

**BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 13, 2012**

TAB	DESCRIPTION	ACTION
1	PERFORMANCE BASED FUNDING	Motion to approve
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2	AMENDMENTS TO BOARD POLICY Sections V.A., V.C. & V.Q. – Misc. Receipts – First Reading	Motion to approve
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3	AMENDMENT TO BOARD POLICY Section V.R. - Establishment of Fees - First Reading	Motion to approve
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4	FY 2012 NET ASSETS REPORT	Information item
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5	BOISE STATE UNIVERSITY Professional Fee - Respiratory Care Program	Motion to approve
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6	BOISE STATE UNIVERSITY Professional Fee - Radiologic Sciences Program	Motion to approve
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7	BOISE STATE UNIVERSITY KBSU Boise State Public Radio Renovation and Improvements	Motion to approve
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8	BOISE STATE UNIVERSITY Downtown Boise Property Purchase	Motion to approve
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9	UNIVERSITY OF IDAHO Planning and Design Authorization, Integrated Research & Innovation Center	Motion to approve
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10	UNIVERSITY OF IDAHO Modification of Indenture Agreement with University of Idaho Foundation – Consolidated Investment Trust	Motion to approve

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BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 13, 2012

SUBJECT

Performance-based Funding Initiative (PBFi)

REFERENCE

December 2011	PBFi Board work session
August 2012	Board approved systemwide metrics
October 2012	Board returned institution metrics back for refinement

BACKGROUND / DISCUSSION

At the August meeting the Board approved the following two Outcome Metrics for use as system-wide metrics as part of a Performance-based Funding Initiative:

- (1) Graduate (i.e. total student) Production
- (2) Cost per successfully completed weighted student credit hour

In addition, each institution agreed to develop up to four institution-specific metrics. Of the four, one must be a progress metric and one must be a quality metric. The remaining two metrics are discretionary. The institution-specific metrics were brought forward at the August Board meeting as an information item for Board review and comment. The institution-specific metrics were brought forward again at the October meeting for Board approval, but the Board expressed concern that some of the metrics lacked specificity and were not a “stretch” for the institutions.

Institution-specific metrics can be derived from the Board’s and an institution’s strategic plans, and can take into consideration each institutions’ historical trends and reasonable expectations for improvement.

IMPACT

For FY 2014 the Board has requested \$6.8 million for a performance funding pool to be used to reward institutions that make progress in improving educational attainment. Institutions will be held accountable based on their performance in relation to their own metrics.

ATTACHMENTS

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Attachment 3 – UI Institution-Specific Metrics	Page 9
Attachment 4 – LCSC Institution-Specific Metrics	Page 11

STAFF COMMENTS AND RECOMMENDATIONS

The institutions have submitted their own unique performance metrics along with baselines and performance goals for each metric. UI also provided benchmarks for its metrics. For purposes of PBFi, those terms are defined as follows:

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- Baseline: Initial collection of internal data which serves as a starting point from where performance is judged or comparison is made with subsequently acquired data.
- Benchmark: An external reference point against which performance can be measured.
- Goal: A specific internal performance target against which future performance is measured in relation to the baseline.

At the October meeting the Board asked ISU and LCSC, in particular, to come back in December with more detail and specificity in regard to their metrics. Both institutions have done so.

Staff recommends approval.

BOARD ACTION

I move to approve the institution-specific metrics and respective baselines and goals to be used as part of a performance-based funding initiative, as presented in Attachments 1 through 4.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

Performance Based Funding
Boise State University – Performance Metrics
Institution-Specific Measures

Measure of Quality

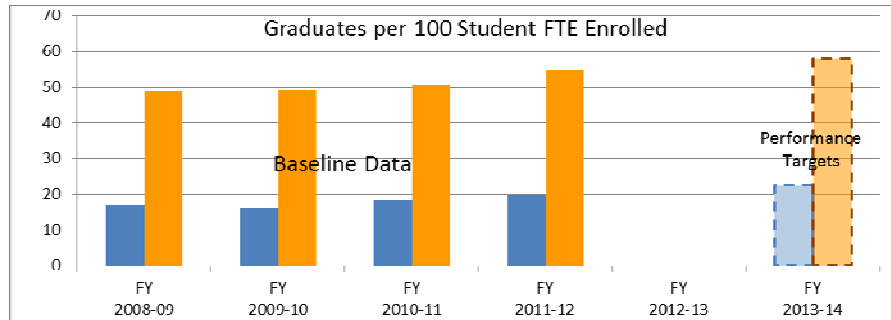
→ Percent of students achieving competency University Learning Outcomes (ULOs)

Percent of students achieving competency University Learning Outcomes (ULOs).	Baseline Data	Performance Goal for FY2014-15 (for the first four-year graduates from 1 st year of the program)	Performance Goal for FY2016-17 (for the first four-year graduates from the 3 rd year of the program)
Written & oral communication (ULOs 1-2)	Program initiated Fall 2012	For each ULO, 70% of graduates will be rated as “good” or “exemplary”	For each ULO, 90% of graduates will be rated as “good” or “exemplary”
Critical inquiry, innovation, teamwork (ULOs 3-4)	Program initiated Fall 2012		
Civic & Ethical foundations (ULOs 5-6)	Program initiated Fall 2012		
Disciplinary Lens Areas: Mathematics; Natural, Physical, & Applied Sciences; Visual & Performing Arts; Literature & Humanities; and Social Sciences (ULO's 7-11)	Program initiated Fall 2012		

Note: Our ULOs form the underpinnings of Boise State University's general education curriculum, known as the Foundational Studies Program. The ULOs were inspired by the American Association of Colleges and University's (AAC&U) “LEAP” framework: (<http://www.aacu.org/leap/index.cfm>)

