is a program review process, but no process to eliminate programs. Dr. Meredith stated that simply if a program does not meet certain requirements or results, then the program should be eliminated.

With regard to overlapping programs, Dr. Meredith suggested identifying the efficiencies and inefficiencies for each program and region. He suggested that technology would likely be the answer to facilitate statewide shared and overlapped programs.

Dr. Meredith commented that where boards are headed now needs to shift – nationally. Dr. Meredith emphasized the need to think beyond obstacles and think about the big picture. Dr. Rush reinforced the comments of Dr. Meredith and how important it was to not focus on the “why-nots” and look at it from the other end of “how” the tasks before them can be accomplished.

As part of the discussion, Dr. Meredith asked the Board members to think about a list of their top five items they would like to accomplish in the next twelve months for discussion at tomorrow's session.

Board recessed at 5:08 pm.

BOARD RETREAT (Open Meeting)

The Board re-convened for regular business on May 19th at 8:08 a.m. at Boise State University, Stueckle Sky Center in Boise, Idaho, to continue discussion as facilitated by Dr. Tom Meredith from the Association of Governing Boards.

Discussion:

TD. Tom Meredith started the meeting by commenting on the genuine interest of this Board to accomplish things for this community. Dr. Meredith asked if there was anything from yesterday that needed clarification or further comment.

A list was made of the action items from yesterday and where the group concluded.

1. Board Policy IIIZ – review of graduate programs & identify unnecessary duplication (data, metrics establishment)
2. Program review criteria (new and existing; metrics) – Dr. Meredith to assist here w/supplemental materials.
3. Periodic review of all programs
4. Research – Results driven (jobs, state benefit)
 - a. Collaboration
 - b. Drawing away from under grad
 - c. Future – encouraging institutions
5. Board reports (oral; presentation on value of research)

In regard to items two and three, President Kustra spoke on how important program review is, and he recommended using a consultant to identify the tough questions instead of using the other presidents or

CAAP. He strongly recommended using someone with an unbiased approach to both program review and the institutions.

President Westerberg commented the Board needs its own metric to overlay on what the institutions are doing. He asked Staff to come up with a process/metric for the Board to use which satisfies the responsibilities of a governing board, then share it with the institutions for their reaction and feedback on the process. Dr. Meredith mentioned there are some standards available as a template so the Board would not have to create its process from scratch. He indicated he would supply additional information on templates and examples to Staff for distribution to the Board.

Mike Rush commented that there is a process currently in place for review of all technical programs using five criteria that was jointly developed with the institutions.

Emma Atchley commented on the importance of not losing sight of quality programs. She stated that you can have an efficient program that has little quality. What we really want is a quality program with efficiency.

Dr. Meredith emphasized the need to have milestones and be looking five years, ten years, etc., into the future.

Dr. Meredith commented on the topic of research. He shared a chart of local institutions and each of their top areas where they are receiving federal monies. It also identified programs that overlapped for each institution. He suggested gathering data like this and looking at it to determine the overlap and determining if there are other efficiencies or inefficiencies.

On the topic of research, President Westerberg asked for a presentation to be made to the Board to speak to the value of having three research institutions and how they could be managed. Board members agreed. President Westerberg asked for this report to include numbers to quantify and qualify the report. Ken Edmunds will initiate and administer this reporting.

Dr. Meredith asked for items the Board should be focusing on for the next year. The following items were identified:

1. What is good for the state
2. Private and state funding
3. Finalize and implement IIIZ
4. Programmatic review
5. Finalize where we are on research
6. Funding formula
7. Implement legislative changes as related to K-12
8. Implement college access issues (define priorities)
9. Identify unnecessary reports with presidents. Implement delegatory efficiencies
10. Stay focused on 60% goal
11. Repair disconnect between K-12 and Board (reconnect)
12. Longitudinal data system
13. Expansion of K-12 system into Higher Ed

Discussion ensued about how to reconnect with K-12 and focus on those K-12 students moving on to K-16 and K-20. Rod Lewis commented that there needs to be more engagement and involvement to bridge the gap and shortfalls between K-12 and K-20.

Milford Terrell suggested splitting up the Board members to oversee and report on the various progresses of each university. He suggested monthly or bimonthly meetings between board members and presidents, provosts, VPRs, etc. Feedback was not supportive of this because of the amount of time it

would take to accomplish this.

In conclusion, Dr. Meredith suggested prioritizing the list they compiled. The Board members concluded that the following list of their top five items was a priority for the next 12 months.

1. Research
2. Funding formula
3. Programmatic review/metric
4. ILLZ (graduate level duplication of programs and measures for efficiency)
5. Reconnect w/ K-12

The discussion was concluded and a short break for lunch was taken. At 1:00 p.m., a motion to enter into executive session was entertained. A roll call of members was taken.

EXECUTIVE SESSION (Closed to the Public)

M/S (Edmunds/Soltman): A motion to enter into executive session at 1:00 p.m. pursuant to Idaho Code Section 67-2345(1)(b), which permits an executive session for the purposes of evaluating, dismissing or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent, or public school student. This executive session will be utilized to evaluate the presidents of Idaho's state higher education institutions and its executive director.

M/S (Edmunds /Soltman): To go out of Executive Session at 3:30 p.m. Motion to adjourn at 3:30 p.m. Motion carried unanimously.