

1. Agenda Approval

Changes or additions to the agenda

BOARD ACTION

I move to approve the agenda as submitted.

2. Minutes Approval

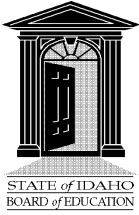
BOARD ACTION

I move to approve the minutes from the April 18-19, 2012 Regular Board Meeting and the May 16-17, 2012 Board Retreat, as submitted.

3. Rolling Calendar

BOARD ACTION

I move to set May 15-16, 2013 as the date and Boise, Idaho as the location for the 2013 Board Retreat and to set June 19-20, 2013 as the date and the College of Southern Idaho as the location for the June 2013 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

DRAFT MINUTES
STATE BOARD OF EDUCATION
April 18-19, 2012
University of Idaho
Student Union Building
Moscow, Idaho

A regularly scheduled meeting of the State Board of Education was held April 18-19, 2012 at the University of Idaho in Moscow, Idaho.

Present:

Richard Westerberg, President
Don Soltman, Secretary
Ken Edmunds, Vice President
Tom Luna, State Superintendent

Milford Terrell
Bill Goesling
Emma Atchley

Absent:

Rod Lewis

Wednesday, April 18, 2012

The Board met in the Ballroom of the Student Union Building at the University of Idaho in Moscow, Idaho. Board President Richard Westerberg called the meeting to order at 9:00 am.

BOARDWORK

1. Agenda Review

BOARD ACTION

M/S (Soltman/Atchley): To approve the agenda as printed. The motion carried unanimously.

2. Minutes Review**BOARD ACTION**

M/S (Terrell/Soltman): To approve the minutes from the February 3, 2012 Special Board Meeting, the February 15-16, 2012 Regular Board meeting, the March 9, 2012 Special Board meeting and the March 23, 2012 Special Board Meeting, as submitted. The motion carried unanimously.

3. Rolling Calendar**BOARD ACTION**

M/S (Soltman/Atchley): To set April 17-18, 2013 as the date and the University of Idaho as the location for the April 2013 regularly scheduled Board meeting. The motion carried unanimously.

OPEN FORUM

Mr. Terrell took a few minutes to thank staff for their work and express his appreciation on behalf of the Board. There were five individuals who presented comments during open forum.

Representative Tom Trail was the first to speak during open forum. Representative Trail thanked the Board for their work and indicated he would like to address two issues. The first was regarding the use of the word flagship. Representative Trail felt it would have been more effective for the Board to have further discussion about removing the word flagship from the University of Idaho's mission statement. He felt the Board should acknowledge and celebrate the University of Idaho for its history, accomplishment, academic and research strengths. He commented that nationally and internationally the University of Idaho is recognized as the state's flagship institution, and the Board's decision now leaves Idaho's flagship designation empty. Representative Trail recommended the Board recognize, and the institutional leaders use, the respective strengths of Idaho's institutions to advertise and market their strengths for recruitment.

The second item Representative Trail provided comment on was the recently released study by Mike Ferguson indicating that higher education funding may be trending toward violating the state constitution. In order to get adequate funding, legislators have had to turn to public tax levies which are no longer equalized by state funding and accentuate the disparities in wealth among the school districts. The result is the current funding system may be violating the key provisions of the state constitution requiring the legislature to establish and maintain a general system of public schools and requiring taxes to be imposed uniformly. Representative Trail recommended an open discussion of the direction of Idaho public school funding and whether it is living up to its duties. He commented the burden is on the legislature and state political leadership. He encouraged the Board to participate actively in future discussion on this issue.

Arthur Taylor from the Nez Perce Tribe addressed the Board next. Mr. Taylor is also the Native American Tribal Liaison at the University of Idaho. He spoke about how the learning experience at the University of Idaho is transformational for Idaho Native American students. Mr. Taylor helped create a Native American Service Learning course in the College of Natural Resources at the University. As a result, they also created a native Hawaiian Ecology and Culture course where five students went to Hawaii during spring break and performed various services for native Hawaiian individuals and families. Mr. Taylor introduced Brandon Guzman, a Nez Perce student getting ready to graduate from the university, who shared a presentation on his learning experience and the service opportunities the trip provided. Mr. Guzman indicated during the tour, students were able to study native plants and species important to the community. Most notably, the service learning course allowed the university's Native American students to see another native culture outside their own. Students were able to hear different philosophies about life and the environment, and were able to share their experience with others. Mr. Guzman shared how the students could relate with the native Hawaiians in the preservation of their native culture by the passing of native practices down to tribal children and others. He and the other students felt it was a very meaningful experience that had a great impact on their lives and thanked the Board for their support.

Kate Cobb, a master's student in creative writing at the University of Idaho, addressed the Board next. She is the Graduate and Professional Student Association (GPSA) President and addressed the Board as a representative of many graduate and professional students at the u and how they feel about the elimination of flagship from the university's mission statement. She commented on the pride the students, faculty and staff about being Idaho's flagship university. She expressed that the Board underestimated the power and value of the word flagship and that its elimination has had a negative effect for the university as having part of its identity removed. Ms. Cobb commented on the element of research at the university and remarked it is foundational to a flagship university. She believes the university's status and future research funding will be compromised by removal of the word flagship from its mission statement. Ms. Cobb thanked the Board for their time and consideration.

Samantha Perez, Student Body President of the University of Idaho, addressed the Board next. Ms. Perez spoke on the removal of the word flagship from the university's mission statement as removing part of the university's long standing identity. She said the Board's decision on removal of the word disappointed members of the Vandal family across the nation. She commented that the designation of the University of Idaho as the state's flagship isn't an opinion or a matter of choosing one word over another, but it is a fact. Ms. Perez felt the Board was reacting to politics rather than fact when they acted on the decision to remove the word. She summarized the University of Idaho is ranked nationally as a flagship research institution which also serves as a great marketing opportunity and something to be very proud of. Students have gathered a petition containing more than 6,300 signatures in support of the Board overturning its decision. Ms. Perez thanked the Board for its time and consideration.

Kenten Byrd, Vice Chair of the Faculty Senate of the University of Idaho addressed the Board regarding the university's mission statement. The Faculty Senate represents faculty, staff and students from across the state and is partners in the shared governance of the university. The Faculty Senate adopted a resolution in February expressing their profound disappointment in the removal of the word flagship from the university's mission statement. He stated that having the flagship status is important to their ability to attract top teachers and scholars to the faculty, and that peers in other states recognize the University of Idaho as the state's flagship university. He said the university's long history, statewide mission and comprehensive programs justify the flagship designation and the Faculty Senate respectfully requests the Board reconsider its decision. Mr. Byrd thanked the Board for their time and consideration of all of the comments during open forum related to the word flagship.

BUSINESS AFFAIRS & HUMAN RESOURCES (BAHR) - Section II - Finance

1. FY 2013 Athletic Limits

BOARD ACTION

M/S (Terrell/Soltman): To approve the FY 2013 athletics limits for state appropriated General Funds for gender equity as listed on Attachment A lines 28-31 and the FY 2013 athletics limits for institutions funds as listed on Attachment A lines 14-21. The motion passed unanimously.

Mr. Terrell introduced the item and asked Matt Freeman from the Board office to assist him. Mr. Terrell summarized that today they will be dealing with the general funding mechanism portion only. The remainder will be revisited by the BAHHR and Athletics Committees at a later date. He commented the action today would not change how gender equity funding would be used or requested and that those items are still under consideration by the Athletics and BAHHR Committees. Mr. Westerberg clarified that Mr. Terrell would be requesting a motion that would set the actual limits for 2013 without a policy change. Mr. Terrell responded in the affirmative.

President Westerberg requested unanimous consent from other Board members on this change. There were no objections.

Mr. Freeman pointed out Board members received a separate Attachment A which was not part of the agenda materials, pointing out the only difference is the athletic limit for state appropriated general funds

and for the gender equity funding would remain separate. Ms. Atchley confirmed the intent is to clarify the process currently in policy and advised the Athletic Committee is fully in favor.

Dr. Goesling expressed concern over use of a windfall and felt the Legislature recognized the need for improving the financial support of the institutions. Dr. Goesling asked how the 9.47% was arrived at, stating he would like to be comfortable with the philosophy used to determine the amount of dollars each institution would be receiving. Mr. Terrell responded the percentage of increase and the percentage of decrease will depend on the appropriation given by the Legislature. Mr. Freeman explained the percent used to derive the athletic limits for state general funds and gender equity is the percent change in state appropriated general funds which does not include state appropriated student fees; it is only state appropriated general funds which is the 9.47%. Mr. Freeman further commented it is the intent of the Board that athletic limits rise and fall with the appropriation.

Mr. Westerberg stated he is voting for this with the understanding that the Athletic Committee will come back to the Board with a meaningful formula that does track general fund appropriations.

2. FY 2013 Dual Credit Fees

BOARD ACTION

M/S (Terrell/Edmunds): To set the statewide dual credit fee at \$65 per credit for courses delivered at secondary schools for fiscal year 2013; to require the fee to be included in the annual April fee request report; to direct staff to expand the scope of the study to all delivery models; and to direct the institutions to address all dual credit standards in their cost estimates. The motion carried unanimously.

Mr. Terrell introduced this item and asked Scott Christie from the Board office to provide explanation on how they arrived at the dual credit fee. Mr. Christie gave a brief overview of the first phase of the dual credit offerings. He summarized the methods of providing dual credit courses which included courses offered at the high school and delivered by the instructor, on-line courses, and courses taught at the college campuses. There is Board policy III.Y.iv.a., which outlines policy for dual credit courses taught at high school and outlines the standards that need to be met by institutions.

Mr. Christie indicated staff worked with Boise State University and the College of Southern Idaho on this item. Based on the preliminary study, they developed a template which split the costs between administrative fixed and variable costs. They also asked the institutions provide the methodology used in computing various elements such as stipends and the calculation of overhead charged to the dual credit program. Mr. Christie also indicated courses must pass an articulation review which ensures they have the same standards as the course taught at the college. He summarized the review of methodology used to figure paying for various other expenses related to dual credit courses such as textbooks, travel, and lab equipment to name a few.

Mr. Christie indicated they also asked the institutions on the template to review the Board policy which outlines dual credit standards for students enrolled in courses and taught at the high school, and link those standards to a cost item on the template. In doing so, they can show how the objectives at each standard was adequately or not adequately met. The template was sent to the Financial Vice Presidents, the Provosts, and the dual credit coordinators at each institution, and encouraged the budget office at each institution to work with the dual credit coordinators to make sure that all costs in the program were covered. Mr. Christie commented generally that there were some unique issues that came up at some of the institutions which made for some difficulty in comparing costs of similar programs or to determining how expenditures were associated with actual dual credit hours. Those institutions where the difficulty arose in computing were the College of Western Idaho, University of Idaho and North Idaho College, and staff determined not to use those institutions in determining if the \$65 per credit hour was adequate or not. The results for Boise State, Idaho State, Lewis-Clark State College and the College of Southern Idaho showed the average for the four year schools was \$62 and the College of Southern Idaho was \$45. Consequently, it appears the \$65 is adequate for dual credit programs. Mr. Christie indicated staff would like to meet with each institution individually to ensure all costs are captured and that the institutions are

addressing the standards from Board policy. Additionally, Mr. Christie commented they would like to address National Alliance of Concurrent Enrollment Partnerships (NACEP) standards as well.

Mr. Edmunds questioned the deficits prior to this analysis, asking if dual credit was not really the financial burden it was thought to be. Mr. Freeman clarified that this cost study is looking only at courses delivered at high schools and not delivered on line or at the institutions, and if the costs were actually aggregated, the \$65 may not cover the costs. Mr. Edmunds asked if it will be possible to have this analysis done for of the costs of on campus and on line classes. Mr. Freeman responded that it is the intent going forward. Mr. Christie added the second phase of the analysis would address many of the questions asked my Mr. Edmunds that were unable to be answered by the first phase analysis alone.

Mr. Terrell indicated it would be the intent of the BAHR Committee to work with the chair of the IRSA Committee going forward in the design of the template which would also address whether community colleges may need a different fee structure.

Mr. Luna asked about whether the institutions pay a stipend to the school's teacher that teaches dual credit courses. Mr. Christie responded that the institutions do pay a stipend to the school's teacher for the dual credit course. Mr. Luna asked what percentage of the cost was the stipend. Mr. Christie indicated that calculation had not been made yet. Mr. Luna indicated it would be helpful to know what percentage of the \$62 is stipend and what is fixed costs. Mr. Luna requested to see a break out of what the student is actually paying for. Mr. Terrell responded the BAHR committee would provide that information once it is obtained.

3. Overview – Student Tuition & Fee Rates (Academic Year 2012-2013)

- a. Lewis-Clark State College – Student Tuition & Fee Rates
- b. University of Idaho – Student Tuition & Fee Rates
- c. Boise State University – Student Tuition & Fee Rates
- d. Idaho State University – Student Tuition & Fee Rates
- e. Eastern Idaho Technical College – Student Tuition & Fee Rates

BOARD ACTION

M/S (Terrell/Soltman): To waive Board policy III.T.3.c. for FY 2013, only 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. The motion passed unanimously.

LEWIS-CLARK STATE COLLEGE:

M/S (Terrell/Atchley): To approve the annual full-time resident student fee rates for FY 2013 for Lewis-Clark State College at an overall increase of 4.0% (\$214.00), to include tuition, facility, technology, and activity fees for a total dollar amount of \$5,562.00; and to approve the annual full-time student fee rate for nonresident tuition of 4.0% (\$382.00) for a total dollar amount of \$9,914.00. The motion passed unanimously.

Mr. Luna offered comment that he would like to know what the institutions need going forward, compared to what they have today; not based on what was cut in the past and what they may be catching up from.

M/S (Terrell/Soltman): To approve all other fees for FY 2013 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. The motion passed unanimously.

UNIVERSITY OF IDAHO:

M/S (Terrell /Atchley): To approve the annual full-time resident student fee rates for FY 2013 for University of Idaho at an overall increase of 6.1% (\$356), to include tuition, facility, technology, and activity fees for a total dollar amount of \$6,212; and to approve the annual full-time student fee rate for nonresident tuition of 2.1% (\$268) for a total dollar amount of \$12,788. The motion passed 5-2. Board members Edmunds and Westerberg voted nay.

Mr. Edmunds continued to express concern that the barrier to the students is significant based on financial issues. He believes there is an expectation by the Legislature that the tuition should be less because of what the Legislature has provided. Mr. Terrell responded he does not disagree, but the Legislature knows that the Board is working for the students in Idaho and simply has not had the ability to give the funds Idaho needs to fulfill all its needs. Mr. Westerberg expressed that the institutions simply cannot look at things as "business as usual" when dealing with education today, especially with regard to the cost.

