



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

**APPROVED MINUTES
STATE BOARD OF EDUCATION
June 22-23, 2011
Canyon Crest Dining and Events Center
Perrine Room
330 Canyon Crest Drive
Twin Falls, ID**

A regularly scheduled meeting of the State Board of Education was held June 22-23, 2011 in Twin Falls, Idaho at the Canyon Crest Dining and Events Center.

Present:

Richard Westerberg, President	Ken Edmunds, Vice President
Don Soltman, Secretary	Bill Goesling
Emma Atchley	Milford Terrell
Tom Luna, State Superintendent (arrived June 22 after the meeting started)	

Other:

Rod Lewis was absent on June 22. He joined the meeting on June 23 by conference phone for the morning portion of the meeting.

Wednesday, June 22, 2011

The Board met at 1:00 p.m. in the Perrine Room of the Canyon Crest Dining and Events Center in Twin Falls, Idaho. Board President Richard Westerberg called the meeting to order.

BOARDWORK

1. Agenda Review / Approval

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

2. Minutes Review / Approval

M/S (Edmunds/Goesling): 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. Motion carried unanimously.

It was noted that the spelling of Bill Goesling's name on minutes for April 20-21, 2011 needed to be corrected.

3. Rolling Calendar

M/S (Edmunds/Soltman): 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. Motion carried unanimously.

PLANNING, POLICY & GOVERNMENTAL AFFAIRS

Institution, Agency, and Special Health Programs -- Strategic Plans

M/S (Soltman/Atchley): To approve the 2012-2016 Institution, Agency, and Special/Health Program Strategic Plans as submitted and to authorize staff to make minor changes to performance measures as needed prior to submittal to the Division of Financial Management. Motion carried unanimously.

Board member Soltman presented this item. He introduced Tracie Bent and Selena Grace of the Board office to discuss the plans. Ms. Bent outlined the process for reviewing, approving, and moving the plans of the institutions forward. Mr. Soltman noted that the Board will review the performance indicators in October.

Ms. Bent explained that the institutions will be updating their mission statements this year too. Ms. Grace indicated that the institutions will need some additional parameters set for them in terms of the contents of the mission statements. She pointed out that during the June Board meeting the Board will discuss the draft mission statements; it will review them again at the August Board meeting.

Ms. Bent noted that the performance measures the Board sees in October are not for these strategic plans; they are for the previous plans. The Board will, however, have the opportunity to discuss those performance measures.

Ms. Bent and Ms. Grace presented and briefly discussed the strategic plans of the agencies and institutions. Copies of the strategic plans were provided in the Board's agenda materials.

Agency Plans: Ms. Bent discussed the agency strategic plans.

- Professional-Technical Education: The Division completely updated its plan since the last meeting so it ties directly to the Board's goals and objectives.
- Vocational Rehabilitation: The Division's plan and goals are tied to the work of the agency and the populations it serves.
- Idaho Public Television: IPTV tied its goals to the Board's goals. The objectives are tied specifically to their agency.

- Department of Education: The portion of their strategic plan that ties directly to public school education and funding relates to the Board's goals. Board member Terrell asked about the Department of Education plan regarding highly qualified teachers and pay-for-performance. Ms. Bent explained that the highly qualified teacher description is a federal requirement. As for measuring it, the Department will revise its own strategic plan over the next several years to accommodate that.

Institution Plans: Ms. Grace briefly discussed the strategic plans of the colleges and universities. The specific details of these plans are provided in the Board's agenda materials. She noted that the Board needs to provide additional guidelines to the institutions as to what they want to have specifically included. She explained the process and noted it was still out of sync this year; that will change in the future as the timelines align.

Board President Westerberg indicated that enrollment is a very important element and should be included in all the plans. Board member Edmunds agreed and mentioned also the need to include retention rates, completion rates, dual credit, and growth. Mr. Westerberg noted that the Board gave 60% as the target number; the institutions need to state how they are working towards that goal.

To clarify, Ms. Grace asked again what additional elements the Board expects the institutions to include in their strategic plan. Mr. Westerberg said that if the Board's own plan has something in it, the institutions should include those elements in their plans. Mr. Edmunds agreed. Mr. Westerberg pointed out that the Board members need to give input today to the Board staff and the institutions if there are additional items they want included.

Community College Plans

- College of Southern Idaho: Ms. Grace noted that the role and mission of CSI is approved by its local governing board. CSI has twelve goals.
- College of Western Idaho: CWI has four goals.
- North Idaho College: NIC has seven goals. The College presents its goals as themes in order to meet their accrediting requirements. Mr. Soltman pointed out that NIC's plan is out-of-date and its performance measures are not specific.

Colleges and Universities:

- University of Idaho: UI's plan includes a vision statement. Its plan has goals that align with the Board's plan. Ms. Grace noted that many of UI's goals are broad and open; the Board needs to decide they should be narrower and focused. Mr. Westerberg asked if there was a goal or objective that speaks to efficiency. Dr. Doug Baker explained that the mission statement for UI is still under development. In terms of efficiency measures, those are in goal 4. He noted that UI has a notebook that includes both efficiency and effectiveness; UI uses those to make decisions about programs. Mr. Westerberg noted UI needs to include something that specifically states how funds are being spent. Dr. Baker indicated that UI is working on that this summer. Board member Edmunds spoke about enrollment numbers and asked that UI include details about how it intends to grow. Dr. Baker explained that UI has included that as an assumption in the context of the plan.

- Boise State University: BSU's plan includes the current Board approved mission statement. With regard to BSU's goals, several align with the Board's goals. The University will be going through a revision in the fall.
- Idaho State University: ISU's current plan contains a slightly modified version of the Board approved mission statement. Ms. Grace explained that the Board may want to look more closely at the objectives under goal 3 to make sure they line up with ISU's mission. Board member Goesling said he liked the idea of the institutions identifying key external factors because that gives the Board a better understanding. Board member Terrell referred to Objective 3.4 as it relates to the medical education program and recalled that the Board gave ISU specific instruction on the scope of its mission relating to health professions. He noted that ISU needs to be careful to make sure that its plan does not overstate the boundaries regarding medical education and the effort to get more training sites. Mr. Westerberg agreed and indicated that this item should be referred to the Board's Medical Education Committee for clarification. Mr. Westerberg said he appreciated ISU's and BSU's effort to quantify the benchmarks; there is good progress being made there.
- Lewis-Clark State College: LCSC's plan reflects a slightly modified form of the Board approved mission statement. The College's plan perfectly aligns with the Board's plan. Mr. Goesling said he appreciated that LCSC presented its plan in a straight forward format with simplified language that is easy to understand. He urged the other institutions to follow the same approach. Ms. Grace reminded the Board that every institution struggles to meet multiple masters and they all have differing levels of complexity.
- Eastern Idaho Technical College: EITC's plan aligns with the Board's plan. The College's fourth goal is specific to EITC. Board member Atchley asked if there is a way to align the Board's plan to the accreditation requirements; and to make the process work more simply.

Discussion

Mr. Edmunds pointed out that the institutions need to spell out specifically what they envision themselves accomplishing over the next few years and to tie in with the Board's plan. He indicated that all institutions have serious funding problems but the plans don't necessarily speak to that issue.

Board member Atchley asked why the Board's strategic plan requirements are in opposition to the accreditation planning requirements. Ms. Grace said accreditation is an evaluation of the institutions current performance in fulfilling their mission. The Board's plan measures goals. Ms. Grace noted that the strategic plan process is driven by the state.

Executive Director, Mike Rush asked the Board to decide how involved it wants to be in the institutions' planning and accreditation processes. He noted that the planning process the Board currently uses is in line with deadlines set by the Idaho's Legislature and Idaho Code. He indicated that it would be helpful for all involved to have punch list and specific guidance on how to proceed this fall.

Mr. Edmunds indicated that he didn't think the plans or processes are going where they should. He suggested the Board set more directives on what it wants accomplished and to arrange more work sessions. Mr. Edmunds suggested that the plans need to go to the structural issues. He proposed that the Board communicate to the Legislature about the needs of the education system in terms of timelines, planning cycles, and requirements.

Board President Westerberg shared that in his perspective the Board's strategic plan is a good piece of work. It includes some good objectives and fairly good performance measures. He pointed out that next step took place when the institutions and agencies were asked to align their plans to the Board's plans. Mr. Westerberg objected strenuously to the Board micro-managing the institutions as they put together their plans.