Measure of Progress**→ Graduates per 100 student FTE enrolled**

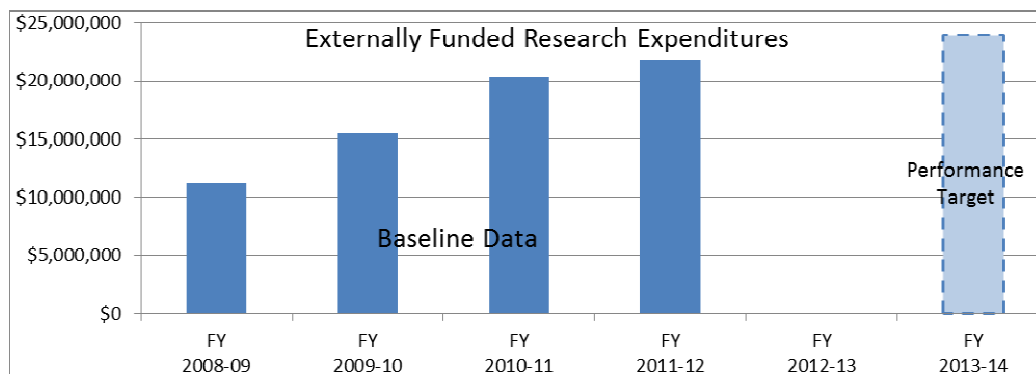
Graduates per 100 student FTE enrolled*	Baseline Data				Performance Goal for FY2014
	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	
Undergraduate Level	17.1	16.3	18.4	19.9	22.5
Graduate Level	48.8	49.1	50.8	54.9	58.0



Note: Defined as distinct count of graduates per 100 FTE enrolled. One FTE is defined as being enrolled for 30 credit hours per academic year (undergraduate) or 24 credit hours per year (graduate).

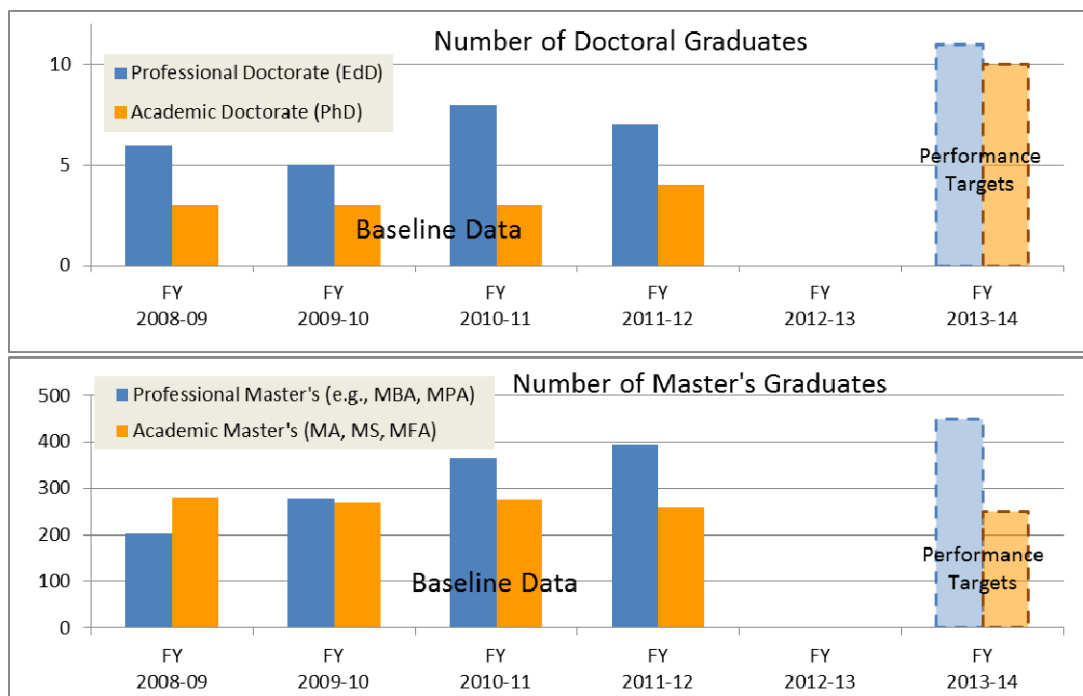
Measures of Productivity**→ Externally Funded Research Expenditures**

Externally Funded Research Expenditures	Baseline Data				Performance Goal for FY2014
	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	
\$\$ of Expenditures	\$11,201,803	\$15,477,667	\$20,336,669	\$21,830,883	\$24,000,000



➔ **Number of Graduates from Doctoral and Master's Programs**

Number of Distinct Graduates from Master's and Doctoral Programs	Baseline Data				Performance Goal for FY2014
	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	
Professional Master's (e.g., MBA, MPA)	231	301	398	425	475
Academic Master's (MA, MS, MFA)	251	246	244	228	225
Professional Doctorate (EdD)	6	5	8	7	11
Academic Doctorate (PhD)	3	3	3	4	10



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**Performance Based Funding
Idaho State University – Performance Metrics
Institution-Specific Measures**

Measure of Quality

1. Percent of ISU graduates with a bachelor degree that go on to enroll in a graduate or professional program within one year of graduation (at ISU or another program in the United States).
 - a. Baseline: 15.9% of those who graduated from ISU enrolled in a graduate or professional program at ISU within one year. (Currently the National Student Clearinghouse does not provide ISU feedback on a student's level or major at another institution, but this will be available in the future and will be factored into this metric.)
 - b. Goal: The percentage of those who graduate with a bachelor degree that go on to enroll in a graduate or professional program within one year of graduation will increase to 25% over the next 4 years.