M/S (Terrell/Atchley): To approve all other fees for FY 2013 for University of Idaho as contained in the University of Idaho Fees motion sheet which will be made part of the written minutes. The motion passed unanimously.

BOISE STATE UNIVERSITY:

M/S (Terrell/Atchley): To approve the annual full-time resident student fee rates for FY 2013 for Boise State University at an overall increase of 5.7% (\$318), to include tuition, facility, technology, and activity fees for a total dollar amount of \$5,884; and to approve the annual full-time student fee rate for nonresident tuition of 10% (\$1,040) for a total dollar amount of \$11,440. The motion passed 5-2. Mr. Edmunds and Mr. Westerberg voted nay.

M/S (Terrell/Atchley): To approve all other fees for FY 2013 for Boise State University as contained in the Boise State University Fees motion sheet which will be made part of the written minutes. The motion passed unanimously.

IDAHO STATE UNIVERSITY:

M/S (Terrell/Goesling): To approve the annual full-time resident student fee rates for FY 2013 for Idaho State University at an overall increase of 4.7% (\$274), to include tuition, facility, technology, and activity fees for a total dollar amount of \$6,070; and to approve the annual full-time student fee rate for nonresident tuition of 5% (\$564) for a total dollar amount of \$11,800. The motion passed unanimously.

M/S (Terrell/Soltman): To approve all other fees for FY 2013 for Idaho State University as contained in the Idaho State University Fees motion sheet which will be made part of the written minutes. The motion passed unanimously.

M/S (Terrell/Soltman): To approve the request by Idaho State University to approve the professional fee for the existing Dietetic Internship program as presented. The motion passed unanimously.

EASTERN IDAHO TECHNICAL COLLEGE:

M/S (Terrell/Atchley): To approve the annual full-time resident student fee rates for FY 2013 for Eastern Idaho Technical College at an overall increase of 4.7% (\$90), to include professional-technical education, technology, and activity fees for a total dollar amount of \$2,022; and to approve the annual full-time student fee rate for nonresident tuition of 4.7% (\$240) for a total dollar amount of \$5,386. The motion passed unanimously.

M/S (Terrell/Atchley): To approve all other fees for FY 2013 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. The motion passed unanimously.

Mr. Terrell introduced the item and asked the institution representatives to come forward for discussion. Board members were provided with detailed information in their agenda materials from each of the institutions for review.

Lewis-Clark State College (LCSC) Vice President of Finance, Chet Herbst, provided a summary and PowerPoint presentation on behalf of LCSC. Mr. Herbst indicated LCSC is asking for a 4% tuition increase which would fill a portion of the FY 2013 funding gap as a result of the last legislative session. Mr. Herbst summarized the LCSC cost objectives and commented on the importance of sustaining their mission and operational focus of open access to students, and to sustain their key programs and people with available funds while keeping tuition and student costs low. Mr. Herbst summarized their financial strategy for FY2013, stating they would ease back slightly from their current pace, but stay in the race. They plan to avoid all but essential outlays for personnel and maintenance and balance sacrifices among students, staff and programs. Mr. Herbst commented that LCSC's faculty salaries are below average

among their peers and other Idaho institutions.

Their request of 4% is the lowest request they have made and LCSC's is the lowest tuition rate among institutions. He pointed out in the analysis provided by Board staff that the percent needed to keep up with the gap from the Legislature's appropriation is just under 13%. Mr. Herbst indicated they computed the 4% increase will generate approximately \$584K in funds. Their remaining shortfall is approximately \$1.3 million. He summarized where the funds generated from the 4% would go and shared information on the impact on students, stating the annual tuition increase is from \$5,348 to \$5,562 which is \$107 per semester and \$214 per year. Overall, LCSC will remain below average in tuition expense in Idaho, the WICHE region and with its peers. Mr. Herbst summarized other cost cutting measures exercised by the institution, some of which included low parking fees, meal plans, text book options and no professional fees. Mr. Herbst also shared some "what if" scenarios summarizing the extreme negative impact LCSC would suffer if they should receive just 1% less in their request.

President Fernandez introduced Andy Ridinger, LCSC's Associated Student Body President. Mr. Ridinger commented getting a quality education at a reasonable price is a top concern for students. He commented that if student fees are increased this year, students have worked with administration to improve upon the amount of student activities funding by \$10 per student and summarized where that money would be directed. He commented the students are in support of the fee increase in order to maintain the quality of life at LCSC. He concluded that the student government at LCSC has passed a resolution in support of the 4% fee increase and hopes the Board will take that into consideration.

President Westerberg thanked the representatives from LCSC for their presentation.

Mr. Edmunds asked if the institutions have any information from students on exit interviews or information that would be beneficial in understanding why some students may not continue in their education system. He was concerned about the state's 60% goal and that LCSC shows a 0% increase in enrollment. President Fernandez responded that Student Services does contact students who have dropped out and the most common reason is financially based. Mr. Fernandez stated it is a concern for all Idaho institutions. Mr. Edmunds asked if the data would be made available for Board members. Mr. Fernandez responded he would provide that data for the Board.

Mr. Luna asked what percent increase in state funding LCSC saw this year, and would like that info provided from all institutions. Mr. Terrell responded that the information would be available in a table provided to Board members later today. Mr. Luna asked for the decrease to be part of the report as well. Dr. Goesling asked for feedback from each of the institutions at a later date on the count of students who receive a certificate that are not counted as part of the 60% goal because their program is less than one year.

President Nellis from the University of Idaho presented their fee proposal summary and PowerPoint presentation to the Board. President Nellis introduced the new Student Body President Hannah Davis, current Student Body President Samantha Perez, and Executive Director for Planning and Budgeting Keith Ickes.

President Nellis stated that this is the first year the state funding of the general education creates a minority stakeholder position for the state of Idaho. He identified four major fiscal challenges for FY 2013 which are the 2% CEC increase plus increased medical benefits which total \$4.3 million; the additional required increases which include utilities, contracts, which total \$2.1 million; unfunded state obligations for capital replacement and maintenance costs totaling \$3.6 million; and \$1.3 million in costs to move the university forward, which collectively totals \$11.3 million. If they were to ask for what they need in entirety, it would take a 16.1% fee increase in tuition.

The University is requesting a 6.1% fee increase which is \$356 per student per year. President Nellis indicated they arrived at this percentage after discussions involving student and faculty leadership, and the Board. The 6.1% generates approximately \$2.5 million in revenue. There will be no increase in student activity fees, faculty fees, and technology fees. The nonresident fees would increase 2.1% and graduate fees would increase an additional 15%. Samantha Perez offered supporting comments on

behalf of the student body on the 6.1% increase. She added that during open forum for students, they were very supportive of where the funds were going, stating additionally that they received no complaints from students on the proposal.

President Nellis shared the FY 2012 tuition and fee rates showing the details for resident fees and non-resident fees. He indicated the university is at roughly 75% of its peer average relative to other major research institutions for resident students and approximately 90% for non-resident students.

President Nellis indicated that if approval is granted for what they have requested in state funding, they would get a total of 7.3 million. He summarized the costs associated with the CEC, the EWA, occupancy costs, improvements and other funding obligations.

Mr. Westerberg asked for an example of an unfunded obligation. Mr. Ickes responded those types of costs encompass capital replacement (i.e., computers) and general inflation in goods or services.

Mr. Soltman asked about the cost for retirees. Mr. Ickes responded he would provide that for Mr. Soltman as it is a unique cost to the University of Idaho. President Nellis commented in a fifty state peer comparison, they are 47th in the nation for resident tuition and fees. Utah State and Wyoming are the only two lower. Additionally, 36% of entering students to the University of Idaho are first generation students. Relative to inflation and efficiency, Mr. Ickes shared a comparison of the changes in state funding and tuition increases, enrollment over the last decade, and considering the Higher Education Price Index (HEPI), which indicates they have seen a 20% reduction in purchasing power of a dollar on a per-student basis.

Based on this information, President Nellis emphasized their continued push for efficiencies at the university. He summarized a number of positive steps they are taking, some of which included promoting entrepreneurial thinking to cut costs and raise revenues, increasing class and program efficiencies, expanding on-line, dual and summer courses, revamping their financial aid process, and increased community involvement.

Mr. Terrell complemented President Nellis on how they are trying to stand up to the financial issues they are up against. He was impressed with the number of first generation students at the university and felt it was a clear sign of reaching out to the community. Mr. Edmunds asked if their projected enrollment had changed. President Nellis responded the projections are based on a flat enrollment. Mr. Edmunds expressed concern with that response and the state's 60% goal. President Nellis indicated there were some new scholarship programs that may entice new students. Mr. Ickes added he felt they were on track for an increase in student enrollment in the fall semester. Ms. Perez reiterated on the number of first generation students and pointed out the main barrier is that students don't know how to finance their education. Dr. Goesling echoed those remarks and further commented on the benefit of dual credit opportunities for students. He asked that the Board recognize the student body leaders be commended for their efforts. Ms. Atchley applauded their attention to the first generation students and expressed concern about retention of students. President Nellis responded they are currently around 81% for student retention and have implemented some early warning systems to address students who may be at risk of not completing. Mr. Edmunds asked for a chart to be provided that would indicate the growth in Idaho resident population, and compare that to the needed growth for accomplishing the Board's goal based on the university's share.

Mr. Terrell asked if part of the library funding would go toward the new law school in Boise. President Nellis responded the State Law Library would provide resources for the law school in Boise and the law library on the Moscow campus would benefit from the library funding that was requested. Dr. Goesling asked if the library was a state depository and if they receive any funding to cover those costs. Mr. Ickes responded they do not receive funding for the depository but it is of one of the university's responsibilities to manage.

President Kustra presented on behalf of Boise State University (BSU). He introduced Provost Marty Schimpf, Vice President of Finance Stacey Pearson, President of the Associated Students of BSU (ASBSU) Ryan Gray, outgoing ASBSU Secretary of External Affairs Emily Walton, incoming ASBSU

Secretary of External Affairs Jace Whitaker, and Lisa Harris ASBSU Vice President of Student Affairs.

Dr. Kustra presented Boise State's fee increase proposal to Board members, stating they are requesting a 5.7% fee increase for the institution. He commented that for the first time in the history of Boise State University, the revenue received from the state of Idaho has fallen below the level of revenue received by student tuition and fees. He also pointed out to the Board that Idaho's institutions are some of the most reasonably priced in the nation and among other regional institutions Idaho competes with. He commented the EWA in this year's budget is still only 2/3 of what it takes to educate students. The fee increase Boise State University is asking for represents \$159 per semester for a full time undergraduate student and much of the increase in tuition is in order to ensure the university retains the ability to support core functions and maintains the capacity to serve the growing student population with quality academic programs.

Ms. Pearson provided a few slides summarizing the lengthy process they engaged in when setting their tuition and fees which included feedback from the student body and faculty. The university's key goals are to provide accessible and affordable education, fulfill course demand and maintain financial stability during budget volatility. In addition to the tuition increase, they have some fee increases in technology and facilities. She summarized that while they did enjoy an increase this year from the Legislature, there is still a gap in where they need to be with funding. Ms. Pearson summarized what costs would not be funded by the general account. Ms. Pearson summarized the cost control and efficiency measures that the university is taking to manage their budget issues.

Mr. Edmunds asked if they track the utilization percentages of each class according to the time the class is offered. Ms. Pearson indicated they do track that information because it helps them analyze where they have capacity, and would provide it to Mr. Edmunds. She commented that in addition, they have implemented an on-line course evaluation system.

Ms. Pearson shared five-year efficiency measures from FY 2006 through FY 2011 and pointed out the increase in first year retention rates, which is an area where they intend to continue investing resources in. She also provided information on the negative potential effects to the university should they not receive the requested fee increase.

Emily Walton addressed the Board and said on behalf of students, they are approving the fee increases with reluctance because they feel they Boise State students are inequitably funded. She commented that Boise State currently serves 43% of Idaho's full time resident students and that statistic shows inequitable funding is affecting almost half of Idaho's students and having a negative effect on graduation rates at the state level. Additionally, she expressed concern among students of the difficulty of being able to take the classes they need in a timely manner. She summarized that student tuition and fee increases are the only way at this time to address the shortfall in funding until equitable funding is addressed. She concluded with a request to the Board for them to define equity this summer, and to take a plan for equity to the Legislature and ask them to fund it.

Emily Walton spoke about the issue of inequitable funding and enrollment workload adjustment (EWA); summarizing EWA is a funding mechanism which addresses new workload, i.e., new students. The problem is they don't have the funding available necessary to make themselves equitably funded when compared to other students in the state and EWA addresses some of that. Mr. Terrell asked what needs to be done to get to the equity funding as she sees it. She responded her perspective would be to look at the weighted credit model currently in place, and gauge where institutions are on it and then account for how much of a difference are students being funded at. Mr. Freeman commented that the funding equity issue is one the Board office is aware of and it is an ongoing issue they are working on.

Mr. Edmunds asked if enrollment was flat or growing. Ms. Pearson responded flat enrollment growth was projected in their budget.

President Vailas from Idaho State University (ISU) presented the institution's tuition and fee proposal for FY 2013. President Vailas summarized that institutions have been in catch-up mode over the past 20 years which is why tuition rates are going up. Building maintenance is an issue as well for each of the

institutions. President Vailas introduced the Vice President of Finance and Administration Jim Fletcher, President of ASISU Shawn Stokes, Vice President of Academic Affairs Barbara Adamcik, the Associate Dean of the Division of Health Sciences Linda Hatzenbuehler, and President Elect of ASISU Matthew Block.

Mr. Fletcher summarized the process they used combined a group of students, faculty and staff who reviewed and discussed proposed rates for the upcoming academic year. Additionally, Mr. Fletcher commented the proposed fee increase is the lowest the university has seen in 16 years. Their proposal is governed by three operating assumptions which are *consultative* to include the campus community, *strategic* to align proposals with strategic campus goals, and *economic* to reflect a sensitivity to cost saving initiatives and approaches to keep the tuition and fee rates as low as possible.

Mr. Stokes addressed the Board, summarizing the process used has been helpful for the university and students as it included the students in working together with faculty and staff. He indicated student involvement and support in this process was lengthy. Mr. Fletcher summarized campus improvements, I.T. resource improvements, collaborative improvements with other institutions, as well as enhanced services and benefits to students in FY 2012.

Mr. Fletcher pointed out a trend from FY 2000 to FY 2012 that institutions nationwide are being asked to get support from other sources. He added that at that time tuition and fees provided only 22% of the operating budget, and presently that amount is now up to 47%. Respectively, the state general account funding was 74% at that time and is now down to 51%. The tuition and fee increases are still falling \$7 million short from overcoming the gap with regard to the state appropriations.