Mr. Westerberg indicated that where the planning effort falls apart in his mind is in understanding what the financial plans are to carry out the strategic plans. If the Board can come up with a matrix that shows how the plans align with the Board's plan it would be helpful. Ms. Grace said that if the Board looks at the requirements for accreditation, there is a financial piece related to mission fulfillment. That is an option of something to look at as well.

Mr. Westerberg pointed out that the Board does need to be very involved with the institutions related to the mission statements. It needs to be sure that there is guidance and acceptance. He then invited the presidents to come forward for comment.

Dr. Robert Kustra of BSU suggested that the institutions are all struggling to work in an environment that doesn't provide the resources to do the job. In terms of the objective of the enrollment numbers, 60% is challenging. Board President Westerberg suggested that the institutions tell the Board what they need in terms of resources and time to accommodate the growth, then the Board can decide on next steps. Dr. Kustra suggested that the strategic planning retreat and speaker were excellent. Having a similar discussion on the enrollment issue would be very helpful.

Burton Waite said EITC is not like the other institutions because it is a technical college. Classes and programs are impacted by the current labor market, industry standards, certification requirements, lab requirements, etc. The Board needs to keep that in mind when it speaks about growth. Mr. Waite said he was interested in the question raised by Ms. Atchley in terms of aligning the accreditation and strategic planning processes; it would be very helpful to EITC if that were to happen.

Dr. Barbara Adamcik of ISU noted that if the Board is interested in a template for strategic planning for the institutions it could look at the Northwest Accreditation requirements for core themes as a template. She suggested that could be a driver for reorganizing and realigning the strategic plans of the institutions.

Dr. Nellis of UI agreed the alignment of the two processes would be very beneficial. He also mentioned that the 60% figure is a big driver; how to get there is the question. He suggested strategizing in a new way whether that is through focused discussion, reflection, or some other method. He pointed out that the institutions need the Board's input on the mission statements since those drive many of the other processes and will determine how to fit in the overall goal of 60%.

Dr. Jerry Beck of CSI noted there are two approaches: make the money drive planning or have planning drive the money. Clear direction needs to come from the Board on that point as to which way it is going. Also, in terms of future planning, the institutions need to have the confidence to know that once plans are completed, the Board will uphold them in the future. Dr. Beck noted that some institutions have more ability to grow than others. Dr. Beck also mentioned concurrent enrollment and indicated that is an important point for the Board to consider in planning efforts.

Mr. Terrell said he would like to see the Presidents Council have relevant and ongoing discussion about the needs and how to meet them; and, then to bring those things to the attention of the Board. Board member Edmunds said that he agreed with Mr. Terrell that the presidents need to get together to work on solving the problem of restructuring higher education. This would be a significant step forward.

Note: it was at this time that State Superintendent joined the meeting.

Dr. Kustra agreed with Dr. Beck that the concurrent enrollment issue is an important point. He pointed out that the Board has to agree to evaluate the institutions fairly on that point if the community colleges are allowed to take over more of those numbers.

Dr. Tony Fernandez of LCSC reminded the Board that it has the authority to direct the institutions to come up with the things the Board wants to see. If the Board does that, the institutions can come up with the plans and steps. But, if that is the case, the Board needs to allow the institutions to carry those plans forward, and to give them the latitude and flexibility to be innovative and creative.

Board member Goesling suggested that the Board should come up with the plans and then work together with the institutions to determine the cost factor and where to go from there. Mr. Westerberg indicated that the Board did this already. Ms. Atchley concurred and suggested that the question now is how everyone collectively gets to that number. Mr. Westerberg said he sees elements of that in the plans, with more work still needing to be done.

Bert Glandon of CWI pointed out that from his experience Idaho is one of the most collaborative states he's worked in. He noted that if the Board directs the Presidents' Council to come up with a plan this year for how they will achieve the 60% goal, it will happen. And, if there are other specifics like dual credit the Board wants the Presidents' Council to work on, the Board should give that directive as well.

M/S (Edmunds/Goesling): To charge the Presidents Council to provide the next steps in implementation of the 60% objective for the October Board meeting. Motion carried unanimously.

Ms. Atchley echoed what Mr. Westerberg said and pointed out that the Board did put out a goal for what it wanted from the institutions in terms of a response to the 60% goal; she was surprised the response wasn't better. She encouraged the Presidents' Council to work on it now. Mr. Terrell said that the punch list should include the 60% element.

Mr. Edmunds brought up the possibility of putting more routine items on the consent agenda to allow the Board additional time during regular meetings for work sessions. Mr. Soltman agreed and pointed out that the Board should work at being more organized about the agenda. Ms.

Atchley agreed that better use of the consent agenda would be helpful. Mr. Westerberg suggested that the committee chairs make recommendations about items that can go on the consent agenda with the understanding that a single Board member might decide he or she wants to pull it off for more review or discussion.

Mr. Edmunds suggested that the Board work to inform the Legislature about the special requirements of the Board and its institutions related to timelines, strategic planning, and accreditation. Mr. Westerberg directed the Planning and Policy Committee to review that issue. Dr. Rush reminded the Board the language in the accreditation report and the language in the legislative requirements may allow some flexibility. He suggested that once the Planning and Policy Committee completes its analysis it should determine what policies to change as well.

Mr. Edmunds asked again about trying to change the Division of Financial Management (DFM) process. Mr. Westerberg noted the charge to the Planning and Policy Committee is to see if there really is a problem. If there is a problem, then steps could be taken to request a legislative review. Dr. Rush explained that DFM and the Legislative Services Office do use the planning report; it is provided to the legislators as documentation, so it does have value.

Mr. Edmunds said that there is one issue that the colleges and institutions can't address is the funding issue for higher education. Mr. Westerberg reminded Mr. Edmunds that the motion directs the presidents to look at that issue in full.

Dr. Rush summarized the list of items the Board wanted on the punch list. Those items were: dual credit, the strategic plan goals of the Board including the 60% element, and performance standards including financial efficiencies.

The Board adjourned for the day at 3:30 p.m.

Thursday, June 23, 2011

The Board reconvened at 8:00 a.m. Board President Richard Westerberg called the meeting to order. Board member Lewis joined the meeting by conference phone.

By unanimous consent, the Board agreed: to pull IRSA item 11 because it is not ready for consideration; and to reverse the order of IRSA items 8 and 7 to make for a better flow.

OPEN FORUM

Robert Croker, Idaho State University Provisional Faculty Senate, reported on the issue of faculty governance at ISU. Dr. Croker commended the faculty of ISU for enduring and persevering during the difficult times at ISU. He noted that the election of the provisional faculty senate resulted in the reelection of many, if not all of the former faculty senate members. He emphasized that ISU needs to recognize the value and importance of the faculty. He indicated that the sanctioning of ISU will have a detrimental impact on the grants awarded to ISU. It will make it difficult to attract new, and highly qualified, faculty and administrators. Donations will be negatively impacted; several of the larger donors from the past have already sent the message that they will no longer make donations to the University. The provisional senate will work hard to reverse the negative outcomes by advancing the work on the constitution. He noted that the provisional senate is still waiting for documents from the provost which were promised in May; it needs those documents to continue with its work. Dr. Croker reported that the provisional

faculty senate is committed to accomplishing the tasks set before them, in spite of the challenges. He reminded everyone that the provisional faculty senate is not a task force, but a duly elected body.

Carol Thomas, a former CSI instructor, spoke to the Board about the effectiveness of online courses taken outside of the classroom. She described her concerns about the lack of immediate feedback if online courses are taken in isolation. She suggested that students would miss out on the added value that comes from having the teacher and other students as part of the learning experience. She noted that online courses don't take into consideration the different learning style of students. She agreed that added value does come when computers are in the classroom, and sharing of information can take place.

LeRoy Hayes spoke to the Board about online classes versus teachers in the classroom. He is a graduate of Aberdeen High School and ISU. He noted that the continuing education and career decisions he ultimately made were a result of instructors who provided him with positive role models in junior high and senior high school. By decreasing the number of teachers in classrooms or increasing class sizes, the opportunities for students to have positive role models in the classroom will decrease.