This metric demonstrates the quality of the programs that prepare students to be accepted into graduate and professional programs across the United States.

2. Workforce placement of professional technical education (PTE) graduates.
 - a. Baseline: The graduate placement rate is 85.68% (based on FY 2011 data).
 - b. Goal: Increase the graduate placement rate to 90% within the next three years.

This metric measures the quality of professional technical education by measuring the percentage of graduates that find employment in their field of study.

Measure of Progress

3. Graduates per 100 student FTE enrolled.
 - a. Baseline: 19.31 graduates per 100 (based on three-year rolling average).
 - b. Goal: Increase the number of graduates per 100 student FTE by 5% over the next three years.

This metric is defined as the distinct count of graduates per 100 FTE enrolled. One FTE is defined as being enrolled for 30 credit hours per academic year (undergraduate) or 24 credit hours per year (graduate). This metric will allow a comparison with our peer institutions.

Measure of Productivity

4. Total research and development (R&D) expenditures per year (as reported to the National Science Foundation).
 - a. Baseline: \$21,450,000 (based on FY 2011 data).
 - b. Goal: increase by 2% per year for next five years.

This metric supports the importance of research to the economic development within the state. This metric can be used to compare ISU to our peer institutions.

Performance Based Funding
University of Idaho – Performance Metrics

Measure of Quality

Use the National Survey of Student Engagement (NSSE) measure of “Level of Academic Challenge”. This is a composite measure that sums the results of nine individual questions on the NSSE survey. These questions address such topics as: hours spent preparing for class; number of books assigned; number of written papers of various lengths; class emphasis on analysis, synthesis, judgment and application of theories and concepts, and a campus environment that emphasizes spending time on study and academic work.

Baseline: 56.6 composite score for seniors (2011 Survey).

Goal: With the continued emphasis on both productivity and efficiency in the system-wide goals of the Performance Funding plan, we believe an appropriate goal for this measure is to be able to sustain our level of academic challenge at current levels.

Benchmark: Comparable to Carnegie Class performance on this measure (as scored by NSSE).

Measure of Progress

Use our six year graduation rate as a “summative” measure of progress. For a land grant institution with a significant residential program, the traditional graduation rate is an appropriate and useful measure of our ability to attract, retain, counsel and move our students through our academic programs.

Baseline: 51% graduation rate for students entering Fall 2005.

Goal: Meet or exceed the USN&WR projected graduation rate for the University.

Benchmark: USN&WR projected graduation rate for the University.

Institution Measure 1

Use the number of STEM degrees awarded at all levels – bachelors, masters and doctorate - as a measure of performance in the critical areas of science, technology, engineering and mathematics.

Baseline: 905 STEM degrees – 34.9% of all institutional degrees

Goal: 1,000 STEM degrees annually by 2020

Benchmark: 31% of undergraduate degrees awarded at Peer institutions (we are currently at 31%)

Institution Measure 2

Research Expenditures per Faculty Member as a measure of research performance.

Baseline: \$145,570 (FY2010)

Goal: Sustain our current level of funding per faculty member (given significant budget cuts in Federal research support).

Benchmark: \$152,000 –Peer average research expenditures per faculty member (per last Carnegie classification review).

Performance Based Funding
Lewis-Clark State College – Performance Metrics

Lewis-Clark State College proposes the following as institutional metrics for performance based funding:

- (1) Performance on nationally-normed exams (Quality);
- (2) Completion of college-level coursework by student requiring remediation (Progress);
- (3) Course completion rates on college-level academic courses (Progress);
- (4) Fall term to fall term retention rate of all non-graduating, academic degree-seeking students (Progress)

(1) Performance on nationally-normed exams (Quality)

Our first metric monitors quality through performance on discipline-specific, nationally-accepted examinations. Many LCSC programs culminate with participation in such high stakes testing, allowing comparison of LCSC graduates with those from other programs. Several exams will be monitored through this metric, including the NCLEX-RN and NCLEX-PN exams (Nursing), the AART exam (Radiography), the PRAXIS II exam (Education), the Major Field Tests for Business and Justice Studies, and the ASWB exam (Social Work). In addition, the MAPP examination is conducted every three years to monitor performance on general education outcomes in areas such as math, reading, writing, the sciences and critical thinking.

The LCSC goal will be institutional scores that meet or exceed the 50th percentile or the national average on the majority of these examinations.

ACAT Departmental Score Report- Criminal Justice: 63rd percentile

ACAT Departmental Score Report- Social Work: 51st percentile

	LCSC First-Time Pass Rate	National/State First-Time Pass Rate
NCLEX-RN	89%	90%
NCLEX-PN	86%	85%
ARRT	100%	N/A
PRAXIS II	90%	90%

LCSC Business Division Fall 2011 MFT Results:

ETS Assessment Indicators	Average LCSC Scores for Calendar Year 2011	National Average Scores for Calendar Year 2011
1) Accounting	45.7	44.0
2) Economics	45.9	44.5
3) Management	62.8	57.3
4) Quantitative Business Analysis	41.9	40.5
5) Finance	43.1	42.8
6) Marketing	59.7	55.1
7) Legal & Social Env't	60.5	55.7
8) Information Systems	52.0	48.2

9) International Issues	54.6	52.7
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(2) Completion of college-level coursework by students requiring remediation (Progress)

Our second metric is based on the success of students requiring remediation. Last year nearly 60% of the incoming freshman class at LCSC required some type of remediation. This metric will measure the number of students who have completed a college-level course in mathematics (MATH 108, MATH 123, MATH 130) or English (ENGL 101) subsequent to remediation efforts in those areas. While the mode of remediation is unimportant in this metric, the data collected could provide insight into the effectiveness of particular methods. This group will be compared to the success of incoming students who have arrived prepared for college-level work. Our goal is to attain similar success rates for these two groups of students.