Mr. Fletcher summarized the proposed fee increase for FY 2013 is a 4.73% increase; the lowest asked for in 16 years. He said they believe they will remain quite competitive despite the lean budget and summarized why the institution would need to take a 4.75% increase which included fees in the areas of tuition, student activities and facility fees. There are other areas that need attention such as building maintenance, but they feel they have addressed the top areas necessary for the functionality of the institution. Mr. Fletcher indicated their enrollment has been rising. Dr. Hatzenbuehler summarized the annual professional fee increases for the institution, stating they are proposing three major changes which are in the areas of pharmacy, physical therapy and dietetics. Dr. Hatzenbuehler summarized that ISU houses the only dietetic internship program in the state along with an undergraduate dietetic program at the Pocatello campus. She also indicated that moving a course fee to a professional fee is beneficial to both the institution and the student in that it helps the institution because of more flexible ways to use the funds, and it helps the student because the fees can be calculated into the federal student aid calculation in terms of how much the student is able to benefit.

Mr. Westerberg asked what the net effect in changing from course fee to professional fee in terms of dollars would be. Dr. Hatzenbuehler responded there is no net effect.

Ms. Atchley asked about the organization of the dietetics program. Dr. Hatzenbuehler responded that the programs are organized in two ways in the United States and ISU's is one of those two. There was discussion about ISU's program taking an extra year. Dr. Hatzenbuehler responded they are looking at granting a master's degree for those students who are in the five-year dietetics program rather than a baccalaureate degree.

President Albiston from Eastern Idaho Technical College (EITC) introduced Vice President James Stratton to present a summary of the proposed fee increase for FY 2013. Also introduced was the new Vice President of Instruction and Student Affairs Dr. Sheri Anderson. President Albiston indicated EITC is requesting a 4.7% increase in student fees. Mr. Stratton then provided a summary of the proposal from EITC. He indicated fees are increasing because enrollment is down, and enrollment is down because of the lower predicted need for professional-technical graduates in the areas they serve. He pointed out some of the issues the college is facing with regard to funding which are similar to those at the other institutions. He summarized steps the institution has taken to control costs which included changes in operations, teaching loads and class sizes, and space utilization. Looking ahead, EITC intends to aggressively seek opportunities for workforce training development, evaluate current fee structure for

support activities, and look at less expensive options for student support without reducing quality.

INSTRUCTION, RESEARCH & STUDENT AFFAIRS (IRSA)1. Student Health Insurance Program – Board Policy III.P. - Students**BOARD ACTION**

M/S (Edmunds/): To delegate to the presidents of the colleges and universities authority to establish guidelines for student health insurance for the coming year. The motion failed with for lack of a second.

Mr. Edmunds asked Mr. Freeman to present this item regarding the student health insurance program. Mr. Freeman began by stating that current Board policy requires full time students at the institutions have student health insurance. The institutions each have their own carrier that they work with to provide this insurance to students. This year, BSU, ISU and LCSC were part of a consortium agreement to negotiate a new contract. The institutions were notified in late March the premiums for student health insurance would increase significantly. The question to the Board is how to manage the premium rate increases which are up to 45% in some cases. Mr. Freeman asked if the Board wants to continue to mandate coverage for the students, and if so can the mandate be managed to mitigate this rate increase. Board members were provided with detailed information in their Board materials for this meeting.

Mr. Soltman indicated his understanding of the history behind this is that at one point in time, students were adversely impacting the county indigent program. Mr. Freeman responded in the affirmative, and commented in the early 2000's Board policy required students to have health insurance coverage due to the impact on the catastrophic health care fund. Mr. Soltman asked with the current mandate in place, if the student can opt out if they have proof of other coverage. Mr. Freeman summarized what the Board policy states and that the institutions can waive the policy for students based on alternate coverage.

Mr. Soltman commented on the difficulty of making a decision about student health plans. Mr. Freeman suggested the financial vice presidents come to the table for further discussion. Mr. Edmunds felt there are two extremes with this issue which are keeping it in place as it is or to give a one-year waiver. Mr. Edmunds suggested an alternative which is to change the rigidity of the requirement for students.

Mr. Westerberg asked why we are seeing these increases without more competitive bids and wondered if the carrier options have been exhausted. Mr. Freeman indicated what was provided in the Board materials is the lowest and best valued product found currently.

Mr. Edmunds asked for suggestions from the institutions. Chet Herbst responded on behalf of the Lewis-Clark State College stating they are apprehensive because if the policy changes it could result in students in good health opting out and those that have chronic health problems increase the rates in the student health program. He added that health problems in students are reflected in retention and drop-out rates. Mr. Edmunds asked if they would like to retain the policy. Mr. Herbst indicated they would like to retain the current policy but added a one size fits all policy doesn't necessarily fit all of the institutions. He seconded Ron Smith's comments on the importance of having health insurance and commented that enabling the student to do what is best for them may allow more flexibility. Ms. Pearson echoed the sentiment of the other institutions, adding that lifting the mandate would put them in a difficult situation. She indicated they would like the opportunity to study it for another year.

Ms. Atchley indicated student health is something we do not want to be a problem for the Board and indicated she would be opposed to removing the waiver.

Mr. Terrell asked if the institutions could take the option that would work best for them during the one year while they study other alternatives.

Jim Stratton from EITC commented they don't have the same circumstances as other institutions and they are looking at a 400% increase in student insurance fees. They believe it is too late to do anything about it this year and echoed the comments of Ms. Pearson.

Mr. Fletcher expressed that ISU is wrestling with the insurance problem, seeing pros and cons on each side. He indicated his point of view is not to do the waiver.

Mr. Terrell expressed concern about the insurance requirements changing every year for students. Dr. Goesling expressed concern about the 25% of students that are not covered. He commented that if the requirement was removed, the cost would be substantially higher for students to get insurance for themselves. He felt it would be important to keep the policy in place and look at alternatives in the coming year.

CONSENT AGENDA

M/S (Edmunds/Atchley): To approve items two (2) through four (4) of the Consent Agenda. Motion carried unanimously.

2. CWI Program Discontinuance

By unanimous consent to approve the request by the College of Western Idaho to discontinue the Office Occupations, Computer Service Technology, and Computer Network Technology programs as presented.

3. EPSCoR Appointment

By unanimous consent to appoint Gynii Gilliam to the Idaho Experimental Program to Stimulate Competitive Research Committee as a representative of the Department of Commerce, effective immediately.

4. Appointment to the Professional Standards Commission

By unanimous consent to reappoint Glenn Orthel to the Professional Standards Commission for a term of three years representing professional-technical education beginning July 1, 2012.

By unanimous consent to reappoint Cathy Bierre to the Professional Standards Commission for a term of three years representing elementary classroom teachers beginning July 1, 2012.

By unanimous consent to reappoint Daylene Petersen to the Professional Standards Commission for a term of three years representing secondary classroom teacher beginning July 1, 2012.

By unanimous consent to appoint Taylor Raney to the Professional Standards Commission for a term of three years representing elementary school principals beginning July 1, 2012.

By unanimous consent to reappoint Anne Ritter to the Professional Standards Commission for a term of three years representing school board members beginning July 1, 2012.

EXECUTIVE SESSION1. University of Idaho

M/S (Edmunds/Atchley): To hold executive session pursuant to Sections 67-2345(d), Idaho Code, “to consider records that are exempt from disclosure under Chapter 3, Title 9, Idaho Code, and Sections 67-2345(f), Idaho Code “to communicate with legal counsel . . . to discuss legal ramifications of and legal options for pending litigation.” A roll call vote was taken and the motions passed unanimously.

2. Lewis-Clark State College (Time certain: after 3:30 p.m.)

M/S (Edmunds/Soltman): To hold an executive session pursuant to sections 67-2345(1)(f), Idaho Code to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated.

A roll call vote was taken and the motions passed unanimously. Following the roll call, the Board members entered into executive session at 3:15 p.m.

M/S (Edmunds/Soltman): To go out of Executive Session at 5:30 p.m. and adjourn for the day.

Thursday April 19, 2012, 8:00 a.m., Student Union Building Ballroom, Moscow, ID

President Westerberg called the meeting to order at 8:00 a.m. on Thursday morning. He introduced Dr. Mike Rush from the State Board of Education who introduced Ann Stephens from the Division of Professional-Technical Education (PTE). This meeting is Ms. Stephens' last meeting as she is retiring in May of this year. Dr. Rush expressed great appreciation to Ms. Stephens for her years of service and dedication to Idaho and education. Ms. Stephens has served PTE over the last 29 years and has played a key role in the success and transformation of PTE into what it has become today. Dr. Rush presented Ms. Stephens with a plaque in recognition of her achievements. Ms. Stephens thanked the Board and audience for the recognition and offered a few comments about her years of service and the opportunities she experienced over the years. She expressed gratitude for the privilege of being able to serve over the years.

Dr. Rush then introduced Jenifer Marcus, the new Deputy Attorney General for the Office of the State Board of Education. Dr. Rush provided a brief summary of Ms. Marcus' background and her experience working with boards, in private practice and at the Attorney General's office. Interestingly Claude Marcus, Jenifer's Grandfather, served on the Board back in the 1960's. Ms. Marcus was welcomed by the Board members and institution representatives.

Superintendent Luna provided a comprehensive handout detailing the Students Come First plan, which is in its second year of implementation.

President Westerberg then turned the time over to Board member Soltman for the Planning, Policy and Governmental Affairs agenda.

PLANNING, POLICY & GOVERNMENTAL AFFAIRS (PPGA)

1. University of Idaho – Annual Progress Report

President Nellis provided an overview of the University of Idaho's progress in carrying out the university's strategic plan and asked the audience to reflect on the background of the university being a lead land-grant institution. President Nellis pointed out a number of anniversaries being celebrated by the university this year and next, this year being the university's 123rd anniversary. He shared some statistics about the University of Idaho relative to its peers and added the institution continues to provide a transformative and educational experience that is more affordable than its peers. He commented the University of Idaho leads the state in graduation rates and its commitment to Idaho is evident by its extensions beyond the Moscow campus and its impressive statewide network. They have also created the Center for Community Partnerships serving over 430,000 citizens in the state of Idaho just last year. He commented on the WWAMI network and that there are 371 WWAMI physicians practicing in Idaho. Biomedical research is an area of strength as well for the university, and President Nellis shared some statistics of the university as a leader nationally and regionally in research.

He commented that the university is a pioneer in research, economic development and private sector partnerships, as well as the collaborative efforts with other institutions. Over the past 123 years, the university has awarded more than 110,000 degrees and today there are nearly 40,000 alumni from the University of Idaho working to build the economy and community of the state. President Nellis commented his goal is by 2020 to enroll 16,000 students annually which supports the Board's 60% goal. President Nellis shared some accounts of a few outstanding students at the university that could very well be some of the best students in the nation in their areas of study. Just in their 4H program, they engage 34,000 youths in the area which demonstrates a part of the university's commitment to community outreach and public service.

Looking forward, the institution plans to undergo some transformational changes. President Nellis commented on how proud he is of the university, its faculty and staff, students, alumni and the community.

President Westerberg offered thanks and some comments in support of the University of Idaho and its success in Idaho, along with an acknowledgement of the overwhelming passion and support by the university's alumni, community and friends.

2. Presidents' Council Report

President Bob Kustra, Boise State University, and current chair of the Presidents' Council gave a report from the most recent Presidents' Council meeting. The Presidents' Council met April 4, 2012. Student Insurance requirements were on their agenda and President Kustra indicated there were serious concerns which would be addressed in the future.

President Kustra indicated the presidents are presently working on their Emergency Succession Plans as requested by Dr. Rush.

He recapped that during the President's Council meeting, they discussed the Complete College Idaho plan and Dr. Rush distributed an updated analysis showing what is needed to meet the Board's 60% goal. It was noted that one of the next steps will be to translate the figures into individual plans for each institution and to consider how funding or lack thereof, would impact meeting the individual goals. He reported that Dr. Rush reported receiving positive feedback from stakeholders on the Board's 60% goal and that a new draft plan will be before the Board in June.

Dr. Kustra reported that Ann Stephens requested feedback on fees to be charged for GED testing. There was discussion during the meeting but no consensus was reached. It was decided that work with the institutional representatives on that issue will continue. He also commented Selena Grace from the Board office reported the provosts are working on core reform and transferability issues to ensure the Board's policy is up to date and is in alignment with new efforts on core reform.

3. Professional Technical Education – Annual Report

Ann Stephens, Administrator of the Division of Professional-Technical Education (PTE), provided an overview of PTE's progress in carrying out the agencies' strategic plan. She shared highlights from PTE and how the agency contributes to several of the Board's the Complete College Idaho key strategies. PTE is the state's primary delivery system for workforce training for occupations or careers that require licenses or certificates - other than a baccalaureate, masters or doctoral degree. She reported that the Harvard Graduate School of Education's Pathways to Prosperity project reports that our current system places far too much emphasis on a single pathway to success. The project also found that 27% of all people with postsecondary licenses or certificates such as an electrician, paralegal, police officer or dental hygienist has earning potential greater than the average baccalaureate degree holder.

Ms. Stephens reported PTE programs contribute to the Complete College Idaho goal by providing portable, stackable credentials that allow students to get a job and/or continue their education. PTE programs help increase high school graduation rates as well in their relevance in real-world application for students by helping prepare them for further education and jobs. Professional-technical programs are delivered at six technical colleges and are located on the campuses of North Idaho College, Lewis-Clark State College, College of Western Idaho, College of Southern Idaho and Idaho State University, and Eastern Idaho Technical College. PTE is also responsible for state employee training and the state wellness program which provides access throughout the state to wellness education, opportunities and information. PTE has positive placement rates for PTE students who complete their programs, which is a measurement of success. In FY 2011, 93% of high school PTE concentrators and 91% of technical college completers successfully found jobs, entered the military or continued their education. Ms. Stephens concluded her presentation by stating that 66% of high school PTE program completers went on to college as compared to 49% of Idaho's general high school population.

Dr. Goesling asked what relationship PTE has with individuals who come out of the military. Ms. Stephens responded that each of their program locations work with individuals to determine what experiential or other competencies translate to what program they may go into. Dr. Rush added that the person who is responsible for military scholarships was moved from PTE to the Veterans Affairs office. Additionally, in the Board office there is statewide coordination through the Troops to Teachers program. Superintendent Luna thanked Ms. Stephens for her years of hard work and service in education.