Deborah Silver, a graduate of Jerome High School and BSU, noted that the task of the Board is to provide a free and thorough education for Idaho students. She urged that there be more talk about implementation rather than the number of classes. She would like select school districts to pilot the effort to see how it works before implementing the initiative across the state. She pointed out that when students are in the classroom, their ability to pay attention to the instructor is better. She agreed that having computers in the classroom would be a better alternative than having the students at home taking online classes. She concluded with the reminder that it's not about the number of classes a student takes, but how the state proceeds to implement this into the current system.

Tim Dodd spoke to the Board about the online course requirement. If the Board is tasked to determine how many courses are required for online learning, he urged the Board to make that number as small as possible. A smaller requirement would mean less money in order to minimize the expense to the state as a starting point.

Jana Humphries spoke to the Board about online classes. She spoke about her son, a high-achieving student, and his experience with online math classes. He discovered, along with other students, that he could pass the tests just by Googling the answers so it wasn't necessary to learn or retain any of the concepts or information. As a result, when he got to college he had to retake some of the same math courses to catch up. Ms. Humphries explained that she understands online courses for smaller districts may be the only way for those districts to offer some classes. But, she disagrees with the idea of online classes being mandated for every student or school.

Dixie Siegel, a former alternative teacher from Twin Falls and Jerome, shared about her experiences with online classes and computer labs. She noted that technology in the classroom can be positive if implemented correctly. She also reminded the Board that most kids are far ahead of their teachers when it comes to technology. Because of that, controls must be put in place to keep students from using their computers in negative or harmful ways. She urged that any plan for implementing online courses must also include funds to pay for the means to monitor usage as well as for the technology itself.

Terry Hartman spoke to the Board about online learning and the negative impact it has on graduation rates. She suggested that online learning sets students up to fail rather than to achieve. She mentioned a study by West Shore Community College that showed failure rates for adult online learners. She pointed out that CSI has a questionnaire for its entering students to determine if they are good candidates for online courses. She suggested the same opportunity should be given to high school students. She concluded by asking that courses required for graduation, such as reading, math, and history should not be offered online because the risk for students is too great; if they fail any of those classes they won't graduate.

CONSENT AGENDA

M/S (Terrell/Soltman): To accept the Consent Agenda as submitted. Motion carried unanimously.

BAHR – Section I – Human Resources

1. BAHR – Section I – Boise State University – New Positions and Changes to Positions

By unanimous consent, the Board agreed to approve the request by Boise State for twenty one (21) new positions (21.0 FTE) and increase the term of seven (7) positions (7.0 FTE).

2. BAHR – Section I – Idaho State University – New Positions and Changes to Positions

By unanimous consent, the Board agreed to approve the request by Idaho State University for one (1) new faculty position (1.0 FTE), six new professional staff positions (6.0 FTE), five new classified staff positions (5.0 FTE), and increase the term on one classified staff position (1.0 FTE).

3. BAHR – Section I – University of Idaho – New Positions and Reactivations of Positions

By unanimous consent, the Board agreed to approve the request by the University of Idaho to create four (4) new positions (4.0 FTE) and reactivate three (3) positions (3.0 FTE) supported by appropriated and non-appropriated funds.

BAHR – Section II – Finance

1. BAHR – Section II – FY 2012 Operating Budgets

By unanimous consent, the Board agreed to approve the FY 2012 operating budgets for the Office of the State Board of Education, Idaho Public Television, the Division of Vocational Rehabilitation, College and Universities, Postsecondary Professional-Technical Education, Agricultural Research & Extension, Health Education and Special Programs, as presented.

PLANNING, POLICY AND GOVERNMENTAL AFFAIRS

1. College of Southern Idaho – Annual Progress Report

President Jerry Beck presented the progress report for CSI. He discussed the College's strategic planning process and explained that planning drives money at CSI. Dr. Beck noted that the timeline CSI has in place works well for the College but doesn't necessarily line up with the timelines set forth by the Board's planning cycle.

Dr. Beck explained that while CSI believes it is important to enroll more students, it is equally important for students be able succeed. Opportunities must be available to students at the college level so that they can go on to a successful college experience. Those opportunities include developmental education, refresher courses, and time in the classroom. CSI provides other types of learning environments as well including online courses and off-campus learning. He noted that online learning is popular and successful. Related to enrollment numbers, Dr. Beck indicated that CSI looks more at the end-counts because the tenth day counts don't reflect the final results.

In terms of dual credit, Dr. Beck shared that CSI started this effort early. He noted that the transfer of students and programs from CSI to CWI caused a dip in CSI's dual credit numbers recently, but that is a positive reflection of the collaboration and coordination effort between the two institutions.

Dr. Beck reported that grant funds awarded to CSI is used as seed money by the College to bring economic opportunities to the College and its students, and to the community. In addition to grants, CSI's foundation has been successful in raising funds through a capital campaign undertaken several years ago. It helps provide scholarship dollars for students and reflects the generosity of the community.

Related to online courses, Dr. Beck indicated that in the past many CSI students had to take online courses off-site because of a lack of space at the College. He pointed out that CSI learned many lessons about online instruction and its delivery as a result. One of the things CSI learned is that it is necessary to respond differently and use different delivery methods depending on the course being delivered and the population being served. Dr. Beck emphasized that companies expect employees to work in the electronic/technology environment. He pointed out that the system does the students a disservice if it doesn't teach them how to work in that environment.

State Superintendent Luna indicated that the questionnaire that CSI uses would be valuable to the committee working on the online learning effort. Dr. Beck explained that the intent of the questionnaire is to get students thinking about online classes before they sign up for them. The purpose was not to screen people in or out, but to give them upfront information about online instruction.

Board member Edmunds noted that he advocates the expansion of the community college system. He asked Dr. Beck what he would recommend as an approach to move forward in other communities. Dr. Beck explained that the state learned something about community colleges with the creation of the College of Western Idaho. It has to be fully promoted and supported by the community. CWI is a good example.

2. Presidents' Council Report

President Burton Waite of EITC reported on behalf of the Presidents' Council. Board President Westerberg noted that Mr. Waite recently announced his intention to retire next year. As a result a search effort is immediately underway with Board member Atchley chairing that effort. Mr. Waite thanked the Board members for the opportunity to work with them and the institutions on a number of important issues.

Mr. Waite discussed the study put together by the institutions related to health care for employees. Lt. Governor Brad Little attended the meeting where that was discussed. Stacy Pearson of BSU and Matt Freeman from the Board office were instructed to take the recommendations and concerns that were brought forward to the Department of Administration to see if there was a better way to offer health insurance coverage for the employees of the institutions; one that might better serve all state employees at a lower cost.

Mr. Waite noted that the Presidents' Council also discussed how to cooperate and work together to increase and improve the technology link between the institutions and the state. Dr. Kustra will continue to head up that effort.

3. Idaho Division of Vocational Rehabilitation Progress Report

Dr. Trudy Anderson was introduced. Dr. Rush noted that Dr. Anderson is the Vice President at UI in Boise. Dr. Nellis agreed to allow Dr. Anderson to work with the Board on an effort to administer the Division of Vocational Rehabilitation (IDVR). He thanked Dr. Nellis and Dr. Anderson for extending those services to the Board.

Dr. Anderson reviewed the status of IDVR. She noted IDVR has 152 FTE and that it is predominantly federally funded. IDVR is a statewide organization with a presence in 45 locations throughout Idaho, including schools, job service offices, and Department of Correction facilities. IDVR has four programs in Idaho. The largest one provides services to individuals with disabilities so they can return to the workplace.

Dr. Anderson discussed state and federal issues. She noted that the state auditors issued a number of findings for the agency. All are fixable and are being worked on by the agency. One of them is whether the agency should remain a stand-alone agency or moved under Health and Welfare. The other is the question about duplication of effort.

On the federal side, IDVR has a declining situation. Federal money comes to Idaho based on Idaho's ability to match it. This is the biggest issue for IDVR in the coming year. The agency has undergone a federal review and a number of audit exceptions were issued there as well. A corrective action plan is in place. As funds decline, the resources available for client services are going down too. In the coming year, IDVR may face its most difficult year because some of the declining resources were previously masked by one-time money. Unlike other areas, if a client has a disability, the law requires that IDVR must provide services. If IDVR runs out of resources to provide those services there is a procedure to follow to report that. The hope is that Idaho can avoid having to go down that path.