The LCSC goal will be established following a baseline year of data collection.

(3) Course completion rates on college-level academic courses (Progress)

Our third metric is focused on course completion. Course completion rates are an indication of progress towards graduation goals. Our historic rate has been roughly 85%, depending on Division. Although this rate is impacted by several uncontrollable factors, such as student attrition due to family circumstances, it also could be impacted by institutional practice. Academic advising, which is currently undergoing a transformation at LCSC, certainly plays a role in student course selection, as does the enforcement of appropriate prerequisite requirements.

Our goal is an institutional course completion rate of 95%, overall.

**Course Completion Rate Summary
for Spring 2012 Courses**

	Total	A-D, S, P, & CR	F, I, NC, NP, U, & W	Completion Rate
Grand Total	12,401	11,270	1,126	91%

**Course Completion Rate Summary
for Fall 2011 Courses**

	Total	A-D, S, P, & CR	F, I, NC, NP, U, & W	Completion Rate
Grand Total	13,821	12,549	1,268	91%

(4) Fall term to fall term retention rate of all non-graduating, academic degree-seeking students (Progress)

Our fourth and final metric is based on retention. Fall term to fall term retention rates are an early indication of eventual completion and graduation.

Our goal is a retention rate of 55%, with a goal of increasing that number to 65% over the next four years.

2011FA academic degree seeking who did not graduate: 2,420

2011FA academic who did not graduate and returned 2012FA: 1,524

2011FA to 2012FA Academic degree- seeking students who did not graduate retention rate: 63%

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BUSINESS AFFAIRS & HUMAN RESOURCES
DECEMBER 13, 2012

SUBJECT

Board Policy V.A., V.C and V.Q. – Miscellaneous Receipts – first reading

REFERENCE

February 2011 Board removed matriculation fees for University of Idaho

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.A.3.h , V.C.1.a., V.Q.

BACKGROUND/DISCUSSION

At the February 2011 Board meeting, changes were made to policy to correspond to revisions in Idaho Code that allow the Regents of the University of Idaho to charge tuition fees to in-state students in the same fashion as Boise State University, Idaho State University and Lewis-Clark State College. The policy changes removed references to “matriculation fee” from section V.R.a.3.vii and from section V.Q.1.a. since the distinction between tuition and matriculation is no longer relevant.

Board staff has since identified other provisions pertaining to restricted and unrestricted funds in these Board policies that are no longer relevant.

IMPACT

Paragraph 3.h. (“Miscellaneous Receipts”) can be removed from policy V.A., which defines Miscellaneous Receipts and designates which receipts are included in unrestricted and restricted funds. This section of policy is written to read that all revenues in addition to the State General Account appropriation are included in the spending authority for each institution or agency. However, this is not necessarily true since the Legislature determines which funds are included in the appropriation. Funds subject to appropriation and spending authority are covered in Board policy V.C. Spending Authority. The revisions to section 3.h. are submitted in Attachment 1.

Policy V.C. can be clarified by adding the word “appropriated” to section 1.a.ii. to distinguish funds appropriated by the Legislature from funds the Legislature has chosen not to appropriate and therefore are not subject to spending authority. Revisions to policy V.C. are submitted in Attachment 2.

Current policy V.Q. lists the Professional-Technical Education Fee under Restricted Current Fund (0660-01), yet this fee has always been appropriately deposited under Unrestricted Current Fund (0650-01). Since all of the Miscellaneous Receipts listed in policy V.Q. are deposited into one fund, this section of policy can be deleted as submitted in Attachment 3.

BUSINESS AFFAIRS & HUMAN RESOURCES
DECEMBER 13, 2012

ATTACHMENTS

Attachment 2 – Section V.A. – First Reading	Page 3
Attachment 3 – Section V.C. – First Reading	Page 7
Attachment 1 – Section V.Q. – First Reading	Page 9

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval of all policy section revisions.

BOARD ACTION

I move to approve the first reading of proposed revisions to Board Policy Section V.A., General Authority, Responsibilities, and Definitions, as presented in Attachment 1.

Moved by_____ Seconded by_____ Carried Yes____ No____

I move to approve the first reading of proposed revisions to Board Policy Section V.C., Spending Authority, as presented in Attachment 2.

Moved by_____ Seconded by_____ Carried Yes____ No____

I move to approve the first reading of proposed deletion of Board Policy Section V.Q., Deposits and Miscellaneous Receipts Accounts, as presented in Attachment 3.

Moved by_____ Seconded by_____ Carried Yes____ No____

GOVERNING POLICIES AND PROCEDURES**SECTION: V. FINANCIAL AFFAIRS****Subsection: A. General Authority, Responsibilities, and Definitions**~~August 2009~~December 2012**1. Scope of Section**

With the exception of the State Department of Education, and unless otherwise noted, each institution and agency under the governance of the State Board of Education and Board of Regents of the University of Idaho (hereinafter the "Board") must conduct all of its financial and related affairs as provided in this section. The community colleges (NIC, CSI and CWI) are included only as specified. The policies and procedures outlined here are to complement and not to supplant the Office of the State Controller's user manual.

2. General Policy

It is the policy of the State Board of Education and Board of Regents of the University of Idaho to cooperate fully in fiscal matters with the Idaho Legislature, the Office of the Governor, Office of the State Controller, the State Board of Examiners, and the Division of Financial Management.