Ms. Stephens introduced Dr. Todd Schwarz as the new administrator for the Division of Professional-Technical Education. Dr. Schwarz has 24 years of experience and comes from the College of Southern Idaho and is a great example of how Professional Technical Education prepares students for jobs and further education. Ms. Stephens summarized his educational and professional background and welcomed him as the new administrator of PTE.

4. Professional Technical Education – Administrator Appointment**BOARD ACTION**

M/S (Soltman/Terrell): To appoint Dr. Todd Schwarz as the Administrator for the Division of Professional-Technical Education and to set his salary at \$50.09/hr (\$104,187.20 annually), effective May 1, 2012. The motion passed unanimously.

5. Workforce Development Council – Status Report

Mr. Soltman introduced the members of the Workforce Development Council, Tim Komberec, Chair, and BJ Swanson, Vice Chair, who provided a report to the Board. Also introduced were Roger Madsen and Dwight Johnson from the Department of Labor.

Mr. Komberec thanked the Board for the opportunity to speak today and outlined their executive order to develop a workforce strategy, oversee federal programs and advise the Governor and the State Board of Education. There are 33 members on the council which has a good representation from the education community, the business and industry communities, as well as organized labor and workforce agencies.

The Workforce Development Council's workforce services helps Idahoans with employment services, labor market information, training resources, transition programs and it also serves targeted populations such as veterans, disabled workers, older workers, etc. There are 25 offices throughout the state. Some of their goals are to create 40,000 jobs and reduce unemployment by 40% by 2015, increase the go-to-college rate by 30% by 2018, reduce the remediation for new college entrants by 50% by 2020, and have 60% of Idaho Workers hold a certificate, industry credential, apprenticeship or degree beyond high school by 2020. Mr. Komberec asked for a dialogue with Board members on suggestions or topics on how the Workforce Development Council could help assist the State Board of Education.

President Westerberg asked if there were any comments or questions. Mr. Terrell complemented their work and expressed appreciation for their assistance with workforce development in the state. Mr. Terrell asked how employers could obtain more information about people, veterans and previously incarcerated individuals who are returning to the work force who really want jobs, not just those who are unemployed; commenting sometimes the information seems difficult to obtain on the folks who are really interested in a particular area or trade, or those who really want to work in general. Mr. Rogers said they share those concerns and intend to intensify efforts to help people become employed.

Ms. Atchley commented on the certificates that take less than a year to achieve and the measure they provide is important to the 60% goal. She requested that information in order to help the Board further refine its 60% goal. Mr. Komberec responded they would find a way to measure that and provide the information to the Board. Ms. Swanson added that those one-year certificates are most often an entry way into other careers and not an educational ending.

Mr. Edmunds invited the Workforce Development Council to participate in the June meeting.

Mr. Westerberg asked if there is sufficient linkage on the Council to align with what the Board is doing. Mr. Komberec indicated there is excellent representation from different arenas on the Council and asked the dialogue to remain open in regard to the Board's goals. They hope to be able to use a task force to reach out to non-council members to find talent that can help Idaho achieve its education goals and to bring a proposal to the Board of Education and the Governor as far as recommendations that will help achieve these goals. Mr. Westerberg asked Dr. Rush if the Council had received the Complete College Idaho presentation. Dr. Rush indicated he is scheduled to give the presentation. Selena Grace requested the Council join the IRSA meeting in June.

6. Board Policy IV.G. State Rehabilitation Council – First Reading**BOARD ACTION**

M/S (Soltman/Atchley): To approve the first reading of Board policy IV.G. Idaho State Rehabilitation Council as presented. The motion passed unanimously.

7. Alcohol Permits – Issued by University Presidents

Mr. Soltman introduced the information item and a listing of the permits issued for use was provided in the Board agenda materials.

Mr. Terrell reiterated his concern about the issuance of alcohol permits and suggested the Board determine a specific number of permits to be approved or if asked if they should be capped. President Westerberg recommended that discussion take place in a Policy and Planning meeting to determine whether it needs to come before the Board. Dr. Goesling expressed concern about the permits being issued, and the issue of underage drinking on campus. He felt more concerned with assisting the institutions with the underage drinking problem, not with the drinkers over 21.

8. University of Idaho – Annual Report on Service of Alcoholic Beverages at NCAA Football Games

Mr. Soltman introduced this informational item, identified that there were materials presented to Board members in their agenda materials; he asked if there were any questions. There were no questions from Board members.

9. Idaho State University – Faculty Governance Progress Report

BOARD ACTION

M/S (Soltman/Terrell): To direct President Vailas to authorize elections of the Faculty Senate using the parameters listed in attachment 1. The motion passed unanimously.

Mr. Soltman introduced Dr. Vailas from Idaho State University who provided an update for the Board on this item. Dr. Vailas introduced Dr. Adamcik and General Counsel Brad Hall. President Vailas indicated they had made a lot of progress since last April on the Provisional Faculty Senate. The Provisional Faculty Senate's term expires at the end of April and given the timing and the impact of finals and graduation arrangements on staff resources, there will not be adequate time to prepare and hold elections for the new Faculty Senate prior to the start of summer break. Because of this, Administration is proposing the elections be held in the fall once faculty returns to campus. President Vailas summarized the progress being made and that the work by the various councils is being done in a timely and effective manner. President Vailas summarized recommendations by faculty that senate seats be allocated based on a ratio of one senator for each 25 faculty members, and each academic unit guaranteed at least one senator. He also summarized guidelines for a temporary governance structure, until such time as the permanent Faculty Senate is elected, commenting they continue to make progress on the bylaws and constitution.

Soltman asked about the timing of the elections. Dr. Adamcik said they would send all the information out to faculty toward the end of August.

10. Temporary/Proposed Rule – IDAPA 08.02.03 – Home School Recognition

BOARD ACTION

M/S (Soltman/Atchley): To approve the Temporary and Proposed Rule changes to IDAPA 08.02.03 as submitted. The motion passed unanimously.

Tracie Bent from the Board office stated the federal financial aid guidelines have changed which left a requirement that in order to qualify for federal financial aid a student would have had to have graduated, taken the GED or been homeschooled, if the state recognizes homeschooled students. The temporary proposed rule would grant the federal financial aid without requiring homeschooled students to also take a GED for this fall semester. The existing language in Idaho statute is vague and this rule change would

clarify the language. Ms. Bent indicated this item would require further discussion on whether the recognition needs to be in code rather than rule, but because of the timing, this was the best way to solve the problem. She indicated between now and when the pending rule comes back, more work will be done on this item.

Mr. Terrell wanted assurance the change would not make it harder on those people who choose to home school. Dr. Rush responded that Mr. Terrell's concern is exactly why they are proposing the rule change – they don't want home schooled students to have to take the GED this fall if they are not ready. The Board wants the students going to college to be prepared and not have to drop out because they aren't ready. Dr. Rush clarified the intent is to help home schooled students. Superintendent Luna expressed confidence that this rule change would not hurt those who home school. Mr. Luna further commented that this was not a focus on just homeschoolers, but it was about any students showing up for college who were not ready.

11. Institution, Agency, and Special / Health Programs – Strategic Plans

BOARD ACTION

M/S (Soltman/Atchley): to approve the 2012-2016 (FY2013-FY2017) Institution, Agency, and Special/Health Program strategic plans that are in compliance with state and Board regulations as submitted and to direct Boise State University to bring their plan back to the Board for approval at the June Board meeting. The motion passed unanimously.

Mr. Soltman turned the floor over to Ms. Atchley who provided comment that she appreciated the institutions collegiality at this meeting and hoped it would carry forward during the discussion of strategic plans. She added that the use of data was more helpful than comparisons when institutions are conveying information to the Board.

Mr. Soltman offered background on this item. He commented the State of Idaho requires the institutions, agencies and special/health programs under the oversight of the Board submit an updated strategic plan each year in July. The plans must encompass at a minimum the current year and four years going forward. The Board planning calendar schedules these plans to come forward annually at the April meeting. This timeline allows the Board to review the plans and ask questions, and if needed have them brought back to the regular June Board meeting with changes for final approval while still meeting the States timeline.

The strategic plans for the institutions, agencies and special/health programs were included in the agenda materials for Board review. Tracie Bent from the Board office indicated the State Board plan is the overall statewide plan which was approved in December, and each of the institutions and agency plans are supposed to be in alignment with the Board's plan. The strategies contained in the plans are an additional component that outlines specific actions that lead to implementing the objectives or goals, but they are not a required element.

The Board's strategic plan contains three overall goals which are a well educated citizenry, critical thinking and innovation, and effective and efficient delivery system. Under each goal are contained objectives to support each goal.

Ms. Bent presented a PowerPoint summarizing the three goals of the State Department of Education's plan and how it aligns with the Board's goals and objectives. Mr. Edmunds asked how far along they are on the statewide longitudinal data system (SLDS) process in identifying need for remediation. Mr. Luna responded within the realm of K12 they have the ability throughout the school year to identify students in every grade that need remediation. The SLDS is also able to identify ideal schools that are doing the best at preparing their students.

Mr. Edmunds asked when we will be able to reward accordingly with pay for performance. Mr. Luna responded the pay for performance plan is in effect today based on how students are doing academically and currently the ability is present to measure and reward at this time.

Mr. Edmunds and Mr. Luna discussed the costs and ramifications of remediation. Mr. Luna summarized Idaho is using the common core at this time which aligns us with other states. Mr. Luna felt it would be at least 18 months before the software is built and implemented to capture higher education students.

Ms. Atchley asked Mr. Luna if common core will have a continual upgrade in their recommendations. Mr. Luna responded that Idaho's expectation is that it will continually adjust standards accordingly. He added it will take a few years to get to the level the common core is at presently, for instance in math, and that our standards are behind when compared to the rest of the world. The plan is to continually review and plan for what our children need to know going forward.

Ms. Bent continued the PowerPoint presentation, next summarizing the strategy of the Division of Vocational Rehabilitation's plan and how it aligns with the Board's goals and objectives. Mr. Alveshire from DVR was present for any questions from the Board. There were no questions for Mr. Alveshire.

Ms Bent continued the PowerPoint presentation, next summarizing the goals of Idaho Public Television which are the same as the goals for the Board. Mr. Morrill was present for any questions from the Board. Mr. Edmunds asked if they feel the state funding has stabilized at this point and asked Mr. Morrill what they need to remain stable. Mr. Morrill responded their general fund appropriation included a .5% increase after about three years of decline. He commented it doesn't include replacement capital, but the state did provide about \$189,000 in replacement capital. This has helped because the Federal government has eliminated three separate equipment grant programs. Mr. Morrill indicated that in the world of operating funds, he felt they were holding their own and are meeting and slightly exceeding their private funding goals. He indicated indirect federal funding for operating is flat. Mr. Morrill indicated the things of greatest concern long term are the deferred maintenance costs. He said \$200,000 per year will not sustain the on-going maintenance of the statewide system. He is hopeful in looking ahead that the state will return to increasing replacement capital funds across all state agencies.

Mr. Edmunds asked if he is comfortable they can maintain operations as things stand now. Mr. Morrill commented if there is a catastrophic equipment failure they have a small amount to be able to cover it. If it is a large catastrophic equipment failure, then they do not have the means to address it beyond what they have set aside for this fiscal year.

Mr. Soltman asked where they are with the digital implementation statewide. Mr. Morrill responded they have about \$2 million and a few more years to go and the FCC has identified 2015 as a key date. He said it will be a challenge because of the deferred maintenance.

Ms Bent continued the PowerPoint presentation, summarizing the strategic plan of Professional-Technical Education (PTE) and how it aligns with the Board's goals and objectives. The plan of PTE is the same as the Board's plan, with specific objectives under the goals. Ann Stephens was present to answer any questions. Mr. Edmunds asked about the relationship with PTE and Idaho State University in delivering courses. Ms. Stephens responded they are in discussion about that and it will be a task for Todd Schwarz as the new Administrator.

Moving on, Ms. Bent outlined the strategic plan for Eastern Idaho Technical College. Mr. Albiston was present for any questions. Mr. Edmunds asked if there would be a benefit to the community in pursuing the creation of a community college in Idaho Falls. President Albiston responded that hypothetically it would mean greater access and affordability for students and it would help with the State's 60% goal. As a community member, he would be strongly supportive of it.

Ms. Bent moved on to the University of Idaho's strategic plan. President Nellis and Provost Baker outlined the university's strategic plan and how it intersects with the Board's strategic plan.

Mr. Westerberg asked about the university's efforts for on-line offerings. Provost Baker summarized the university's coordinated internal functions supporting their on-line program. They are looking at particular niches that would put them at an advantage nationally with their on-line offerings.

Mr. Soltman asked if their plan addresses deferred maintenance. President Nellis responded that everything is affected by deferred maintenance and they have looked carefully at upgrading key learning environments for the students. Mr. Soltman suggested using a comprehensive way of dealing with the deferred maintenance problem. President Nellis responded they do have an Operations and Priority list which is a five year plan, along with a six-year Capital Improvements plan.

Mr. Westerberg asked how many students they can accommodate on campus currently. Provost Baker responded they have the space but it would need to be remodeled for over 20,000 students. They have the classroom space for about 16,000 students presently. Mr. Edmunds would like to see how they will contribute to the 60% goal. President Nellis responded they have forwarded their plan to the Board office. Ms. Bent added the Board office has received the Complete College Idaho (CCI) plans submitted in October and once the Board finalizes the CCI statewide plan, the Board would see details more clearly on institution contribution.

Boise State University's (BSU) strategic plan was the next to be reviewed. Ms. Bent noted that BSU is still working on their performance measures and they will bring their plan back in June for final approval. President Kustra offered comments on their strategic plan. He commented their last plan was developed and approved in 2008 which addresses a scenario that does not exist anymore. For that reason, the new plan being developed takes into consideration the changes since then and that are currently in our environment right now. Dr. Marty Schimpf, who assisted in the plan's oversight and development, further summarized the highlights of BSU's strategic plan.

Mr. Terrell asked about BSU's key external factors and what their thoughts are as they work enrollment workload adjustment into the equation. Dr. Schimpf responded they are thinking of new ways to do business since they are such a different university than they were five years ago. They are focusing more on retention through the student's whole program to graduation – emphasizing on granting degrees instead of credits. Mr. Terrell asked what their potential growth is considering limited space and incomplete expansion. Dr. Kustra responded they have limited space to expand, and they do use the permanent building fund to upgrade buildings. Dr. Kustra said the challenge when it comes to expanding enrollment is to make sure students don't get stuck in a bottleneck situation where they can't get the courses they need to graduate. The enrollment workload adjustment funding will eliminate the bottlenecks. Returning to the question by Mr. Terrell, Dr. Kustra responded BSU can add 5 or 6 thousand students over the next few years once the implements are in place. Today, they do not have that space because of funding issues, and as a result of that, they are focusing on getting their current students through the system because they are not equipped to pay for the facilities and support required presently.