Dr. Anderson reported that administrative actions have taken place to address the economic and funding challenges including closing offices, renegotiating leases, decreasing office space, establishing additional partnerships with other businesses in the field, and not filling vacant

positions. In addition, two consultants are working in the central office to address state and federal compliance issues. Also, the agency is undergoing a thorough review of all its policies to make sure they are applicable and current.

Related to the state general account, part of IDVR's budget request addresses that point. She noted that for every dollar the state puts up, the federal government puts up 3.5 dollars. Idaho is working a number of third-party agreements to come up with match as well. The state plan will be submitted on June 30. Board member Soltman thanked Dr. Anderson for her leadership during this period.

Board member Edmunds asked about the Board's relationship to IDVR. Dr. Rush explained that both IDVR and the Division of Professional-Technical Education are governed by the Board of Professional-Technical Education. Those two agencies have been under that Board for decades. He reiterated that IDVR is primarily funded with federal money. Organizationally, it appears that those agencies that are under education or independent (nationally) seem to operate the best.

Mr. Edmunds asked if IDVR would be better served by its own board. He noted that he understands this would be a legislative change, but he asked the Board members if it should make that recommendation so it has a more responsive board. Board member Lewis asked Mr. Edmunds about his thoughts around how the relationship with our Board or a separate board would be structured. Mr. Edmunds said he would like to see an independent group that would be more responsive to this agency.

On another note, Mr. Soltman asked about the status of selecting a permanent director. Tracie Bent of the Board office reported that stake holders came together to evaluate applications. Five applications were forwarded to Dr. Rush and reference checks are underway. Once that is completed, there will be interviews. The interviews will take place in July.

Mr. Edmunds asked for Board support to look at the governance of IDVR to see if it should be something the Board advances to the Legislature. Dr. Westerberg directed Board staff to look into this and report back to the Board.

4. Presidential Compensation

M/S (Soltman/Atchley): To approve the annual salary for Dr. Robert Kustra as President of Boise State University for the 2012 fiscal year in the amount of \$336,410 (comprised of \$299,410 in institutional funds, and \$37,000, plus such additional amount required for benefits, in supplemental compensation to be provided by the BSU Foundation), and to amend the current employment agreement with Dr. Kustra extending the current contract for one (1) additional year, as submitted. Motion carried unanimously.

M/S (Soltman/Terrell): To approve the annual salary for Dr. Duane Nellis as President of University of Idaho for the 2012 fiscal year in the amount of \$335,000 (comprised of \$298,000 in institutional funds, and \$37,000, plus such additional amount required for benefits in supplemental compensation to be provided by the UI Foundation), and to amend the current employment agreement with Dr. Nellis extending the current contract for one (1) additional year, as submitted. Motion carried unanimously.

M/S (Soltman/Atchley): To approve the annual salary for Dr. Art Vailas as President of Idaho State University for the 2012 fiscal year, in the amount of \$323,650 (comprised of \$286,650 in institutional funds, and \$37,000, plus such additional amount required for benefits in supplemental compensation to be provided by the ISU Foundation), and amend the current employment agreement with Dr. Vailas extending the current contract for one (1) additional year, as submitted. Motion carried unanimously.

M/S (Soltman/Terrell): To approve the annual salary for Mike Rush as Executive Director of the Idaho State Board of Education for the 2012 fiscal year, at an annual salary of \$110,012, and to approve the employment agreement with Dr. Rush as presented for a one (1) year term and containing additional employment terms and conditions, as submitted. Motion carried unanimously.

This item was introduced by Board member Soltman. It was noted that with the institution presidents the contracts were extended another year. Mr. Luna made a point with all the contracts for the presidents that there is no increase in salary or benefits from the previous year.

By unanimous consent, the Board agreed to readjust the agenda to accommodate Mr. Lewis's schedule. That being the case, the items related to role and mission will be brought forward at 11:00 a.m. in order to give Mr. Lewis the opportunity to participate in the discussion of those items.

5. Legislation–2012

M/S (Soltman/Terrell): To approve the six (6) legislative ideas as submitted and to authorize the Executive Director to submit these and additional proposals through the Governor's legislative process. Additional legislative ideas to be approved by the Board's Executive Committee prior to submittal. Motion carried unanimously.

Tracie Bent of the Board office discussed the legislative ideas presented to the Board in the agenda materials. She noted that once they have completed the process set up by the Governor's office, they will be forwarded to the Legislature in 2012. Board member Edmunds asked about the process if the Vocational Rehabilitation issue is added. It was noted that the motion allows for additional items to be included.

Mr. Westerberg explained that a process was set up last year for the Board to have ongoing review of issues and items during the legislative session by way of a weekly meeting. The plan is to have that continue. Dr. Rush noted that these legislative ideas have to be submitted to the Governor's office by August. Once those ideas have the go-ahead from the Governor's office, they will come back to the Board to be fleshed out and will come back to the full Board itself in October.

6. Proposed Rule – IDAPA 08.01.04 – Rules Governing Residency Classification

By unanimous consent the Board agreed to postpone this motion until a future time.

The Board discussed this item. Matt Freeman of the Board office explained that the Board should not confuse this item with a medical program issue. It has to do with determining whether or not someone is an Idaho resident for purposes of their tuition. Mr. Freeman indicated that he discussed this with the individuals at each campus who handle the paperwork.

He noted that the rule does not specify who will do it; it just says it will be done. He indicated that even Board staff could manage this while working with the institutions. Ms. Bent said the requirements for determining residency are in Idaho Code; it is not an objective process undertaken by the institutions.

Board member Terrell asked if the Presidents' Council agreed with this motion. Ms. Bent reiterated that this rule has to do with whether applicants are residents of Idaho for tuition purposes; it's not about the programs or other related issues. She explained again that the requirements are in Idaho Code as to the process.

Mr. Terrell indicated he has a problem with this rule because it seems to put the entire burden on UI, and suggested that ISU should also be involved. He wondered if the medical education committee was up to speed with this. Mr. Freeman explained again that UI and ISU do work together so this; this is simply an administrative effort. Mr. Freeman suggested that rather than keep this in administrative rule the way it is, the process can be worked out internally. Mr. Terrell said that if the presidents of UI and ISU weren't involved in the discussion he would appreciate the Board holding this motion until he is able to visit with them to make sure they are both in agreement.

Mr. Soltman said that as an option the Board could agree to remove this item from the agenda and bring it back to the Board in August.

7. Temporary / Proposed Rule – IDAPA 08.01.14 – Rural Physician Incentive Program

M/S (Soltman/Goesling): To approve the Temporary and Proposed Rule changes to IDAPA 08.01.14 as submitted. Motion carried 7-0 (Mr. Terrell was absent during the vote).

Board member Soltman introduced this item.

8. Temporary / Proposed Rule – IDAPA 08.01.09 – GEAR UP Scholarship

M/S (Soltman/Atchley): To approve the Temporary and Proposed Rule IDAPA 08.01.09 as submitted. Motion carried 7-0 (Mr. Terrell absent during the vote).

Board member Soltman introduced this item.

9. Temporary Rule – IDAPA 08.01.11 – Registration of Post-Secondary education Institutions and Proprietary Schools

Board member Soltman introduced this item.

M/S (Soltman/Goesling): To approve the Temporary Rule changes to IDAPA 08.01.11 as submitted. Motion carried 7-0 (Mr. Terrell absent during the vote).

10. Boise State University – Alcohol Service Permit – Stueckle Sky Center

M/S (Soltman/Atchley): To approve the request by Boise State University to allow alcohol service during the 2011 football season and uDrove Humanitarian Bowl in the Stueckle Sky Center under the conditions outlined in Board policy I.J. subsection 2.c. Motion carried unanimously.

Mr. Goesling raised a point about the Board's involvement with these waivers when there are highly qualified presidents to run the institutions. He suggested that the presidents should be entrusted to make these types of decisions.

Mr. Westerberg explained that this has been an evolving process. Over time, the Board has updated the policy in such a way that there is more comfort with this topic. Mr. Soltman indicated that this was originally scheduled to be on the consent agenda, but Board member Terrell asked to move it to the regular agenda.

Board member Lewis shared that it would be good to review where we are now that we have a policy that specifically deals with this. He understands that it is beneficial to understand even within the rubric of the policy the manner and the location of this type of activity to see how or if it proliferating. The fact that we now have a policy is helpful.