The Board also has specific constitutional status and powers as the Board of Regents of the University of Idaho, which it has a legal duty to maintain in its governance of the University of Idaho. (See Article IX, Section 10, Idaho Constitution; Standard Appropriations Act of 1945, Section 67-3601 *et seq.*, Idaho Code; Sections 67-3516 and 67-3523, Idaho Code, Sections 67-3511 and 67-3512, Idaho Code, and Chapters 10 and 11, Title 67, Idaho Code.)

3. Definitions

For the purposes of this section, the following definitions apply:

a. Account

An account is a financial record into which are posted all transactions relating to the specific asset, liability, fund balance, revenue, expenditure, or budgetary item identified in the account title.

b. Allotment

An allotment is a plan for expenditure of appropriated funds during a fiscal year which is required by and subject to the approval by the Division of Financial Management and the State Board of Examiners.

c. Appropriation

An appropriation is an authorization to expend funds granted by a legislative body. Funds may be appropriated in a lump sum, by program, by fund, or by standard class. An appropriation is limited in amount and lapses after a specified time period (usually a fiscal year).

GOVERNING POLICIES AND PROCEDURES**SECTION: V. FINANCIAL AFFAIRS****Subsection: A. General Authority, Responsibilities, and Definitions**~~August 2009~~December 2012

d. Encumbrances

Encumbrances are obligations in the form of purchase orders or requisitions, contracts, or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligation is paid, and thus expensed or otherwise removed.

e. Expenses

Expenses are obligations incurred and paid for operation, maintenance, interest, and other charges against current fiscal year appropriations.

f. Fiscal Year

A fiscal year is an accounting period, usually of twelve (12) months' duration, which may begin and end other than with the calendar year. The state of Idaho fiscal year begins July 1 of each calendar year and ends June 30 of the following year.

g. Fund

A fund is a separate fiscal and accounting entity with a self-balancing set of accounts recording cash or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

~~h. Miscellaneous Receipts~~

~~Miscellaneous receipts are revenues accruing to the institutions or agencies that are:~~

~~(1) In addition to State General Account appropriations, and~~

~~(2) Designated by the Board to be included as part of the total spending authority for each institution or agency. All such receipts are to be reported either in the Unrestricted Current Fund (0650-00) or in the Restricted Current Fund 0660-00 (college and universities only).~~

~~(a) Included in the Unrestricted Current Fund are revenues from such sources as nonresident tuition, graduate student fees, and general education fees.~~

~~(b) Included in the Restricted Current Fund are revenues from the matriculation and Professional Technical Education fees. Expenditures from this account may be made only for non-instructional activities of the institution which include maintenance and operation of the physical plant, student services and institutional support.~~

GOVERNING POLICIES AND PROCEDURES**SECTION: V. FINANCIAL AFFAIRS****Subsection: A. General Authority, Responsibilities, and Definitions**August 2009 December 2012

~~(c) Typically not included as miscellaneous receipts are such revenues as fees and charges made by auxiliary services and local services, gifts, grants, contracts, agency funds, and miscellaneous fees and income dedicated by the Board for specific purposes.~~

4. Fiscal Identification Codes

For fiscal purposes, each institution and agency is identified by a numerical agency code issued by the Office of the State Controller. There is also maintained a more detailed set of codes for each institution and agency which must be used on all financial transactions. The code numbers and the detailed code identifiers may be changed only with prior approval by the Executive Director of the State Board of Education (hereinafter the "Executive Director") or his or her official designee. (Any such change for the State Department of Education is approved instead by the State Superintendent of Public Instruction or his or her official designee.)

5. General Financial Responsibilities of the Office of the State Board of Education - Statutory Authority

In accordance with Section 33-102A, Idaho Code, the Board vests its fiscal responsibilities in the Office of the State Board of Education (hereinafter the "office") for purposes of coordinating fiscal activities and implementing this section and other fiscal policies and procedures approved by the Board.

a. Coordination and Data Collection

The office functions in a coordinating and data-collecting capacity. It has primary responsibility for developing budgetary and fiscal information the Board may use to set policies as well as providing recommendations for Board consideration. The office will, whenever possible, consult with and solicit comments and recommendations from the institutions and agencies affected.

b. Provision of Budgetary Information to the Division of Financial Management and the Legislative Services Office – Budget and Policy Analysis.

(1) The office is generally responsible for providing budgetary information at the request of the Board, the Division of Financial Management, or the Legislative Services Office – Budget and Policy Analysis.

(2) The office, when relying upon institution and agency personnel for such data, designates the appropriate format for reporting such information.

iii. When the Division of Financial Management, the Legislative Services Office – Budget and Policy Analysis, or an individual legislator or legislative committee makes a request for information from an institution or agency, a copy of the institution or agency's response must be provided to the office.

GOVERNING POLICIES AND PROCEDURES

SECTION: V. FINANCIAL AFFAIRS

Subsection: A. General Authority, Responsibilities, and Definitions ~~August 2009~~ December 2012

c. Institution and Agency Management Prerogatives

A responsibility of the office is to assure the Board that its policies and procedures are being properly implemented by the institutions and agencies. However, in performing this responsibility, the office should not intervene directly in the internal institution or agency management responsibilities.

d. Assistance and Counsel

The office provides assistance and counsel on fiscal matters to institutions and agencies as necessary or when such assistance and counsel is requested.

6. Responsibility for Implementation of Board Financial Decisions

The chief executive officer of each institution and agency (hereinafter the "chief executive officer") is responsible for establishing and administering detailed procedures for implementation of Board financial decisions, allocations, policies, and procedures.