Mr. Edmunds expressed concern that in moving to a degree granting institution and becoming a distinguished research institution, they do not have the resources to do that. Dr. Schimpf responded the two evolutions are complementary to each other. He added that last year the research enterprise brought in an extra \$50 million to the university which benefits undergraduate students. Dr. Kustra further commented they have a strategic mission to serve the valley in science and engineering.

President Vailas and Barbara Adamcik outlined the strategic plan of Idaho State University (ISU). Dr. Adamcik indicated they revised their plan to be in alignment with of the Northwest Commission's new standards and procedures, and State Board goals. They worked hard to make sure their plan is well integrated and reflects the Boards goals and directives. She indicated they used the Board core themes as their goals and further discussed how those goals line up with State Board goals.

Mr. Terrell asked about starting a community college in Idaho Falls. President Vailas responded they continue to collaborate with Eastern Idaho and it is important the issue be vetted with the community members because of its importance as a citizen oriented effort.

Ms. Atchley offered her appreciation for their hard work on ISU's strategic plan. She asked if there are data that show that if an institution has a number of PhD programs, does it positively affect the number of undergraduate degrees as an effective way to improve undergraduate services and education. President Vailas responded that national data suggests that is the case, but the challenge is funding. Dr. Adamcik added they would like to have an exit survey with those students to get feedback of where the students

feel the benefits are.

Ms. Bent indicated the three Vice Presidents of Research are working on a report to be presented at the June meeting on the benefits of the research institutions.

Dr. Goesling asked that the institutions look at ways to partner with stakeholders in the state, in addition to their partnerships with other institutions, and that it should be added to the strategic plans of the institutions.

Mr. Edmunds commented that in his opinion, the benchmarks didn't appear to stretch the university's capabilities. Dr. Vailas responded they are trying to be realistic with resources and exercise caution. There was further discussion between Dr. Adamcik and Mr. Edmunds about benchmarks and defining their measurements and thresholds. Mr. Edmunds responded that he continued to feel ISU was too cautious.

President Fernandez and Carmen Simone came forward to present Lewis-Clark State College's (LCSC) strategic plan and how it aligns with the State Board's plan. President Fernandez pointed out they have put in place a process to identify a five-year plan for Lewis-Clark State College. President Fernandez summarized the goals in the strategic plan and the specific measures under each goal. He spoke of the need to reduce the number of students who need remediation and the need to work with high schools on this item. LCSC had a recommendation at their accreditation visit which was to continue measuring students. They use ETS testing to measure how well their seniors are doing in many areas including critical thinking. They hope to be in the 80th or higher percentile compared to other institutions across the nation. He emphasized the need of quality instruction and indicated they intend to raise the compensation level for faculty and staff to at least that of their sister institutions.

Mr. Edmunds asked how they view their role in the gap of credentials as related to the 60% goal with 2 year programs and their being a 4 year institution. Dr. Fernandez responded their plan includes three pillars, one of which is professional-technical education which includes the two-year programs.

Tracie Bent provided a brief summary of the community colleges strategic plans and commented they are in alignment with the State's plan. There were no questions for the College of Southern Idaho, the College of Western Idaho or North Idaho College. Mr. Soltman asked Mr. Browning from North Idaho College (NIC) to introduce Ann Lewis, the Director for Institutional Effectiveness and Research and Interim Vice President for Instruction Jim Perez.

Mr. Luna asked how the strategic plan for NIC influences their search for a new president. Mr. Browning responded it has had a direct impact and is being used as part of the line of questioning for candidates. The search committee is using the elements of strategic planning in their search for a new president. Mr. Luna asked how their strategic plan will use Kootenai Technical Education Campus (KTEC) and address the professional-technical need of the state in north Idaho. Mr. Browning responded there is an immediate and long-term need for the expansion or remodel of facilities for the PTE programs – including funding for expansion, both of which are a part of the strategic planning.

Ms. Bent indicated that in addition to the plans reviewed by the Board members, they also received copies in their Board materials of the special programs and health programs' strategic plans. She reminded the Board members that when they go to motion, the special programs and health programs would be included in the motion along with the benchmarks and performance measures.

INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS

Unanimous consent TAB 3. Masters of Athletic Training item was move up on the agenda to the first item on the IRSA agenda.

3. Idaho State University – Graduate Program – Master of Science in Athletic Training and Professional Fee Request

BOARD ACTION

M/S (Edmunds/Goesling): To approve the request by Idaho State University to offer a new Master of Science in Athletic Training. The motion passed unanimously.

M/S (Edmunds/Goesling): To approve the request by Idaho State University to designate a professional fee of \$1,500 per year for the Master of Science of Athletic Training program in conformance with the program budget submitted to the Board in Attachment 1. The motion passed 7-1. Mr. Terrell voted nay on the motion.

Mr. Edmunds turned the discussion over to Dr. Caroline Faure of Idaho State University who presented the details of this item to the Board, commenting that the need for qualified health care professionals in our school settings and sports settings has multiplied exponentially. Dr. Faure summarized some statistics on the need for athletic trainers in the region and pointed out the proposed program at ISU is addressing a demonstrated need and is supported by the institution and provides great opportunity for the students.

Mr. Soltman asked why the program would not be accredited for first year students. Dr. Faure responded there is an accreditation requirement with any athletic training program. The Commission on Accreditation for Athletic Training requires any student who is going to sit for Board certification go through an accredited program. The program in place is a two year program which will be fully accredited by the time the first cohort graduates; they have to start the program before they start the accreditation process.

Mr. Westerberg asked, related to the second motion, why this qualifies for professional fees. Ms. Laura Woodworth-Ney, Assoc VP for Academic Affairs responded to the question. She indicated that in there are additional costs because of the training required to meet the accreditation standard, along with the equipment costs associated with implementing parts of the program required by the accreditation body. Additionally, they plan to hire two faculty members to support the program.

There was discussion about the differences between this program and the University of Idaho's program. Ms. Grace indicated the University of Idaho's program operates under a self supporting model. Dr. Faure responded further that the emphasis at Idaho State University is two-fold. The first is they want to prepare athletic trainers that are uniquely qualified in concussion management. Secondly, is to prepare the trainers for entry to the workplace or the secondary school setting which include clinical outreach settings.

Mr. Terrell identified concern about not seeing a dollar figure attached to the professional fees in the second motion. He recommended holding the second motion until the issue of professional fees is addressed. Mr. Westerberg clarified that today's reading is the first reading which is what some Board members may have issue with, and that it could change between the first and second reading. Mr. Westerberg suggested they take it to a vote.

Mr. Stokes, Student Body President, offered supportive comments regarding the professional fees discussion of this item and said from a student's perspective the professional fee cost is minimal considering the benefit of the program.

Dr. Adamcik commented on the difference between course fees and professional fees. With a professional fee, it can be taken into account with the student's financial aid. When it is a course fee, the student has difficulty predicting how much financial aid they will need for the program, and it isn't built into the calculation. She felt having a professional fee is far more effective than a course fee in this instance.

Mr. Edmunds asked for a dollar amount of the proposed professional fee. Ms. Woodworth-Ney responded it would be \$1,500 per student per year. Mr. Luna asked for a comparison of professional fees within the state. Dr. Faure responded in looking at surrounding institutions with similar athletic training education programs, they are actually at the lower end in fees. Dr. Adamcik responded with some figures on various programs at the university. She indicated the \$1,500 is not out of line in terms of their other

professional fees. In response to Mr. Luna's question about a comparison, the ISU list for professional fees was included in the tuition package provided to Board members.

1. First Reading, Proposed Amendment to Board Policy III.Y. – Advanced Opportunities

BOARD ACTION

M/S (Edmunds/Goesling): To approve the first reading of amendments to Board Policy III.Y., Advanced Opportunities as submitted. The motion passed unanimously.

Mr. Edmunds asked Selena Grace from the Board office for a summary. Ms. Grace summarized the proposed modifications in this reading are premised around the dual credit cost fee. In current policy the fee would be set by CAAP which is not an appropriate responsibility of CAAP. In the revised policy the responsibility is for the Board to set the fee.

2. IEN Comprehensive Strategic Plan

BOARD ACTION

M/S (Edmunds/Luna): To approve the Idaho Education Network Comprehensive Strategic Plan, and to authorize the Board President to sign the plan on behalf of the Board. The motion passed unanimously.

Mr. Edmunds introduced Dr. Cliff Green from the IEN to provide a presentation to the Board. Dr. Green discussed the partnerships, process and products of the IEN plan. Dr. Green thanked the Board office and the Department for their assistance working with the IEN Staff to develop the IEN plan. He commented the IEN strategic plan seeks to identify ways it can play a role helping the Board and the Department along with other agencies, to meet the goals and objectives outlined in their strategic plans and educational initiatives with an emphasis on collaboration with partnering entities and stakeholders. With regard to the process, four focus areas were developed which were: 1) provide quality systems operations, 2) work collaboratively across partners, 3) provide quality student learning experiences, and 4) demonstrate accountability.

Mr. Westerberg expressed appreciation for the efforts of the IEN. Mr. Luna also expressed appreciation for Dr. Green's work on the IEN Plan.

4. Physical Therapy Assistant (PTA) Program Consortium

Mr. Edmunds introduced Dr. Lita Burns, Dean of Health Professions and Nursing from North Idaho College (NIC) to present this item. Dr. Burns introduced Joel Tenbrink, from NIC, Cathleen Currie from CWI, Lynn Mathers from LCSC, and Dr. Mark Sugden from CSI. Dr. Burns provided a brief background of this program for the Board members and indicated that after the program had been closed in the early 2000's for a number of reasons, the health care industry community requested a reinstatement of the program because of the need for physical therapy assistants in the area. Their goal in bringing back the program encompassed two goals which were practicality and sustainability. During the review process, the concept of a shared program amongst the community colleges across the state emerged. NIC received a HERSA grant for the planning and development of this program. The community colleges collaborated, applied for and have received a C3T grant to provide funding for the implementation of the first three years of this program.

Ms. Curry summarized details of the program and indicated they have hired a Director for the Clinical Education Program. Admission will start this fall and the program itself will start in 2013. Lynn Mathers summarized benefits of the program which are three fold – a need for physical therapists, local training and the ability to offer the training. In her research, she found that there was an incredible need for the program. Dr. Sugden will be overseeing the program at CSI. He provided the key points of the program and summarized how they plan to fund the program which is three programs at four locations; it is not an on-line program, but a hands-on video conference program. They hope to apply this model to other

programs where traditional funding is not available.

Mr. Edmunds asked for clarification on the length of the program and the entry level compensation. Mr. Tenbrink responded it is an Associate of Applied Science which is a five semester program, and that the entry level compensation is between \$37,000 and \$55,000. Dr. Rush commented that PTE assisted with the grant and that the program was approved because it was within the Executive Director's jurisdiction to approve it. Additionally, if three or four programs were created, it would have been much more expensive. Ms. Atchley expressed hope that this will become a model for other programs.

5. HERC By-Laws

BOARD ACTION

M/S (Edmunds/Soltman): To approve the amendments to the Higher Education Research Council Bylaws as submitted. The motion passed unanimously.

Mr. Edmunds summarized approval of the amendments to HERC's Bylaws will bring HERC's operating procedures into alignment with current Board policy.

AUDIT

1. Idaho State University – Foundation Operating Agreement

BOARD ACTION

M/S (Atchley/Terrell): To approve the revisions to the Operating Agreement between the Idaho State University Foundation, Inc. and Idaho State University as presented, and to approve the revisions to the Agreement for Loaned Employee attached as Exhibit A. The motion passed unanimously.

There was no discussion by the Board on this item.

2. Eastern Idaho Technical College – Foundation Operating Agreement

BOARD ACTION

M/S (Atchley/Terrell): To approve the Operating Agreement between the Eastern Idaho Technical College Foundation and Eastern Idaho Technical College, as presented. The motion passed unanimously.

There was no discussion by the Board on this item.

BUSINESS AFFAIRS AND HUMAN RESOURCES – Section I – Human Resources1. Amendment to Board Policy – Section II.I.4. – Leaves (All Employees) – Second Reading

M/S (Terrell/Atchley): To approve the second reading of the amendments to Board Policy II.I.4., as presented. The motion passed unanimously.

There was no discussion by the Board on this item.

2. Boise State University – Multi-Year Employment Contract – Head Football Coach**BOARD ACTION**

M/S (Terrell/Atchley): To approve the request by Boise State University for retroactive approval of the following:

1. Mr. Petersen's five year employment agreement and addendum;
2. a license agreement with Chris Petersen Enterprises, LLC; and
3. a 401(a) supplemental pension plan document as presented and effective February 1, 2012; and to authorize the Vice President for Finance and Administration to execute any necessary documents related to the 401(a) plan provided for above on behalf of the Board of Trustees.

The University is authorized to request an IRS private letter ruling or determination letter, as applicable, as the Board cannot comment on the tax consequences of the supplemental pension plan pending IRS action. The motion passed unanimously.

There was no discussion by the Board on this item.

3. State Board of Education – Compensation Adjustments for Agency Heads**BOARD ACTION**

M/S (Terrell/Soltman): To approve a one-time bonus for Ann Stephens as Administrator of the Division of Professional-Technical Education in the amount of \$1,925, effective FY 2012. The motion passed unanimously.

M/S (Terrell/Atchley): To approve a one-time bonus for Mike Rush as Executive Director of the Idaho State Board of Education in the amount of \$1,260 effective FY 2012, and early implementation of a 2% increase in annual salary for FY 2013, at an hourly rate of \$53.95 (annual salary of \$112,216) effective March 18, 2012. The motion passed unanimously.

M/S (Terrell/Soltman): To approve an early implementation of 2% increase in annual salary for Don Alvshere as Administrator of the Division of Vocational Rehabilitation for FY 2013, at an hourly rate of \$46.59 (annual salary of \$96,907) effective April 15, 2012. The motion passed unanimously.

There was no discussion by the Board on these items.

4. University of Idaho – Settlement Agreement**BOARD ACTION**

M/S (Terrell/Goesling): To approve the settlement considered by the Board in executive session and to authorize University of Idaho to sign all necessary settlement documents. The motion passed unanimously.

There was no discussion by the Board on this item. Legal counsel from the University of Idaho indicated the parties are working on a joint statement and will submit it later today. Once the documents are signed, they will be available for public release.

BUSINESS AFFAIRS & HUMAN RESOURCES (BAHR) - Section II – Finance - Continued

5. FY 2014 Budget Guidelines – Line Items

BOARD ACTION

M/S (Terrell/Soltman): To direct the college and universities to use the following categories to develop FY 2014 Line Item budget requests:

- 1. Complete College Idaho (CCI) initiatives**
- 2. Research Initiatives**
- 3. Occupancy Costs**
- 4. Unfunded EWA**

The motion passed unanimously.