Board member Terrell asked to bring this to the regular agenda to make sure where the funds go. He asked the representatives of the institutions to come forward to speak to this. Mr. Terrell understands that alcohol is a money maker and also an activity to encourage people to donate money to the institutions.

Lloyd Mues of UI said that the proceeds that are raised by alcohol go to the food vendor. UI taxes auxiliary services to direct those funds across campus to many UI organizations and efforts. Jim Fletcher of ISU noted that it operates the same as UI. Stacy Pearson of BSU noted that it operates in a similar way. Mr. Terrell indicated that he doesn't want alcohol to go totally to support athletics. He wants it to go to support academia as well.

Board member Lewis referred to Mr. Goesling's point and that from a policy standpoint, the Board has strongly stated its opposition to alcohol to be freely available in the stadiums. The Board has allowed exceptions. The concern is that over time, the exceptions may overwhelm the policy. By reviewing these actions on a regular basis the Board won't find itself in a place where it is suddenly on the slippery slope. Mr. Lewis indicated that the presidents have commended the Board for taking a strong position on the issue of alcohol sales because it provides a structure.

Mr. Luna noted that one opportunity that could be part of the consent agenda is to ask if there have been any violations in the previous year to the policy. If there have been, then it would be the time to take it off the consent agenda. Mr. Goesling agreed. Mr. Westerberg noted his appreciations of the viewpoints expressed. He directed Board staff to put these waivers on the consent agenda unless there is a specific issue to address.

11. Boise State University – Alcohol Service Permit – Caven Williams Center

M/S (Soltman/Terrell): To approve the request by Boise State University, Idaho State, and University of Idaho to allow alcohol service under the conditions outlined in Board policy I.J. subsection 2.c. Motion carried unanimously.

Note: Items 11, 12, and 13 were consolidated under one motion.

12. Idaho State University – Alcohol Service Permit – Sports Medical Center

See above.

13. University of Idaho – Alcohol Service Permit

See above.

14. University of Idaho – Alcohol Service Permit – Club Seating

M/S (Soltman/Goesling): To approve the request by the University of Idaho to allow alcohol service during the 2011 football season in the Litehouse Center/Bud and June Ford Club Room located in the ASUI-Kibbie Activity Center under the conditions outlined in Board policy I.J. subsection 2.c. Motion carried unanimously.

Board member Lewis asked about the separation of this area. Mr. Mues indicated that it is totally separated, and all entry points will have security personnel to manage the entry points. All conditions will be strictly enforced.

15. President Approved Alcohol Permits

Board member Terrell noted that BSU and UI seem to be increasing the use of alcohol on their campuses. He shared his opinion that the institutions are stretching the limits on the occasions and locations where alcohol is served on campus. He warned the Board to keep a closer eye on this issue so it doesn't come to a point where it is over-used. Mr. Luna agreed.

16. Board policy – Second Reading – Section I.M.

M/S (Soltman/Atchley): To approve the second reading to Board policy section I.M. as submitted. Motion carried 7-0 (Mr. Terrell was absent during the vote).

At the conclusion of this item the Board moved to the IRSA agenda to take up items 8, 7 and 9, in that order.

INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS -- Agenda

8. Institutional Mission Statements

Selena Grace presented this item. She explained a chart showing the current mission and proposed mission statements is included in Board agenda materials. She read through the proposed statements and noted that the institutions want to know if they are going down the right path. Board member Edmunds reiterated that point.

Board member Lewis asked for clarification on the proposed mission statements and how they interact with the existing and primary emphases. Ms. Grace noted that the roles and responsibilities are different from the mission statements. The mission statements need to be something the institutions can use for accreditation purposes; they will also fold into their strategic plans.

Mr. Lewis pointed out that what the Board discussed was for the mission statements to include what the Board declared as its vision and mission, and then go to what the institutions see as their mission under that. He asked where these mission statements will to be placed. Ms. Grace suggested that the appropriate place to put these is in the role and mission policy. Mr. Lewis asked about the category of roles and responsibilities. Ms. Grace explained the role and responsibilities tie directly with the programs that the institutions deliver. Mr. Lewis asked that the institutions be comprehensive in identifying what they do and don't do. Mr. Edmunds clarified that his question is how far the Board will take this in terms of the statewide system.

Mr. Terrell referred to ISU's strategic plan objective related to medical programs and noted that he wonders about the scope of permission the Board plans to give ISU on this matter. Mr. Westerberg pointed out that this question was forwarded to the Medical Committee yesterday; it will look at this question in detail.

Mr. Westerberg said he would like to review the mission statements in depth. Mr. Edmunds noted that the institutions have drafted a mission statement that ties into the state plan. At some point the Board needs to tell the institutions if it approves those statements or not. He asked the Board how it wants to proceed in reviewing the proposed statements. Mr. Lewis said that it is appropriate to discuss the mission statements with the understanding that is the primary focus at this time. Then the Board can give attention to the programs and regional responsibilities of each institution recognizing that while each institution should have some flexibility there, it is up to the Board to determine what statewide roles the institutions should have.

Ms. Atchley noted that most of the mission statements are far more general than ISU. She suggested that the Board should remove the language that refers to programs and responsibilities. She also agreed that ISU's role has been an instructional institution, not a research institution.

Mr. Edmunds concurred with Mr. Lewis. He suggested this meeting doesn't allow the time for in depth discussion. He suggested that the Board refer it this back to IRSA and ask for a recommendation to be brought back to the Board for review and discussion.

The Board agreed that it is effectively setting the direction for the institutions for the next several years. They supported the idea of sending this to IRSA for further scrutiny. Ms. Grace explained that once the mission statements are in place, the institutions will be able to use those to identify core themes; from the core themes they will be able to provide performance measures that the accrediting body will refer to.

Dr. Doug Baker of UI pointed out that September 15 is the due date for these to go to the NW Accreditation committee. It would help to have the mission statements approved by the first of September. Mr. Westerberg summarized the discussion and noted that the Board had requested IRSA to review each mission statements in concert with every institution; and that the Board would schedule a special Board meeting to hear back from IRSA, and to approve the mission statements.

In respect to the areas of responsibility, Mr. Westerberg noted that IRSA should work on that as well, but not at this time. Mr. Edmunds agreed that step will follow. Ms. Grace indicated that the areas of emphases will stand as is until the Board is able to address them.

7. Second Reading – Proposed Amendments to Board Policy III.I. Roles and Mission

By unanimous consent the Board agreed to postpone this item to a future time.

After brief discussion, the Board decided to postpone this item until it has had time to review the mission statements.

9. Second Reading – Proposed Amendments to Board policy III.Z. Delivery of Postsecondary Education – Planning and Coordination of Academic Programs and Courses

M/S (Edmunds/Soltman): To approve the second reading of the proposed amendments to Board Policy III.Z. Planning and Delivery of Academic Programs and Courses as amended. Motion carried unanimously.

Ms. Grace explained that Mr. Lewis wanted clarification on several points prior to the Board meeting. She presented and discussed the policy in reference to those points. Mr. Edmunds noted that section 3.Z has been in effect for many years. The policy changes will allow for ease of implementation by the public postsecondary institutions and the Office of the State Board.

Mr. Lewis expressed concern about the language that inferred that institutions have to collaborate for collaboration's sake. Addressing that point, he suggested that if an institution has a statewide mission to deliver certain programs and goes into another region to deliver the program, only to find that the local institution in the region is already delivering that program, then the local institution would continue to deliver that course. The point being that the statewide institution would not come in to deliver that course. He noted that this makes sense from an efficiency standpoint, but there is a question as to how far this extends. It makes sense at a general education or lower division level, but maybe not so much at the upper division level.

Mr. Lewis thanked the staff for their work on this. He indicated they have been very responsive in their efforts to clean this up. Ms. Atchley clarified that this policy is a work-in-progress. Mr. Lewis noted that with respect to statewide programs and assignment of statewide programs, the Board's goal is to make sure the structure is in place. Then the Board can come back and identify statewide responsibility.

As a side note, Dr. Rush announced that Selena Grace has been selected as the Chief Academic Officer for the Office of the State Board of Education. Board member Terrell also took time to acknowledge and thank Sherry Woods, who was in the audience, for her work and commitment to education in Idaho.