~~February 2012~~ December 2012

1. Monies Subject to Appropriation

a. Legal Spending Authority Required

- i. No institution or agency may expend, encumber, or otherwise use monies subject to appropriation without a specific appropriation or other spending authority under Idaho law (hereinafter "spending authority").
- ii. No institution or agency may expend, encumber, or otherwise use appropriated monies other than for the purposes and in the amounts authorized pursuant to the spending authority.
- iii. Any expenditure, encumbrance, or other use of monies without spending authority, in excess of the spending authority, or contrary to the purposes authorized by the spending authority, is void.
- iv. Each institution and agency is responsible for determining that spending authority exists to expend, encumber, or otherwise use monies under its control.
- v. Any person expending, encumbering, or otherwise using such monies other than pursuant to spending authority is subject to statutory penalties and disciplinary action. (See, for example, Sections 18-5701, 18-5702, and 59-1013, Idaho Code.)

b. General Fund and Special Accounts

- i. All General Fund monies are subject to annual or continuing appropriations by the Idaho Legislature.
- ii. Certain special account monies, such as direct federal appropriations, state endowment income and trust accounts, and miscellaneous receipts, are the subject of continuing or perpetual spending authority. (See, for example, Sections 67-3608 and 67-3611, Idaho Code (miscellaneous receipts); Section 67-3607 and Section 33-3301 et seq., Sections 33-2909 and 33-2910, Sections 33-2913 and 33-2914, Sections 33-2911 and 33-2912, Sections 66-1106 and 66-1107, Idaho Code (state endowment income and trust accounts).)

c. University of Idaho

The University of Idaho and the Board of Regents of the University of Idaho, by virtue of their constitutional status and unique standing under federal or state law, may expend certain monies which are not General Fund monies without the overall supervision and control of any other branch, department, office, or board of Idaho state government. (*See, for example, State ex rel. Black v. State Board*

~~February 2012~~December 2012

of Education, 33 Idaho 415 (1921).)

d. Non-cognizable Funds

Non-cognizable funds may not be expended without prior approval by the Division of Financial Management pursuant to Section 67-3516(2), Idaho Code.

2. Monies Not Subject to Appropriation

a. Monies under the direct control of the institutions and agencies by virtue of auxiliary enterprises, local service operations, federal, state, and private gifts, and grants and contracts, may be expended in such amounts and for such purposes as authorized by the Board without express legislative spending authority.

b. Institutional agency funds may be expended in accordance with the provision and controls of the depositor and are not subject to Board authorization.

Idaho State Board of Education
GOVERNING POLICIES AND PROCEDURES

Attachment 3

SECTION: V. FINANCIAL AFFAIRS

Subsection: Q. Deposits and Miscellaneous Receipts Accounts ~~February 2011~~ December 2012

~~1. Revenue Deposited into Account~~

~~To provide for greatest equity in distribution of state appropriated funds, all or a portion of the following fees or charges, as determined by the Board, are deposited into the following accounts:~~

~~— a. Restricted Current Fund (0660-01)~~

~~—— i. Professional-Technical Education fee~~

~~— b. Unrestricted Current Fund (0650-01)~~

~~i. General education fee.~~

~~ii. Nonresident tuition.~~

~~iii. Western Undergraduate Exchange (WUE) fee.~~

~~iv. Graduate fee.~~

~~v. In-service teacher education fee.~~

~~vi. Employee/spouse fee.~~

~~vii. Federal Morrill Act funds, if appropriated.~~

~~viii. Senior citizen fee.~~

~~ix. WICHE fee.~~

~~x. Revenue derived from rental of state-constructed and/or state-maintained facilities to non-institutional users~~

~~—— xi. Summer school fee~~

~~—— xii. Course overload fee~~

~~—— xiii. Workforce Training Credit Fee~~

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**BUSINESS AFFAIRS & HUMAN RESOURCES
DECEMBER 13, 2012**

SUBJECT

Board Policy V.R. – Establishment of Fees – first reading

REFERENCE

September 1994	Board approved separate technology fee
February 2011	Board removed matriculation fees for University of Idaho
October 2012	Board directed staff to add a dependent fee waiver to Board policy

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.R.

BACKGROUND/DISCUSSION

This policy revision adds the technology fee and removes the term “matriculation” fee from the definition of the Western Undergraduate Exchange (WUE) fee. It also adds an option for a dependent fee waiver and clarifies delegation of approval of special course fees and assessments. Finally, it adds a New Student Orientation Fee under fees approved by the Board.

Western Undergraduate Exchange (WUE)

In 1994, the Board approved adding the technology fee in the 1995 full-time resident fee to support technology improvements on campus to facilitate student learning. The Board directed that the technology fee be defined separately from the matriculation fees. The WUE fee was already established in Board policy in section V.R.3.a.v as noted below.

Western Undergraduate Exchange fee is defined as the additional fee for full-time students participating in this program and shall be equal to fifty percent (50%) of the total of the tuition fee, matriculation fee, facility fee, and activity fee.

Board policy was never revised to include the technology fee in the definition of the WUE fee. The proposed policy amendment revises the definition of the WUE fee by including the technology fee and eliminating the matriculation fee (which has been replaced with tuition). The current limits on WUE waivers are as follows:

BSU	225
ISU	225
UI	280
LCSC	70

Employee/Dependent/Spouse Fee:

In December 2010 the Board approved a dependent fee pilot program at Boise State University (BSU) for a two year period. BSU intends to seek Board approval to make its dependent fee permanent at the conclusion of the second pilot year.

In June 2012, the Board waived policy V.R.3. and approved a request by the University of Idaho to establish a dependent fee benefit.