M/S (Terrell/Soltman): To direct Board staff to develop the FY 2014 Scholarships and Grants Line Item budget request to include the Opportunity Scholarship. The motion passed unanimously.

Mr. Terrell asked Mr. Freeman and the vice presidents of finance to summarize this item. Mr. Freeman pointed out these items are enumerated in the motion but are not in any particular order. Mr. Freeman outlined the timeline for budget requests to be approved for the next fiscal year.

Chet Herbst from Lewis-Clark State College suggested the categories identified in the agenda materials may need to be expanded, stating certain categories may be interpreted broadly and fit into more than one category, or not very well in one single category. Mr. Westerberg asked Mr. Terrell if there was discussion of having an “other” category. Mr. Freeman responded in the affirmative.

Ron Smith from the University of Idaho agreed with Mr. Herbst and agreed with adding another category. Ms. Pearson from BSU indicated they could fit their items in the proposed categories, but would not be opposed to adding another one. Mr. Fletcher from the University of Idaho echoed the remarks of the other institutions.

6. FY 2013 Appropriations – Institutions and Agencies of the State Board of Education

BOARD ACTION

M/S (Terrell/Atchley): To approve the allocation of the FY 2013 appropriation for Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and system-wide needs, as presented on Page 3. The motion passed unanimously.

M/S (Terrell/Atchley): To approve the allocation of the FY 2013 appropriation for the College of Southern Idaho, College of Western Idaho and North Idaho College, as presented on Page 3. The motion passed unanimously.

M/S (Terrell/Atchley): To approve the request from the Division of Professional-Technical Education for the allocation of the FY 2013 appropriation detailed in Exhibit A. The motion passed unanimously.

M/S (Terrell/Soltman): To approve the amount of the Idaho Promise Scholarship, 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 2012-2013 academic year. The motion passed unanimously.

M/S (Terrell/Soltman): To approve the amount of the Idaho Promise Scholarship, Category B, at \$225 per semester per student (\$450 annually) for those current recipients who maintain eligibility and for qualified first-year entering students under the age of 22 in academic year 2012-2013, 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 2013. The motion passed unanimously.

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 2013. The motion passed unanimously.

Dr. Goesling asked where the dollars are invested and if they could be placed somewhere with a greater rate of return. Mr. Freeman stated they are invested by the state treasurer and the Board has no control over where they are invested. Dr. Rush indicated they intend to bring legislation forward for Board consideration that would provide a statutory change.

M/S (Terrell/Goesling): To set the Cost of Attendance to be used in the formula that determines the award for the Opportunity Scholarship at a maximum of \$18,600 4-year institutions and at a maximum of \$12,700 for 2-year institutions for the fiscal year 2013. The motion passed unanimously.

M/S (Terrell/Atchley): To set the student contribution for the fiscal year 2013 at \$6,500 for students at 4-year institutions and at \$4,500 for students at 2-year institutions, 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. The motion passed unanimously.

M/S (Terrell/Edmunds): To direct Board staff to spend up to \$1,000,000 in annual interest earnings, private contributions, and funds from the corpus of the Opportunity Scholarship Account in fiscal year 2013 to fund renewals and new scholarship awards. The motion passed unanimously.

7. Amendment to Board Policy – Section V.R.3.a.iv. – Professional Fees – First Reading

BOARD ACTION

M/S (Terrell/Soltman): To approve the first reading of proposed amendments to Board Policy Section V.R.3.a.iv. Professional Fees, as presented in Attachment 1. The motion passed unanimously.

Mr. Freeman summarized the change in the policy and indicated two changes recommended by Mr. Lewis between first and second reading. Additionally, Mr. Freeman noted Mr. Smith from the University of Idaho commented regarding the accreditation requirement that there are programs that are in operation for a year before they may file for accreditation. He recommended rewording the language to clarify that.

Mr. Terrell pointed out this is a change between first and second reading. There was some discussion about the procedures between first readings and when it becomes a rule. Ms. Atchley disagreed with the wording change. Dr. Rush commented about the process of making changes between the first and second reading and indicated it can be done provided the changes are not substantive.

Mr. Freeman indicated he received two comments from institutions on this policy. One was that the policy would not require the current approval process, that the self-support operating results would be reported to the Board annually instead. Ms. Atchley asked if an institution can raise the fee and report it annually without Board input. Mr. Freeman said the current procedure in a self support program is once the fees are approved by the Board, they do not come back for subsequent approvals in increases. He pointed out the second comment received suggested the institutions audit the self-support programs to ensure they are self-supporting every three years rather than annually.

Ms. Atchley requested the report come before the Board and includes the prior year's cost, the current year's cost and number of enrollees in the program. Mr. Terrell indicated BAHR will revise the item before the second reading.

8. Boise State University – Multi-Sport and Apparel Supply Contract with NIKE, Inc.

BOARD ACTION

M/S (Terrell/Soltman): To approve the request by Boise State University to enter into a Multi-Sport Product Supply and Sponsorship Agreement with NIKE Inc. for the period August 1, 2011 to June 30, 2017, and to authorize the Vice President for Finance and Administration to execute the Agreement. The motion passed unanimously.

Mr. Soltman asked why it is retroactive to August 1st. Ms. Pearson responded that when this agreement was being negotiated, BSU was considering the current contracts they had entered into and this contract was also during the transition of directors. They wanted to make sure the current director had a chance to look at the contract. It is retroactive to the time period and carries forward under the terms and provisions of the new contract.

9. University of Idaho – Multi-Year Research and Marketing Agreement with Limagrain Cereal Seeds, LLC.

Mr. Jim Peterson from Limagrain Cereal Seeds, LLC (LCS) presented information on a pending agreement between the seed company and the University of Idaho. The University of Idaho seeks to enter into a five year contract with Limagrain Cereal Seeds, LLC, to establish a reciprocal joint wheat breeding program where the university and Limagrain combine their respective repositories of wheat germplasm to collaboratively create and market new wheat varieties. Over the initial five year period, Limagrain will contribute approximately \$500,000 to fund research endowments at the University and graduate student research support.

Funding from Limagrain under the contract, along with the Wheat Commission funding, will allow the university to continue and enhance its wheat breeding program that recently suffered the loss of the university's researcher for soft white winter wheat. The collaborative program is also anticipated to generate revenues from newly created varieties from the joint germplasm repositories, utilizing Limagrain's marketing expertise to enhance royalty revenues to the university which will further support research in this area. Limagrain is the number one seed company in Europe and number four in the world. Representatives from the university and LCS will meet three times per year to discuss the program. The university intends to bring this agreement back for Board approval at a future date.

Ms. Atchley asked if it is still a requirement that the varieties are made public when federal dollars are involved in breeding programs. Kent Nelson, General Counsel from the university responded it is his understanding that is not a requirement any more. Mr. Peterson responded that it is the intention of the Idaho Wheat Commission that all new varieties that come out of the university be licensed proprietary varieties. President Nellis clarified for Board members that a federal act changed the way discovery can be licensed which would apply in this context.

Mr. Edmunds asked if the revenue sharing will vary based on who creates the wheat varieties. Mr. Peterson responded that the appendix contained in the agreement outlines how the revenue sharing is determined based on who is the discoverer of the new germplasm or variety. Mr. Edmunds recommended using this agreement as an example of best practices for other agreements and asked if it could be reviewed by other institutions. Mr. Nelson responded that after the contract is approved by the Board, it would be available for review by other institutions.

10. University of Idaho – Capital Project Update – Integrated Research and Innovations Center

Mr. Terrell introduced this informational item and asked Mr. Smith to speak for the University of Idaho. He

provided a presentation on their *Inspiring Futures* capital project update. He provided a summary of the interior and exterior of this building. This will be a state of the art facility that will lend itself to 21st century solutions and discoveries that will require an integrated and interdisciplinary approach to research. They plan to locate the building at the heart of the campus in close proximity to other key buildings. The anticipated opening will be in 2015. The total cost is 48,938,600. The sources of capital would come from state funding, the permanent building fund, university resources, bonds and private giving. They plan to bring it back to the Board for approval in the future.

Mr. Edmunds asked if there will be an incubator facility or anything of that nature to facilitate public-private partnerships. Mr. Smith responded incubator would not be an accurate description, but there will be new projects with leaders in the industry. Mr. Goesling asked how the ROTC building would fit into this process. Mr. Smith indicated it would be relocated elsewhere in a presently undetermined spot.

President Westerberg asked about the ongoing economics as far as building maintenance goes, in the likely absence of occupancy costs and other resources. Mr. Smith responded the plan is the facility will allow them to garner additional expenditures in their research program which will give them additional dollars in their F&A recovery; the F&A recovery should provide enough to cover the occupancy costs of the building. Mr. Westerberg asked if it would be a self-sustaining building. Mr. Smith responded it would.

DEPARTMENT OF EDUCATION1. Superintendent's Update

Superintendent of Public Instruction, Tom Luna, provided a brief update on the State Department of Education (SDE). He indicated the SDE has just finished up its post legislative tour doing six events regionally located around the state. Superintendents, other district leaders, teachers and parents were included in some capacity at those meetings. He said there was a lot of good discussion about education in Idaho and Students Come First. He commented the SDE is in the final stages of the waiver application with the U.S. Department of Education. Mr. Luna provided three highlights from the Legislature: 1) the budget for K12 increased this year by 4.6% which is about a \$60 million increase, 2) in the Students Come First plan - written into law was a plan that will reduce the amount of money sent to districts for salaries and benefits. Mr. Luna pointed out that that was a very controversial item, but they made clear that if and when the economy turned around the first thing they would do is offset those reductions. There will be no reduction in salary based apportionment; a school district this year will receive just as much money for salaries and benefits as last year, if they are a growing district they will receive more. The Legislature accepted Mr. Luna's and the Governor's budget recommendations which offset salary based reductions this year, they also passed a law going forward which eliminated any reductions in future. Thirdly they made one change in the opportunity for students to earn college credit while in high school so those students who meet their graduation requirements by the end of the first semester of their senior year can take college courses the second semester of their senior year and still earn college credits paid for by the state before they move on to college. Additionally, Mr. Luna added a bit of information on the Eight-in-Six program which expands on students earning college credit during high school, and provides students an opportunity to engage and graduate from high school with an associates' degree. The Eight-in-Six program will be shared in more detail in the future.

Dr. Goesling asked how the associate's certificate is captured in the 60% goal if the student then goes on to college and gets a bachelor certificate. His question is whether that counts as two events or one. Mr. Luna clarified it still only counts as one.

2. Update on Accreditation in Idaho and the Merger Between the Northwest Accreditation Commission (NWAC) and the AdvancedED

Mr. Luna provided an update on a merger between the Northwest Accreditation Commission (NWAC) and AdvancedED which takes effect on July 1, 2012. Since NWAC will be an accrediting division of AdvancedED, there is no need to make any changes to Administrative Rule and all Idaho schools will still be accredited throughout the transition and in the future.

3. Proposed Rule – IDAPA 08.02.03.105 – The Rules Governing Uniformity – High School Graduation

BOARD ACTION

M/S (Luna/Edmunds): To approve the temporary proposed rule to Idaho Administrative Code, IDAPA 08.02.03 – Section 105, High School Graduation Requirements as submitted, effective April 18, 2012. The motion passed 4-3. Mr. Westerberg, Mr. Edmunds and Ms. Atchley voted nay on the motion.

Mr. Luna commented that there are graduation requirements and the goal is that the children graduate from high school with the necessary skills and knowledge to propel forward. It is important when the statewide requirements are set they don't become a stumbling block for students who are performing at faster and higher levels. If a student has taken a math class that requires Algebra II as a prerequisite, then they will be waived from having to take math in their senior year. He added that there have been a few districts that have come to the Department with these issues.

Mr. Edmunds asked if Mr. Luna had discussed the matter with Board member Lewis. Mr. Luna indicated he had corresponded via e-mail with Mr. Lewis. Mr. Edmunds commented the Board has the ability to grant waivers and asked if the decision should be moved to the school board level. Mr. Luna responded that local boards have some flexibility in graduation requirements currently and he is comfortable with that flexibility and the parameters we have put in place. Westerberg commented he does not have an issue with the criteria, but he did not feel the responsibility needed to be passed to local school boards.

After the vote, Mr. Luna commented they would work on the specifics of the rule to address the areas of concern and specific criteria. Tracie Bent clarified the process of a temporary proposed rule which now goes into effect because it passed. Then it comes back as a pending rule there will be an opportunity to amend it. As a passed temporary rule, it is in effect until it is repealed by the Board or the Legislature.

4. Proposed Rule – IDAPA 08.02.023, .024, .026, .028 – Rules Governing Uniformity

BOARD ACTION:

M/S (Luna/Terrell): To approve the proposed rule to Idaho Administrative Code amendment to IDAPA 08.02.02.023, .024, .026, and .028, Rules Governing Uniformity as submitted, effective April 18, 2012. The motion passed unanimously.

Mr. Luna summarized the amendments to the proposed rules serve to clarify their language and intent.

ELECTION OF OFFICERS FOR THE STATE BOARD OF EDUCATION**BOARD ACTION:**

M/S (Terrell/Soltman): To approve Ken Edmunds as President of the Idaho State Board of Education. The motion passed unanimously.

M/S (Edmunds/Terrell): To approve Don Soltman as the Vice President of the Idaho State Board of Education. The motion passed unanimously.

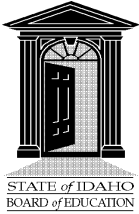
M/S (Terrell/Soltman): To approve Emma Atchley as Secretary of the Idaho State Board of Education. The motion passed unanimously.

Superintendent Luna thanked Mr. Westerberg for his service as president of the Board.

OTHER BUSINESS

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

M/S (Terrell/Goesling): To adjourn the meeting at 3:15 p.m. The 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

**DRAFT MINUTES
 STATE BOARD OF EDUCATION
 May 16-17, 2012
 Special Board Meeting – Board Retreat
 Boise, ID**

A special Board meeting of the State Board of Education was held May 16-17, 2012. It originated from the Governor's (Simplot) House, in Boise Idaho. Board President Ken Edmunds presided and called the meeting to order at 8:00 a.m. A roll call of members was taken.

Present:

Ken Edmunds, President
 Don Soltman, Vice President
 Emma Atchley, Secretary
 Tom Luna – joined at 8:45
 at 11:44

Richard Westerberg
 Bill Goesling
 Milford Terrell
 Rod Lewis – joined via phone; in person

AGENDA APPROVAL

M/S (Soltman/Atchley): A motion to approve the agenda as posted. The motion carried unanimously.