BUSINESS AFFAIRS AND HUMAN RESOURCES

Section I – Human Resources

By unanimous consent, the Board agreed to take up item 8 of BAHHR Section II at this time to accommodate schedules.

Section II – Item 8. Boise State University – Higher Education Insurance Feasibility Study

Stacy Pearson of BSU reported that a feasibility study was undertaken to look at the needs and unique challenges of the higher education system related to employee benefits. The feasibility

study included health, life, and disability insurance, along with prescription drug benefits, flexible spending accounts, and proposed improvements to benefit the institutions. The results and recommendations coming out of the study were communicated to the Legislature, the Governor, and also to the Department of Administration.

Brent Crane from AonHewitt was introduced to provide additional input. He reported on the key findings of the study which include: potential savings estimated to be from \$2.2 - \$6.7 million dollars; the ability for higher education institutions to create plans and eligibility standards that meet the unique needs of the institutions; and the potential to reduce the State's beneficiary count from 19,000 to 14,000. More details were provided in the Board's agenda materials.

Mr. Crane indicated that the study looked at the demographics for both higher education employees and other state employees, and found they were very similar. In talking about issues such as administration, cost of plan, adjudication of claims, it was determined the State's plan is very competitive as far as the marketplace. However, the higher education institutions have a significant level of frustration with the state's plan because it lacks the flexibility to address the unique needs of higher education.

Mr. Crane suggested that there are several issues the Board needs to consider regarding the creation of a separate plan for higher education. They include the fact that there is less financial protection outside of the larger state plan. Also, there is the question about who would administer a separate plan for higher education and how to fund start-up costs. On the other hand, some benefits of a separate plan for higher education include more flexibility, having the ability to design a unique plan for higher education, and the ability to work directly with providers to achieve greater costs savings.

Ms. Pearson indicated that the next steps include having more meetings with Department of Administration, involving higher education in the design of the plans, making immediate changes to flexible spending, and working with the Legislature to implement the changes.

At the conclusion of this item Board member Lewis departed from the meeting.

Return to BAHHR – Section I

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

M/S (Terrell/Soltman): To approve the second reading of the proposed amendments to Board Policy II.B.3. Appointment Authority and Procedures, as presented. Motion carried unanimously.

2. Amendment to Board Policy – Section II.D. – Categories of Employees – General Definitions – First Reading

M/S (Terrell/Soltman): To approve the first reading of the proposed amendments to Board policy II.D.2, as presented. Motion carried unanimously.

3. Amendment to Board Policy – Section II.F. – Policies Regarding Non-Classified Employees and Section II.G. – Policies Regarding Faculty (Institutional Faculty Only) – First Reading

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

Board member Goesling asked UI and LCSC to comment on this item. Lloyd Mues noted UI currently follows this practice. Chet Herbst of LCSC noted this policy applies to LCSC and they support the change. Matt Freeman of the Board office indicated this will also impact EITC. Mr. Freeman noted that Idaho Code allows Judiciary and State Board to set its own policy in this regard.

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

M/S (Terrell/Goesling): To approve the second reading of the proposed amendments to Board Policy II.M.2, as submitted. Motion carried unanimously.

5. Amendment to Board Policy – Board Supplemental 403(b) – Retirement Plan Revisions

M/S (Terrell/Atchley): To approve the Supplemental 403(b) Retirement Plan in substantial conformance with the plan document submitted to the Board as Attachment 1, and to authorize the Board's Chief Fiscal Officer to execute the Plan document on behalf of the Board. Motion carried 6-1 (Mr. Goesling voted Nay).

Matt Freeman discussed this item in detail. He noted that Board staff worked with outside counsel to develop a new plan. He reviewed the points of the new plan, referring the Board to the materials provided in the Board agenda. Mr. Freeman indicated that the new plan attempts to replicate the former plan to the extent possible in terms of employer and mandatory employee contribution amounts.

Board member Soltman asked if any members were penalized due to this change. Mr. Freeman said there were no penalties. He explained that the old suspended plan and this plan are both 403(b) plans. He reiterated that Board staff worked with outside tax counsel to draft the plan and that outside counsel worked directly with the IRS to ensure everything was done correctly.

Mr. Goesling noted he would vote against this motion because he feels this new plan is too restrictive.

6. Boise State University – Employment Agreement – Provost and Vice President for Academic Affairs

M/S (Terrell/Soltman): To approve the request by Boise State University to enter into a three-year contract with Dr. Martin Schimpf as Provost and Vice President for Academic Affairs of the University, in substantial conformance to the form submitted to the Board, and to authorize the President of Boise State University to execute the contract. Motion carried 6-1 (Mr. Westerberg voted Nay).

Board President Westerberg noted that approving a three-year contract with a provost is not a normal practice for this Board. He asked about damages should the provost leave early. Ms. Pearson said that neither party would have to pay damages. Again, it was noted that there are no other provosts who have three-year contracts. Mr. Westerberg indicated he would vote

against this motion because it goes in a different direction than previously by the Board. He suggested more study should be undertaken before taking this action.

7. Idaho State University – Employment Agreement – Head Women's Basketball Coach

M/S (Terrell/Atchley): To approve the request by Idaho State University to execute a multi-year employment agreement with Seton Sobolewski, Head Women's Basketball Coach for a term commencing May 9, 2011 and terminating May 9, 2015, in substantial conformance with the contract submitted to the Board as Attachment 1. Motion carried unanimously.

Matt Freeman of the Board office discussed this item. Board member Goesling asked about the one-year student attainment period versus a four-year period that the NCAA looks at. Board member Terrell indicated that when the Board and its staff reviewed these contracts they expressed similar concerns. He pointed out that this concern will be forwarded to the athletic committee.

Jim Fletcher indicated that ISU wanted one correction made on page 2, tab seven; he noted it should read four years, not one year. With that correction to the agreement, the motion goes forward.

8. University of Idaho – Employment Agreement – Head Women's Soccer Coach

M/S (Terrell/Soltman): To approve the University of Idaho's multi-year employment contract for head intercollegiate women's soccer coach for a 2 year, 6 month term commencing on July 31, 2011, and terminating on December 31, 2013, in substantial conformance with the contract submitted to the Board as Attachment 1. Motion carried unanimously.

Board member Goesling raised a question related to incentives and academic rankings. Mr. Mues referred to Tab 8 on page 5 where it speaks to that point. Rob Spears, Athletic Director of UI, explained that UI went to a one-year cumulative APR rating because the other way is punitive for various reasons.

9. University of Idaho – Employee Benefits Enrollment System RFP

M/S (Terrell/Atchley): To approve the agreement between the University of Idaho and Morneau Shepell Limited, in substantial conformance with the contract submitted to the Board as Attachment 1, and to authorize the Director of Purchasing Services to execute the agreement on behalf of the Board. Motion carried unanimously.

Mr. Goesling asked if a feasibility study similar to the one on insurance would be beneficial to all the institutions in regards to the human resource function and services. Mr. Mues noted that this is a support system that helps UI run the self-run benefit program. He pointed out that within the human resource function at UI there are only two people to work with this. Mr. Mues explained that this outside agency helps UI with the annual open enrollment and the employee benefit plan in addition to those things that relate to the retirees and COBRA administration. Without this entity to help, UI would have to hire more people and build an entire electronic infrastructure. It doesn't have the resources to do that. Mr. Mues also noted it would be very

expensive to move into a consortium with the other institutions; and even if it did, that operation would have to be funded somehow.

Mr. Mues explained that UI went through the RFP and bid process in selecting Morneau Shepell Limited; it was the best one and will benefit UI in terms of costs. Mr. Goesling asked why UI uses a different system. Mr. Mues noted that UI is not required to follow the state plan so they are able to have a self-run system. The other institutions are required by state law to follow the state plan.

Section II – Finance

1. FY 2013 Line Items

M/S (Terrell/Goesling): To approve the FY 2013 line items as listed on the Line Items Summary page in Tab a, and to create a blank for each line item. Motion carried unanimously.

Matt Freeman discussed the line item requests for FY 2013. He pointed out that the Board approved guidelines for line items in April. He noted that the list of items is not prioritized and the motion reads in such a way that it creates a blank line for each item. That means that after the motion, the Board can strike or change a line item however it chooses. After that, the table would be approved as amended.