Special Course Fees

The Audit Committee reviewed the special course fees charged by the 4-year institutions. Board policy section V.R.3.c.iii., Special Course Fees or Assessments, requires that all special course fees or penalty assessments, or changes to such fees or assessments, be established by the chief executive officer of the institution. Some institutions have delegated this authority down as far as the dean level. The Audit Committee determined this level was too low. The Audit Committee recommends that delegation of establishing and changing course fees under policy V.R.3.c.iii. may only be delegated to the provost.

New Student Orientation Fee

During the Audit Committee's review of the Special Course Fees, the Committee determined that a fee charged to all new students at Boise State University and Idaho State University does not fall under the delegated authority provided in policy V.R.3.c.iii. As such, the fee must be approved by the Board. The Committee determined that special course fees are for a subset of students taking specific courses with unique costs and that a fee charged to all new students does not meet those criteria. Therefore, the Audit Committee requested the institutions add any New Student Orientation fee to the April fee agenda. This determination requires that a new category of fee be included in Board policy to allow the institutions to charge such a fee.

IMPACT

The institutions have been calculating the WUE fee as 50% of the total full-time resident fee which has included the technology fee since 1995. This policy revision will align the definition of the WUE fee with current practice.

Authorizing a dependent fee in Board policy will allow those institutions which choose to provide this benefit to move forward with their proposals.

Allowing institutions to delegate approval of special course fees and assessments will allow the institution chief executives to continue to delegate this responsibility but only to the provost level. This will ensure the oversight and control of these fees will be maintained at the proper level.

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Adding a New Student Orientation Fee to the Board approved fees will allow the Board to approve or disapprove this fee and to approve any increases to the fee on an annual basis.

ATTACHMENTS

Attachment 1 – Section V.R. – First Reading

Page 5

STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends approval for the proposed amendments regarding WUE, Employee/Dependent/Spouse fee, and delegated authority for special course fees.

With respect to authorizing a new student orientation fee, staff suggests the Board should give some thought as to whether this additional fee, on top of Board-approved tuition and fees, is appropriate. Staff is not challenging or questioning the value or efficacy of new student orientation – that is an entirely different issue of pedagogy and influencing student behavior which is not germane to the issue at hand. The question is whether the cost of new student orientation should be included as part of the services covered by tuition or if it is appropriate to assess a surcharge.

If the Board deems that the fee is appropriate, then the proposed amendment is necessary so the institutions can bring their fees to the Board for approval in April.

BOARD ACTION

I move to approve the first reading of proposed amendments to Board policy Section V.R., Establishment of Fees, with all revisions as presented.

Moved by_____ Seconded by_____ Carried Yes_____ No_____

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1. Board Policy on Student Tuition and Fees

Consistent with the Statewide Plan for Higher Education in Idaho, the institutions shall maintain tuition and fees that provide for quality education and maintain access to educational programs for Idaho citizens. In setting fees, the Board will consider recommended fees as compared to fees at peer institutions, percent fee increases compared to inflationary factors, fees as a percent of per capita income and/or household income, and the share students pay of their education costs. Other criteria may be considered as is deemed appropriate at the time of a fee change. An institution cannot request more than a ten percent (10%) increase in the total full-time student fee unless otherwise authorized by the Board.

2. Tuition and Fee Setting Process – Board Approved Tuition and Fees

a. Initial Notice

A proposal to alter student tuition and fees covered by Subsection V.R.3. shall be formalized by initial notice of the chief executive officer of the institution at least six (6) weeks prior to the Board meeting at which a final decision is to be made.

Notice will consist of transmittal, in writing, to the student body president and to the recognized student newspaper during the months of publication of the proposal contained in the initial notice. The proposal will describe the amount of change, statement of purpose, and the amount of revenues to be collected.

The initial notice must include an invitation to the students to present oral or written testimony at the public hearing held by the institution to discuss the fee proposal. A record of the public hearing as well as a copy of the initial notice shall be made available to the Board.

b. Board Approval

Board approval for fees will be considered when appropriate or necessary. This approval will be timed to provide the institutions with sufficient time to prepare the subsequent fiscal year operating budget.

c. Effective Date

Any change in the rate of tuition and fees becomes effective on the date approved by the Board unless otherwise specified.

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3. Definitions and Types of Tuition and Fees

The following definitions are applicable to tuition and fees charged to students at all of the state colleges and universities, except where limited to a particular institution or institutions.

a. General and Professional-Technical Education Tuition and Fees

Tuition and fees approved by the State Board of Education. Revenues from these fees are deposited as required by Section V, Subsection Q.

i. Tuition fees – University of Idaho, Boise State University, Idaho State University, Lewis-Clark State College

Tuition fees are the fees charged for any and all educational costs at University of Idaho, Boise State University, Idaho State University, and Lewis Clark State College. Tuition fees include, but are not limited to, costs associated with academic services; instruction; the construction, maintenance, and operation of buildings and facilities; student services; or institutional support.

ii. Professional-Technical Education Fee

Professional-Technical Education fee is defined as the fee charged for educational costs for students enrolled in Professional-Technical Education pre-employment, preparatory programs.

iii. Part-time Credit Hour Fee

Part-time credit hour fee is defined as the fee per credit hour charged for educational costs for part-time students enrolled in any degree program.

iv. Graduate Fee

Graduate fee is defined as the additional fee charged for educational costs for full-time and part-time students enrolled in any post- baccalaureate degree-granting program.

v. Western Undergraduate Exchange (WUE) Fee

Western Undergraduate Exchange fee is defined as the additional fee for full-time students participating in this program and shall be equal to fifty percent (50%) of the total of the tuition fee, ~~matriculation fee~~, facility fee, technology fee and activity fee.