The Board members entered into Executive Session at 8:00 a.m.

EXECUTIVE SESSION (Closed to the Public)

M/S (Soltman/Atchley): To meet in executive session to evaluate the presidents of Idaho's state higher education institutions and its executive director, pursuant to Idaho Code Section 67-2345(1)(b).

M/S (Westerberg/Goesling) To go out of executive session at 12:35 p.m. The motion carried unanimously.

BOARD RETREAT (Open Meeting)

The Board convened for regular business at 1:15 p.m. on May 16, 2012 for discussion of higher education funding facilitated by Jane Wellman, Executive Director of the National Association of System Heads (NASH), and Founding Director of Delta Project on Postsecondary Costs, Productivity and Accountability.

Executive Director Mike Rush introduced Ms. Wellman, indicating she is widely recognized for her work in public policy and higher education at both state and federal levels. Ms. Wellman has particular expertise in state fiscal policy, cost analysis, and strategic planning.

Ms. Wellman facilitated the discussion, thanking the Board for the invitation and opportunity to participate in this meeting. Ms. Wellman walked the Board members and institution representatives through a PowerPoint presentation about meeting the challenge of future financing for public higher education. Ms. Wellman hoped to discuss with the Board different approaches to budgeting, including performance based or outcome based budgeting, and provide responsive information the Board is seeking.

Ms. Wellman discussed the fractured dialogue about college costs and what lies ahead and commented the main goal is still the need to get more people as a society to a degree. She used the example of each person in a hunting party getting a different piece of the animal. Depending on what piece the person got, their perception of the animal was vastly different than another person's. The lack of clarity about the problem and the fact that different audiences see it differently, and the lack of coherent consistent language, adds to the understanding of cost problems.

Ms. Wellman summarized that the characterization of the problem changes depending on the audience – people see the problem through different frames. The public have a different perception than the faculty, and yet even more different than the student, for instance. For the most part, the public perception of higher education is positive. However, they see it as less accessible because tuition is going up, and college affordability is driving out opportunity. State fiscal officers often see the problem in a different frame, recognizing the importance of getting people degree attainment, and perhaps believing the institutions are not very well disciplined and could use greater efficiencies and productivity. Faculty often view it as a general theme which involves deteriorating standards in higher education and concern that there are too many students coming to the institutions not well prepared academically to be successful, and too many resources go toward remediation. Their solution is to fix K-12 and have better preparedness academically. She discussed how presidents are caught in what is referred to as the “iron triangle” of improving quality, increasing access and constraining costs. She added that if the institution does not have enough money to maintain its business model then there are two choices. Reduce access to protect quality, or, increase access at the expense of quality. She commented the presidents' solution is to rekindle public reinvestments in higher education – get more state funds coming in – because they don't see a way out of the triangle. She commented that the majority of private college presidents are in institutions that have relatively low endowments; they are tuition driven and tuition sensitive in a regional market. They see themselves caught in an amenities arms race in the pursuit of increased selectivity and greater

student enrollment growth to give them money to compete for the kinds of things the faculty want. Presidents are increasingly caught up in a tuition-increasing spiral. These are all legitimate and accurate parts of the college cost problem.

Ms. Wellman indicated the most common framework of the rising college cost problem is the tuition prices are going up in comparison against declines in median family incomes. Real household income has fallen about 10% since the start of the last recession. One of the concerns is that the greatest drops occurred after the technical end of the Great Recession and the economy is just not rebounding in ways that Americans are used to and as were expected. She commented that unfortunately declining shares of Americans believe that college education is affordable. Public opinion shows that 75% of people asked disagree that college costs in general are such that most people are able to afford to pay for a college education. Only 35% of the general public feel that the value for the money spent on higher education is good; only 5% feel it is excellent. They assume prices are going up and simply don't see the value.

Ms. Wellman indicated she reviewed Idaho's patterns from the state perspective and they fit within the generalizations of others states' as discussed previously. Objectively, higher education spending, dollar-for-dollar, is more now than in 1987, with the exception of the years following the recession. State spending in every area except Medicare is going down. Generally speaking, when times are good, the legislature will spend on higher education. She pointed out that higher education spending in state budgets is the most vulnerable area for being cut. In the times of recession when budgets get cut, state spending goes down and higher education spending goes down considerably more. Over time, state spending on higher education is trending downward because of increasing healthcare costs. Additionally, being able to fall back on tuition if necessary is a way to cut budgets without cutting functionality.

Ms. Wellman identified a major challenge in higher education costs, commenting that spending is not increasing as fast as tuition costs and the gap between costs and prices is a problem. There is a price increase, but costs are flat or going down. Net tuition revenue is going up with virtually no change in spending per student. Overall, students are paying for more and ultimately getting less. Ms. Wellman shared slides showing the gaps in tuition revenue versus spending. She indicated public masters' spending per student per year were about 1% per year between 2000 through 2009 in public four-year institutions. This was against tuition increases averaging 5% per year, and state budget cuts averaging 0.5% per year.

She commented that among public institutions, research universities fared the best. In the public research institutions, there has been more of an ability to substitute tuition dollars for the loss in state appropriations. However, public research institutions are falling behind private research institutions. She added that private research institutions are becoming infinitely advantaged and the competitive pressures for the research institutions are very intense.

Ms. Wellman shared an analysis of how money gets spent in institutions by way of instruction, student services and administrative support and maintenance. She shared

data on average education and related spending per FTE student by component at public institutions, along with the distribution of employees by job category, including the percent changes in faculty compensation from 1979 to 2008. Despite the belief that costs are going up because of spending on faculty, there is no evidence that faculty is driving spending increases. She said if there is a smoking gun, it is with employee benefits. In both the public and private sectors, benefits are where the greatest increases have been. The benefit share of compensation is where the increases have been, and public institutions over private show more of an advantage. Ms. Wellman identified the average annual increase in spending has been around 5% per year, and new money coming into higher education is going out the door due to health care costs. Ms. Wellman commented if there is a way to get a handle on spending, health care costs need to be looked at and it is a tricky issue.

Ms. Wellman shared historical information on how money is spent across higher education. The historic patterns in spending have shown costs are at the lowest at the entry level, first and second year. She pointed out a need to look at spending patterns where student attrition occurs. If we expect to be increasing educational attainment, we need to look at attrition since 43% of students are lost during the first year or less. High cost attrition are at the 4 year level. In one study, Bachelor of Arts Degree production costs increased an average of 40% from excess credits and attrition.

Board member Lewis left the meeting at 1:35 pm.

Ms. Wellman moved on to talk about internal budgeting and how money is spent. Most institutions are still on incremental or base-plus budgets. Relatively few in the public sector are on a performance based budget. She summarized when asked how effective their institution is in using financial data to make informed decisions, helping various stakeholders to understand financial challenges, maintaining the infrastructure, aligning financial planning with institutional strategic planning, etc., what you see are relatively low percentages gauging effectiveness in response to those types of questions. She said that means the budget model is not working, which is a different conversation. When asked if greater transparency in campus decision making will result in better financial decisions, there were very strong percentages in the yes column. She said there is a belief the people who are managing the budgets are not using the data very well and that greater transparency about data and spending would be helpful.

She commented the challenge is still to break the iron triangle between access, quality and funding. She asked if it is possible to do more with the money we have without compromising quality, and is money necessary for quality. She said the research on higher education spending against quality is poor. There is a strong correlation between money, reputation and rankings. There is weak evidence about overall spending and measured outcomes. The way money gets spent matters more than how much there is. For example, a badly funded community college that is putting more resources into student services and teaching is getting better results in student retention. Money in student services makes a difference. Money in financial aid well spent and money in full time faculty makes a difference. Ms. Wellman stressed it is how it is spent and how intentional the spending is. The average student graduates with 15-

20 additional credits than they need. In thinking about cost effectiveness, there needs to be a distinction between cost reductions and productivity improvements. We need to show evidence that we are doing what we need to do and pay attention to both sides of the equation. This requires a multi-faceted approach and not just moving to a performance based budget. There needs to be a strategic and comprehensive approach to cost management and efficiency.

Ms. Wellman offered comments on performance based funding. She said there has been a lot of push to move from enrollment based formula budgets to performance based budgets. The research about it shows it tends not to work. Performance based funding does not solve the problem of declining state resources. She indicated many places that used performance based funding used different formulas to capture incentives, and it became far too complex and nobody understood it. Research does show, however, success in creating better shared understanding between state policy, budget people and institutional leaders about data, student retention and student success. Ms. Wellman asked if in her opinion if it was worth doing and responded in this environment it would be good to do. However, she reiterated caution about getting too consumed in the details or making it too complex. She added that it doesn't solve budget problems, nor does it get people thinking of different strategies to use across institutions to tackle challenges of costs and productivity.

Mr. Edmunds asked if performance based funding is eyewash or if it creates results. Ms. Wellman indicated it is not eyewash and it doesn't create results. It is a mixed bag and it improves the focus on goals; it is not the only thing that moves the dial. It can result in greater clarity about expectations. It is a good technique for setting an agenda and can be an effective way to increase attention to results. But by itself it does not solve budget problems.

Mr. Soltman asked if it generates a better dialogue with legislators. Ms. Wellman indicated it does. She added that part of the budget problem is a lack of transparency and lack of clarity and there is not enough agreement about goals. She added if this is what brings people together to say here are our priorities, and you set up an incentive system with a few simple metrics that people understand and agree to, it can be very powerful. The problem has been it has been implemented at a time when budgets have been declining so fast that there's never any extra money to put around incentives.

Mr. Westerberg commented most of the performance based models he has seen are very modest. He suggested if there were a bigger dollar number, the likelihood of changing behavior is also greater. He also asked about the clarity of the data and how to use it for good measures if it was unclear. Ms. Wellman responded that the data and measures could be made better. The way most performance based programs have worked has been on the edges. The base gets established, and then extra is given for incentives, but in this environment, the base is gone before you get to anything. In most states, enrollments haven't even been funded. She recommended an enrollment enhanced approach to provide incentives to bring in students and to get them through to a degree. She cautioned again about too many details or complications. She recommended five or six measures at the state level.

Mr. Edmunds commented he expected to hear that performance based budgeting is a big deal, problem solver and the way to go; and was surprised to hear it is not a solution. Ms. Wellman said she is skeptical of performance based funding, but it does bring greater clarity and trust between public officials and institutional officials and forces greater clarity about higher education.

Mr. Soltman asked if it requires new money. Ms. Wellman responded if you wait for new money, you will never get it done. If you have your fixed costs as your priority (i.e., health care), you will never get to your other costs. She said she has never seen an outcome based budget that looked at finance and addressed the root cause of what's driving costs; you want to look at it in a more encompassing way with how your budgets are put together.

Mr. Edmunds commented he is optimistic they will see some increase in funding. Ms. Wellman suggested putting something together that implements performance based funding over a four or five year period. She recommended simultaneously looking at ways to reduce costs and reward the institutions that are doing what they need to be doing on spending reductions, increased retention and degree attainment, and enhanced enrollment. Ms. Wellman suggested biting off a bit at a time and managing into it with two or three priorities. Mr. Edmunds asked if she recommended any favorite priorities or measures. Ms. Wellman indicated she brought a paper to share today done by the Complete College America group about performance enhanced funding. She felt it is a sensible approach on an enrollment basis without too much complexity. She indicated it would be a good example to go toward, but she wouldn't stop there. She said the one thing the piece is lacking is it does not talk about the meat and potato part of the budget such as health care. Mr. Edmunds asked if this Board should be using this initiative or if there are others that they should pursue. Ms. Wellman responded she could not provide the answer to that question. She did say the way Boards talk about money is a very powerful tool they have over influencing performance.

Dr. Goesling asked about cost management as a way to approach the budgeting issues and looking at the different "buckets" more so than going to a solely performance based budgeting scenario, and to look at a comprehensive approach to cost management and efficiency to determine what's best across the state. He asked if other institutions have tried that approach and if they were successful. Ms. Wellman indicated other systems have tried to take a comprehensive approach and have looked at more than one thing at a time. She said some were successful, but maintaining an agenda and staying on course has been challenging because of the turnover in higher education. She recommended looking at Pennsylvania as an example.

Mr. Westerberg asked if anyone has looked at institutions that do cost based budgeting as a mechanism to send a signal to students for the value of the product, so that they are more efficient in the way they move through the system. Ms. Wellman responded there are differential tuitions and user fee systems are increasingly more common in both public and private institutions. No one has researched whether better consumer information leads to higher efficiencies, but the pattern has been that moving more to a

user fee type system advantages certain types of institutions and certain types of programs, and likely disadvantages others. It is most problematic for core, lower division, general education kinds of things, which is where the largest student retention situation resides and has not been a wholesale change yet. Mr. Westerberg responded that it is likely if the student is covering the cost of the instruction, they are more apt to be serious about the class.

University of Idaho President Nellis asked Ms. Wellman to expand on mission and differentiation as far as performance criteria based on missions of institutions. Ms. Wellman responded that the first generation of performance based funding had a one-size fits all approach. The second generation had a different model and approach which was more sensible in that there were different progress indicators for different missions. Having only two or three measures at a statewide level is important to keep things simple.

Mr. Edmunds asked Ms. Wellman if she recommended going with a form of performance based budgeting. Ms. Wellman indicated putting an emphasis on performance would be sensible. She commented that staying with a straight, incremental budget in this environment would not get us where we need to go. Mr. Westerberg asked about the costs-per measures to track the efficiency of production. Ms. Wellman responded they have not seen these types of measures because so much of performance based funding is focused on the agenda of student success. She added that they need to also be looking at risk management and cost management in addition to student success. It would be appropriate to look for evidence of cost effectiveness along the student progress data.

Mr. Edmunds asked if there was a contrast comparison in zero based budgeting efforts and performance based budgeting, suggesting zero based budgeting may not be the right answer because it may not look at all the resources. Ms. Wellman agreed, commenting that re-rationalizing how the budget is put together and being able to look at the base differently would be good, adding that the process needs to be clear. Dr. Goesling commented that performance based budgeting tends to look at the cash flow side of the balance sheet and not the income side of the balance sheet. Dr. Goesling asked how we look at other possible income sources. Ms. Wellman indicated the importance of looking at the costs and in general in looking at both sides, including other funding sources. She felt if there was not a general fund source protecting the commons, it does not work. Dr. Goesling suggested looking at where money was invested between the time it comes in and the time it is spent, suggesting we could get a higher rate of return but retain the same safety rating. Ms. Wellman responded that the university system of Missouri made a comprehensive change in their budgets and the single largest place they realized resources was in renegotiating their bond rates. Ms. Wellman said there are ways to look at big savings on the administrative side.