Dr. Rush explained that the line item approval fits into the budget approval process. It is a two-step process. This is the first initial step – to approve line items above MCO effort. In August, the Board will do a final approval of the budget which would include the items as well as the MCO budget. Matt Freeman noted that with the Board's approval of the line items, the institutions can flesh out their budget requests to present them more fully in August.

The Board discussed the various items before making motions to prioritize them.

Motion 1 - M/S (Soltman/Edmunds): To make CAES the number one priority. Motion carried 5-2 (Board members Terrell and Westerberg voted Nay).

Motion 2 - (Terrell): To set the items in the following priority order: (1) CAES, (2) Biomedical Research, (3) Strategic Initiatives, and (4) Occupancy Costs. Motion died for lack of a second.

Motion 3 - (Goesling): To make Number 2 Occupancy, Number 3 Strategic Initiatives and Number 4 Biomedical. Motion failed for lack of a second.

Motion 4 - M/S (Edmunds/Soltman): To make Occupancy Costs as the second priority. Motion carried 6-1 (Board member Terrell voted Nay).

Motion 5 - M/S (Goesling/Edmunds): To make Strategic Initiatives as the third priority. Motion carried 4-3 (Board members Terrell, Soltman, and Edmunds voted Nay).

2. Athletics – Actuals, Forecast, and Budget Reports

Board member Atchley presented this item. She referred the Board to the information provided in the Board agenda. She noted that this item was reviewed and accepted by the Athletic Committee.

Board member Soltman asked about expenditures per varsity participant and noted that BSU's is higher. He wondered if the coaches' salaries drive that. Ms. Pearson noted that BSU's budget is higher than the other institutions, but the coaches' salaries do impact that.

Board member Terrell asked about the big game guarantees and how the money flows back into the system. Ms. Pearson said that the net revenue is part of the net revenue for the University, and it goes into the athletic program. The game guarantees go to the athletic budget; however BSU at times requires the athletic department to direct certain funds elsewhere in the University.

Mr. Mues noted that UI follows much the same process as BSU. He explained that the main facility that is used for athletics is used for many other purposes as well, so athletics is charged to use it just as are the other programs that use it.

Jim Fletcher explained that when ISU plays big money games it administers them in a fashion similar to the other institutions. He noted that the costs associated with big money games takes up a good portion of the funds. There is not a direct distribution of the athletic revenue to other programs.

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

M/S (Terrell/Edmunds): To approve the first reading of the amendment to Board Policy V.F. Bonds and Other Indebtedness and V.K. Construction Projects, as submitted. Motion carried unanimously.

Second Motion - M/S (Westerberg/Atchley): To amend the policy to change the local authority from 350K to 500K, and to change the Executive Director approval from 750K to one million dollars. Motion carried unanimously.

It was noted that design-build is a construction method. The question came up as to how it will be recognized in this policy. Matt Freeman noted that a process for design-build is not included in this policy because staff and institutions need direction from the Board on that.

At the conclusion of this item Board member Terrell took the opportunity to recognize Lloyd Mues from UI. He noted that this is Mr. Mue's last Board meeting. Mr. Terrell and the other Board members thanked him for his hard work and the things he has helped to accomplish during his tenure at the University of Idaho.

4. Boise State University – Math / Geo Building Renovation – Planning and Design

M/S (Soltman/Atchley): To approve the request by Boise State University to begin the formal planning and design portion of the Math/Geo Building Renovation for a total cost

not to exceed \$500,000. Motion carried 6-0 (Mr. Terrell recused himself from the vote due to a conflict of interest).

Board member Terrell recused himself from this item. Board member Soltman presented this item.

5. Boise State University – Air Charter Services – 2011 – 2015 Football Seasons

M/S (Terrell/Soltman): To approve Boise State University's request to approve the contract submitted to the Board as Attachment 1, and to authorize the Vice President for Finance and Administration to execute the contract on behalf of the Board. Motion carried unanimously.

Matt Freeman noted that an error was identified in the contract that is in the Board agenda materials. He explained that University counsel corrected it so that the approval will be in substantial conformance with the document in the agenda.

6. Boise State University – Offsite Park and Ride Facilities

Information related to this item was noted in the Board agenda materials. There was no discussion.

7. Boise State University – Geothermal Utility Service Connections Phase I – Planning and Design

Information related to this item was noted in the Board agenda materials. There was no discussion.

8. This item was moved to a time earlier in the agenda.

9. Idaho State University – Approval of Professional Fee for Associate of Science (A.S.) Paramedic Science Program

M/S (Goesling/Edmunds): To approve the request by Idaho State University to designate a professional fee for the Associate of Science (A.S.) Paramedic Science program in conformance with the program budget submitted to the Board in Attachment 4. Motion carried unanimously.

Matt Freeman reviewed this item for the members of the Board. He explained that the Paramedic Science program is an existing program. When ISU lost state general funds, enrollment was suspended; however, there is a continued demand for the program. ISU is requesting a professional fee to support the program.

Mr. Freeman indicated that Board policy has specific criteria related to professional fees. He noted that ISU has provided information on how this action meets those criteria. On a larger philosophical discussion, this is a self-support program and it is an A.S. degree. While that is not unprecedented, the Board needs to decide if it is comfortable with this point.

Mr. Terrell explained that he has strong reservations about professional fees. The Board is conducting some studies on professional fees right now. He feels it does not meet the high-end criteria. He asked ISU to respond to his concerns.

Jim Fletcher of ISU indicated there are important and unique conditions related to this program. He introduced Dr. Linda Hatzenbuehler of ISU and Mike Mikitish, Director of ISU's Institute of Emergency Management at the Meridian campus, to discuss this item. Dr. Hatzenbuehler said that this program meets all the qualifications for a professional degree program under the Board guidelines. She noted that it is, as most health programs are, costly. She reminded the Board that graduate programs are not the only programs that fit under the Board's professional fee guidelines. Dr. Hatzenbuehler said that without professional fees this program cannot be offered.

Board member Soltman asked if in staff analysis an opinion was provided by professional-technical education. Kirk Dennis from the Division of Professional-Technical Education (PTE) indicated that this program is not a PTE program. He said that PTE is interested in where the Board is on the professional fee discussion as it relates to this item.

Mr. Terrell asked to hold this item until the August meeting. Mr. Fletcher explained that the net result of that would mean cancelling the program. Once the program is cancelled it loses its accreditation. In order to start the program again ISU would have to go through the whole process of treating it like a new program. It would be costly in terms of time and resources. Mr. Westerberg asked how many students are waiting for the programs. Dr. Hatzenbuehler would anticipate accepting 20 students into the program.

Selena Grace of the Board office reported that there is a fundamental policy issue the Board has to decide upon. The issue here is that this is a program that exists and ISU has the ability to continue it through this mechanism. If this item is put on hold then the question becomes, "Where do those students go; out of state or to a proprietary school?" The Board needs to consider that fact and the potential impact on students. Mr. Westerberg noted as well that the students who will be taking this program are willing to make the market investment in their futures; it's not being forced upon them.

Mr. Goesling indicated that the benefit of the student should override the administrative red tape. And, the Board isn't able to right now find another solution. As far as the policy, the Board can revisit that in the future.

It was noted that the College of Western Idaho is feeding their students into this program and supports the program. Stacy Pearson indicated that BSU is interested in self-support fees and has already approved self-support fees. She explained that it is about demand. She emphasized that the institutions need the flexibility to meet the demands and with the decrease in state funds, other mechanisms must be considered. She urged that Board policy allows requests to be considered based on need. Lloyd Mues of UI said that ISU wouldn't make this request if it wasn't in line with the policy. In addition, the Board has the ability to consider future requests independently, on their own merit.

Ms. Atchley said that it is important to have feedback regarding this activity so that the Board better understands it. If it is successful, the Board wants to know that. If it isn't, the Board needs to know that as well.

10. University of Idaho – PCard Program – Contract with U.S. Bank

M/S (Terrell/Edmunds): To approve the agreement for One Card services between the University of Idaho and US Bank National Association ND, in substantial conformance to the form submitted to the Board as Attachment 1, and to authorize the University's Director of Purchasing Services to execute the agreement on behalf of the Board. Motion carried unanimously.

11. University of Idaho – Student Health Insurance Program (SHIP) Contract

M/S (Terrell/Soltman): To approve the request by the University of Idaho to increase student health insurance premiums to \$712.00 per semester for 2011/2012, and to permanently delegate to the chief executive officer the approval of these rates. Motion carried unanimously.

Lloyd Mues said that at this rate it is still a good deal for the price. He noted that this plan is in high demand by the students.

INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS

1. Boise State University – Faculty Senate Constitution

M/S (Edmunds/Soltman): To approve the request by Boise State University to adopt revisions as presented to its Faculty Senate Constitution. Motion carried unanimously.

2. Idaho State University – Approval of Full Proposal – Master of Accountancy

M/S (Edmunds/Goesling): To approve the request by Idaho State University to implement the Master of Accountancy. Motion carried unanimously.

3. Quarterly Report – Programs and Changes Approved by Executive Director

Information related to this item was noted in the Board agenda materials. There was no discussion.

4. Higher Education Research Council (HERC) FY 2012 Budget

M/S (Edmunds/Goesling): To approve the FY 2012 HERC Budget Allocation as presented. Motion carried unanimously.

Board member Edmunds noted he isn't enthusiastic about allocating funds to the infrastructure. He asked the Board to revisit the issue next year.

5. First Reading – Proposed Amendments to Board Policy III.V.3. Associate of Applied Science Degree

M/S (Edmunds/Soltman): To approve the first reading of the proposed amendments to Board Policy III.V.3. Associate of Applied Science Degree as submitted. Motion carried unanimously.

6. First Reading – Proposed Amendments to Board Policy III.M. Accreditation

M/S (Edmunds/Goesling): To approve the first reading of the proposed amendments to Board Policy III.M. Accreditation as submitted. Motion carried unanimously.

Note: Items 7, 8, and 9 were considered earlier in the agenda.

10. Accountability Oversight Committee Appointments

M/S (Edmunds/Soltman): To reappoint John Goedde to the Accountability Oversight Committee for a two (2) year term, effective July 1, 2011. Motion carried unanimously.

M/S (Edmunds/Goesling): To reappoint Jackie Thomason to the Accountability Oversight Committee for a two (2) year term, effective July 1, 2011. Motion carried unanimously.

11. Pulled from the agenda.

DEPARTMENT OF EDUCATION

By unanimous consent the Board agreed to the Superintendents Report to the end of the SDE agenda.

2. Proposed Rule Change to IDAPA 08.02.02.004 – Rules Governing Uniformity, Incorporation by Reference

M/S (Luna/Atchley): To approve the Standards for Idaho School Buses and Operations (SISBO) manual as submitted. Motion carried unanimously.

M/S (Luna/Atchley): To approve the proposed rule change to IDAPA 08.02.02.004, Rules Governing Uniformity as submitted. Motion carried unanimously.

3. Correction to School District Boundary

M/S (Luna/Soltman): To approve the corrected boundary legal description for the Minidoka County Joint School District #331. Motion carried unanimously.

4. Appointments to the Professional Standards Commission

M/S (Luna/Atchley): To approve Beth Davis as a member of the Professional Standards Commission for a term of three years, effective July 1, 2011 to June 30, 2014, representing the Idaho Association of Special Education Administrators. Motion carried unanimously.

M/S (Luna/Soltman): To approve Deb Hedeem as a member of the Professional Standards Commission for a term of three years, effective July 1, 2011 to June 30, 2014, representing public higher education. Motion carried unanimously.

M/S (Luna/Goesling): To approve Laural Nelson as a member of the Professional Standards Commission for a term of three years, effective July 1, 2011 to June 30, 2014, representing the Idaho School Superintendents Association. Motion carried unanimously.

5. Request for Waiver of 103% Student Transportation Funding Cap for Garden Valley School District

M/S (Luna/Soltman): To approve the request by Garden Valley School District for a waiver of the 103% transportation funding cap, at a new cap percentage rate for fiscal year 2010 of 124.1%. Motion carried unanimously.

Board member Terrell asked if all the bus waiver requests were reviewed personally by SDE staff. Mr. Brad Jensen of SDE explained that if requests meet two of three criteria set forth in Idaho Code, then they are approved. He discussed the criteria (gravel road, number of students on the bus, and the grade of the routes). Mr. Luna reiterated that the criteria are set forth by Idaho Code, not by the Department of Education. Mr. Luna explained that the local school district manages its own fleet and contracts with the provider. The law provides waivers for school districts that meet the criteria to be able to meet the transportation costs in their districts.

Mr. Terrell asked Mr. Luna to get back to him on how the districts work together to address the costs. Mr. Luna said this is a mathematical formula that the Department follows; the Department makes no judgment calls.

It was noted that due to the new law, it would be appropriate to have these on the consent agenda in the future.

6. Request for Waiver of 103% Student Transportation Funding Cap for Moscow School District

M/S (Luna/Soltman): To approve the request by the Moscow School District for a waiver of the 103% transportation funding cap, at a new cap percentage rate for fiscal year 2010 of 106.7%. Motion carried unanimously.

7. Request for Waiver of 103% Student Transportation Funding Cap for Wallace School District

M/S (Luna/Soltman): To approve the request by the Wallace School District for a waiver of the 103% transportation funding cap, at a new cap percentage rate for the fiscal year 2010 of 111.8%. Motion carried unanimously.

8. School District Requests to Transport Students Less Than One-And-One-Half Miles for the 2010-2011 School Year

M/S (Luna/ Goesling): To approve the requests by the one hundred school districts and twelve charter schools for approval to transport students less than one-and-one-half miles as listed in Attachment 1. Motion carried unanimously.

At the conclusion of this item Mr. Edmunds was excused to attend to other matters.

1. Superintendent's Report

State Superintendent Luna reported that if the revenues hold as is, K-12 will receive a one-time infusion of about \$55 million. That will be discretionary money and districts will have a lot of latitude on how to spend it. He noted that both he and the Governor have advised the districts not to use that money for anything that will result in ongoing costs.

Mr. Luna reported on the three laws that went into effect this legislative session. A task force has been convened and charged look at the procurement and implementation of technology. The task force has appointed five subcommittees to study different areas. The subcommittees will bring recommendations to the task force for consideration. Mr. Luna noted that all the task force meetings and subcommittee meetings are broadcast live via Idaho Public Television. Mr. Luna reported that Governor Jeb Bush and Governor and Bob Wise made presentations at the first task force meeting.

Mr. Luna explained that task force is aware that its focus is to be on the things students need and not the comfort level of adults. One of the things emphasized is the proper implementation of technology, not just the technology by itself. He noted that schools that have implemented it properly have demonstrated huge success.

Mr. Luna discussed the requirement of the college entrance exams and asked the Board for input in this area. He noted that the task force looked at both the SAT and the ACT. He discussed the various pros and cons of each. He mentioned the COMPASS exam and noted all the community colleges use the COMPASS. Mr. Luna explained that Idaho needs to select either the SAT or the ACT as the test it will pay for if students elect to take it.

The Board discussed the two tests and the possibilities and value of each. Mr. Westerberg noted that he spent a full day listening to the pros and cons of both tests during the task force meeting, and it still wasn't clear to him which was the best choice. Ms. Atchley asked if all colleges will accept both tests and Mr. Luna noted that regionally, all the colleges accepted both of these tests.

Mr. Goesling offered to make a motion favoring the SAT. Mr. Terrell pointed out that there is more to know about this topic and he isn't comfortable taking that kind of action. Mr. Westerberg reminded the Board members that this item was not posted on the agenda. It was brought forward in the in the course of the Superintendent's report and is not an action item. He suggested that the Board members are free to provide input for Mr. Luna's benefit if they so desire. Mr. Goesling suggested that Idaho choose the SAT ad the test of choice. Mr. Westerberg indicated that he supported the SAT. Mr. Soltman favored the SAT.

Tracie Bent noted that the rule in place right now requires students to take the ACT, the SAT, or the COMPASS. Any changes would have to be addressed in that rule as well.

Moving onto another topic, Mr. Luna reported that he recently mailed a letter to the U.S. Department of Education about No Child Left Behind. He explained that since it wasn't reauthorized, Idaho amended its accountability book and methods. Mr. Luna indicated that the Accountability Committee will continue to work on the Accountability workbook.

OTHER BUSINESS

There being no further business the Board entertained a motion to adjourn.

M/S (Terrell/Goesling): To adjourn the meeting at 5:00 p.m. Motion carried unanimously.