Mr. Edmunds asked what lessons public institutions should be learning from private institutions in the way of performance based funding. Ms. Wellman responded it is hard to generalize because the data is not readily available. She remarked the degree granting private institutions' spending patterns are similar to public institutions with a

couple of major exceptions. They spend more on student services and academic counseling than they do on faculty. They hire coaches and professional counselors and essentially have suppressed the faculty line. They spend a lot on recruitment as well and most don't have a physical plant. The way they are spending their money does not show a public institution the way to efficiency and effectiveness, it shows a different model. Ms. Wellman concluded there is no evidence the private institution model is contributing to student success.

Idaho State University President Vailas asked Ms. Wellman about infrastructure and commented that in public education, there is a bold infrastructure in which deferred maintenance is exponential. He felt that people often don't see this as an important element and it often remains unaddressed. Depleted buildings have a direct impact on student learning. He asked how that fits into efficiency, knowing it will be a real, but often unexpected, problem affecting costs. Ms. Wellman responded that she is unsure how to answer that question on deferred maintenance. She summarized a few options but pointed out there isn't a great solution. She added the maintenance of the assets and the infrastructure are very important and can't be left by the wayside and looking at those costs should be part of what the system does.

Dr. Vailas then asked if you focus on efficiency and its definition based on mission, along with cost effectiveness and its definition, it lays out what kind of performance an institution should be looking for. Ms. Wellman cautioned over analysis of this question because of how efficiencies are defined. She recommended again using a plain, straightforward approach appears to be the best way to look at these things, especially concerning efficiency and effectiveness. Ms. Wellman used the university system of Maryland as an example, stating they were quite successful with their efficiency and effectiveness initiative and recommended looking at it for reference. She added it was so well done, the students helped argue along with the legislature for tuition increase so they could get the classes they needed.

Boise State University Financial Vice President Stacy Pearson asked for favorite examples or new ideas of cost reductions seen by Ms. Wellman. Ms. Wellman responded a comprehensive approach is important and used Missouri as an example, summarizing what they did in a cost cutting approach. She also mentioned Pennsylvania and Wisconsin and pointed out Georgia's system is rethinking how it looks at transfer students from community colleges. She added the most money can be saved in the administrative side, pointing out the universities of California, North Carolina and Cornell have found huge benefit from bringing in outside consultants to look at administrative layering, analyzing reports and making recommendations. She said that is not always recommended, but sometimes it helps to have an outsider's perspective.

Ms. Wellman stated that half the money in higher education is going to something other than the academic programs. She commented in general that consolidation of administrative functions, data and information systems makes sense.

Lewis-Clark State College's Vice President for Finance and Administration Chet Herbst

asked if she has seen examples of strategies or systems that have helped keep increases in check. Ms. Wellman pointed out there are a couple of examples, two of which are the work by Nebraska and Maine. Nebraska was looking at a cost for retiree health care which ate up 4% per year in budget increases – they weren't getting 4% per year, so all their money was going to retirees. A review group was put together and recommendations were made which took their unfunded liability from \$70 million to \$0. Current employees were paying for retirees, which is happening everywhere.

Ms. Atchley asked about strategic financing and how it would fit into this kind of scenario. Ms. Wellman responded that looking at an investment strategy is important. She commented that budget techniques used by private institutions are much better at taking a multi-year approach in funding. They can put together a funding plan and framework that makes sense. The trick for public institutions is how much they can pull together that kind of information and act on it. Changes in carry-forward policies can help as well. Looking at the multi-year framework of the private institutions can be very helpful for the public institution perspective. Dr. Rush pointed out that Idaho institutions cannot carry over their general account funds. They spend their general account funds and carry over their student fees. Ms. Atchley commented it would likely give a better picture of where the market for tuition is.

Mr. Freeman asked about performance based funding and about whether or not it is advisable to wait for new money or target a percent of the base, or both. Ms. Wellman's response was to not wait because it may not happen. Mr. Freeman asked in looking at the data from other states, is there an optimal amount. Ms. Wellman mentioned Pennsylvania's State System of Higher Education (PASSHE) as an example and how it works. She said their concept makes sense. It started at a percent per year with a plan to grow it every year, and to create two pools – one to be used at the discretion of the institution and one that is to be used at the discretion of the Board.

Mr. Freeman asked what happens when an institution does not meet its performance measures. Ms. Wellman responded there is a stop loss, but she has not seen money taken away because so many situations are beyond their control. She clarified the reward is in getting new money and that budgets are not cut for an institution's failure to meet goals, they just don't get new money. She added it is important to look at if there are mitigating circumstances to justify it or if the institution is underperforming. Ms. Wellman indicated Texas is about to put performance based funding into place. They are getting data to help set benchmarks that are not too high or too low. They plan to use University of Texas data as well as national data to determine reasonable benchmarks. Before they kick in any money, they are looking at what they should be measuring, what are the data to use for measuring, and how do they benchmark it. Then, they plan to do a dry run to see what would happen before actually implementing it and they are taking traditional approaches to find new money for initiatives, etc. They intend to look at measuring the right things and that the targets are set where they need to be.

Dr. Goesling asked if there have been successful techniques in Boards working with Legislators in helping them understand the problems facing higher education

institutions. Ms. Wellman responded there both good and bad stories, adding it is helpful when there is a continuity and trust in leadership between the legislature and a Board. If people understand what the agenda is and what the rules are, it proves to be beneficial. Legislative and board turnover can also make the situation fragmented. Ms. Wellman indicated her concern is the fragmentation of institutional interest is against the whole. Some institutions think they can cut a better deal on their own. Competition drives up spending and doesn't necessarily direct it to academic programming. There needs to be a board or regulatory presence to discipline mission to some extent. Another concern is some of the stronger public institutions are renaming themselves as liberal arts institutions and giving up on serving the states' residents. It is becoming a trend and it is a true concern. In conclusion, Ms. Wellman commented just as we need to be thinking about improving how we deliver education, we need to be rethinking structures, roles and functions of systems and boards as well.

Following the discussion with Ms. Wellman, Mr. Soltman recognized that North Idaho College President Dr. Priscilla Bell is retiring at the end of June and that this is her last meeting. Dr. Bell offered a few comments and indicated she plans to stay in Coeur d'Alene during her retirement.

The Board adjourned from business at 3:35 p.m.

Thursday, May 17, 2012

The Board reconvened for business on May 17th at 8:00 a.m. at the Governor's (Simplot) House, in Boise Idaho, to meet in executive session for continuation of the Presidential evaluations. A roll call of members was taken.

Present:

Ken Edmunds, President
Don Soltman, Vice President
Emma Atchley, Secretary
Tom Luna

Richard Westerberg
Bill Goesling
Milford Terrell
Rod Lewis

Superintendent Luna left the meeting at 9:45 a.m. for other business.

EXECUTIVE SESSION (Closed to the Public)

M/S (Soltman/Goesling): To meet in executive session to evaluate the presidents of Idaho's state higher education institutions and its executive director, pursuant to Idaho Code Section 67-2345(1)(b).

M/S (Soltman/Goesling): To go out of executive session at 11:50 a.m. The motion carried unanimously.

BOARD RETREAT (Open Meeting)

The Board re-convened for regular business on May 17th at 12:15 p.m. for a lunch discussion. Jamie MacMillan, Executive Director from the Albertson's Foundation, introduced guest Dr. Ranis, Program Director of the Lumina Foundation. Dr. Ranis was previously a senior member of the Gates Foundation, recently served as a fellow at the Association of American Colleges and Universities, as well as a senior advisor to the Washington State based College Success Foundation. Dr. Ranis is a sought after speaker on challenges in higher education.

Dr. Ranis commented the Lumina Foundation is deeply involved with states to increase the attainment rate of Americans holding high quality degrees and credentials. Their goal is they would like to see 60% of all Americans holding quality degrees or credentials by 2025. She indicated that is the baseline for everything the Lumina Foundation does. She indicated in support of that goal, they are very data and metrics oriented. They put out a report called *Stronger Nation* which includes state reports. She commented we are at about 40% as a nation. The U.S. used to have the most post secondary degree holders in the world. As of 2011, we are 15th; Canada is second and Korea is first. In a state breakdown, Idaho is in the lower part of the pack at about 30%.

Dr. Ranis indicated she would like to talk about college access and success as dual goals for the mission, the alignment of K12 and higher education, data articulation, and Lumina Foundation's productivity agenda. She provided a handout entitled *Four Steps to Finishing First*, which is an agenda for increasing college productivity to create a better-educated society. It is about using the resources available more efficiently and having our higher education system tuned into producing degree holders.

Dr. Ranis spoke about access and success as dual goals and indicated for a long time in our country, the idea of getting people to college has been the focus of a lot of effort. Then, the focus changed from not only getting them into post secondary settings, but on getting them through the system. She commented the Lumina Foundation is not only about four-year degrees, but about getting any degree or credential of value that can propel an individual to the next level in their lives. She pointed out the importance of the sense of a pipeline of information for students and families and starting that information flow early; this system needs to go from pre-K through college. She suggested utilization of a calendar of predictable events and how helpful that would be to students and parents alike, and how it would serve as a launch pad for education. She used FAFSA day as an example, and added that there should be a seasonal, at-scale awareness that people to attach to it, like a week or day that everyone knows applications are due. She recommended Idaho adopting the National College Application Week which is recruiting states presently. The effort is being run by ACE. It builds off individual aspirations in building a state portal to build a system of better higher education and centralized information.

Next, Dr. Ranis spoke about academic alignment. She commented the biggest issue in their perspective right now is the adoption and implementation of common core state standards. She indicated the Lumina Foundation finds it very important because common core state standards upends the entire education system. She felt Idaho is

beautifully equipped because of a unified Board to think about how best to move ahead. She said the implications for higher education are pretty clear. Idaho belongs to the Smarter Balance consortium for common core which will provide a series of assessments indicating when a student exits high school, whether they are college ready or not. That assertion that the student is ready has to be recognized by higher education institutions in the state. There is buy-in, understanding and trust that need to be built around the assessment so it will be commonly recognized.

She summarized the common core will operate by the standards that measure whether or not a student is ready for higher education. The system should flag students who need remediation before they reach the next step of higher education by using testing to assess current levels of college readiness. The challenge is how to use the diagnosis. She emphasized having enough knowledge about the students to determine how to respond to them.

Dr. Ranis recommended juniors take the Accuplacer test to determine college readiness. She summarized Accuplacer was created as a placement exam for entering postsecondary students. It is a baseline reading of where a student is in basic core skills they should have before entering college. The SAT is designed for a different purpose which is to measure aptitude to take on college level work.

Dr. Goesling asked why we are waiting for the junior or senior year to test students and why aren't they tested earlier? Dr. Ranis responded that the question is an important one. However, it is a full pipeline problem in need of thoughtful consideration. By the time the testing takes place, it is at the end of their secondary schooling and near the last shot for students. The Lumina Foundation knows it is an important area, but in the sea of areas to work on they have chosen Higher Education and college access as their focus.

Mr. Edmunds asked how involved the Lumina Foundation wants to get with states. Dr. Ranis responded the Lumina Foundation is not technical assistance providers, but they could provide indirect assistance. They also can provide neutral convening space for discussions by various stakeholders. The Lumina Foundation can send out or refer experts in topic areas. They can also direct us to resources as well, and states who may have similar experiences so as not to recreate the wheel.

Rod Lewis asked about following up on setting dates for activities such as College Access Week. Dr. Ranis responded she is providing the Albertson's Foundation with that information and would send it to us as well.

Mr. Lewis asked about counseling guidelines in statute. Dr. Rush indicated there is nothing specific to counseling in statute. Mr. Lewis suggested rethinking that and working on adding counseling guidelines to statute.

Dr. Ranis and Ms. MacMillan thanked the Board for the opportunity to have a dialogue at this meeting.

The meeting was recessed for a short break and reconvened at 1:14 pm for the remainder of the agenda.

BUSINESS AFFAIRS AND HUMAN RESOURCES (BAHR)

1. Chief Executive Officer Salaries

BOARD ACTION

M/S (Terrell/Soltman): To approve a 2% salary increase for Dr. Robert Kustra, President of Boise State University, effective June 10th, 2012 for an annual salary in the amount of \$343,138.20. The motion carried unanimously.

M/S (Terrell/Soltman): I move to approve a 2% salary increase for Dr. Duane Nellis, President of University of Idaho, effective June 10th, 2012 for an annual salary in the amount of \$341,700. The motion carried unanimously.

M/S (Terrell/Soltman): I move to approve a 2% salary increase for Dr. Art Vailas, President of Idaho State University, effective June 10th, 2012 for an annual salary in the amount of \$330,123. The motion carried unanimously.

M/S (Terrell/Soltman): I move to approve a 2% salary increase for Dr. Tony Fernandez, President of Lewis-Clark State College, effective June 10th, 2012 for an annual salary in the amount of \$165,907.08 and to extend the current contract three additional years. The motion carried unanimously.

Mr. Lewis clarified that the term is a three-year term.

2. Idaho Public Television – General Manager Salary

BOARD ACTION

M/S (Terrell/Soltman): To approve an equity salary increase for Peter Morrill as General Manager of Idaho Public Television for FY 2013, at an hourly rate of \$50.50 (annual salary of \$105,040) effective June 24, 2012. The motion carried unanimously.

Board President Edmunds directed staff to provide Board members with an update on compensation for the June Board meeting.

3. Lewis-Clark State College – Capital Project

BOARD ACTION

M/S (Terrell/Atchley): To approve the continuation of the Lewis-Clark State College Fine Arts Building remodel (“design-bid-build”) project into the construction phase, as recommended by the Division of Public Works and the

Permanent Building Fund Advisory Council. The motion carried unanimously.

INSTRUCTION, RESEARCH AND ACADEMIC AFFAIRS (IRSA)

4. Higher Education Research Council Appointment

BOARD ACTION

M/S (Westerberg/Terrell): To appoint David Hill to the Higher Education Research Council effective immediately as the representative for the Idaho National Laboratory. The motion carried unanimously.

Mr. Westerberg introduced the item. Dr. Harold Blackman has been serving on HERC as the representative for the Idaho National Laboratory (INL). Dr. Blackman will be retiring and leaving INL. INL has forwarded David Hill's name for consideration by the Board as the INL representative on HERC. HERC is currently planning a meeting during the final weeks of May to consider the IGEM grant proposals. Approving David Hill as the INL representative at this time will give HERC a full complement of members when considering the IGEM proposals in May and the Incubation Fund proposals in June.

M/S (Terrell/Soltman): To adjourn at 1:20 p.m. Motion carried unanimously.