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vi. Employee/Spouse/Dependent Fee

The fee for eligible participants shall be ~~a registration fee of twenty dollars (\$20.00) plus five dollars (\$5.00) per credit hour set by each institution, subject to Board approval.~~ Eligibility shall be determined by each institution. Employees, spouses and dependents at institutions and agencies under the jurisdiction of the Board may be eligible for this fee. Employees of the Office of the State Board of Education and the Division of Professional-Technical Education shall be treated as institution employees for purposes of eligibility. Special course fees may also be charged.

vii. Senior Citizen Fee

The fee for Idaho residents who are 60 years of age or older shall be a registration fee of twenty dollars (\$20.00) plus five dollars (\$5.00) per credit hour. This fee is for courses on a space available basis only. Special course fees may also be charged.

viii. In-Service Teacher Education Fee

The fee shall not exceed one-third of the average part-time undergraduate credit hour fee or one-third of the average graduate credit hour fee. This special fee shall be applicable only to approved teacher education courses. The following guidelines will determine if a course or individual qualifies for this special fee.

- a) The student must be an Idaho certified teacher or other professional employed at an Idaho elementary or secondary school.
- b) The costs of instruction are paid by an entity other than an institution.
- c) The course must be approved by the appropriate academic unit(s) at the institution.
- d) The credit awarded is for professional development and cannot be applied towards a degree program.

ix. Workforce Training Credit Fee

This fee is defined as a fee charged students enrolled in a qualified Workforce Training course where the student elects to receive credit. The fee is charged for processing and transcribing the credit. The cost of delivering Workforce Training courses, which typically are for noncredit, is an additional fee since Workforce Training courses are self-supporting. The fees for delivering the courses are retained by the technical colleges. The Workforce Training fee shall be \$10.00 per credit.

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x. New Student Orientation Fee

This fee is defined as a fee charged to new students who are enrolled with an institution for the first time. The fee is to cover the actual costs of on-campus orientation programs such as materials, student leader stipends, housing, and food.

b. Institutional Local Fees – Approved by the Board

Institutional local fees are both full-time and part-time student fees that are approved by the State Board of Education and deposited into local institutional accounts. Local fees shall be expended for the purposes for which they were collected.

The facilities, activity and technology fees shall be displayed with the institution's tuition and fees when the Board approves tuition and fees.

i. Facilities Fee

Facilities fee is defined as the fee charged for capital improvement and building projects and for debt service required by these projects. Revenues collected from this fee may not be expended on the operating costs of the general education facilities.

ii. Activity Fee

Activity fee is defined as the fee charged for such activities as intercollegiate athletics, student health center, student union operations, the associated student body, financial aid, intramural and recreation, and other activities which directly benefit and involve students. The activity fee shall not be charged for educational costs or major capital improvement or building projects. Each institution shall develop a detailed definition and allocation proposal for each activity for internal management purposes.

iii. Technology Fee

Technology fee is defined as the fee charged for campus technology enhancements and operations.

iv. Professional Fees

To designate a professional fee for a Board approved academic program, *all* of the following criteria must be met:

a) Credential or Licensure Requirement:

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- 1) A professional fee may be assessed for an academic professional program if graduates of the program obtain a specialized higher education degree that qualifies them to practice a professional service involving expert and specialized knowledge for which credentialing or licensing is required. For purposes of this fee, “academic” means a systematic, usually sequential, grouping of courses that provide the student with the knowledge and competencies required for a baccalaureate, master’s, specialist or doctoral degree as defined in policy III.E.1.
 - 2) The program leads to a degree where the degree is at least the minimum required for entry to the practice of a profession.
 - b) Accreditation Requirement: The program:
 - 1) Is accredited,
 - 2) is actively seeking accreditation if a new program, or
 - 3) will be actively seeking accreditation after the first full year of existence if a new program by a regional or specialized accrediting agency.
 - c) Extraordinary Program Costs: Institutions will propose professional fees for Board approval based on the costs to deliver the program. An institution must provide clear and convincing documentation that the cost of the professional program significantly exceeds the cost to deliver non-professional programs at the institution. A reduction in appropriated funding in support of an existing program is not a sufficient basis alone upon which to make a claim of extraordinary program costs.
 - d) The program may include support from appropriated funds.
 - e) The program is consistent with traditional academic offerings of the institution serving a population that accesses the same activities, services, and features as regular full-time, tuition-paying students.
 - f) Upon the approval and establishment of a professional fee, course fees associated with the same program shall be prohibited.
 - g) Once a professional fee is initially approved by the Board, any subsequent increase in a professional fee shall require prior approval by the Board at the same meeting institutions submit proposals for tuition and fees.
- v. Self-Support Academic Program Fees
- a) Self-support programs are academic degrees or certificates for which students are charged program fees, in lieu of tuition. For purposes of this fee, “academic” means a systematic, usually sequential, grouping of

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courses that provide the student with the knowledge and competencies required for an academic certificate, baccalaureate, master's, specialist or doctoral degree. To bring a Self-support program fee to the Board for approval, the following criteria must be met:

- 1) An institution shall follow the program approval guidelines set forth in policy III.G.
 - 2) The Self-support program shall be a defined set of specific courses that once successfully completed result in the awarding of an academic certificate or degree.
 - 3) The Self-support program shall be distinct from the traditional offerings of the institution by serving a population that does not access the same activities, services and features as full-time, tuition paying students, such as programs designed specifically for working professionals, programs offered off-campus, or programs delivered completely online.
 - 4) No appropriated funds may be used in support of Self-support programs. Self-support program fee revenue shall cover all direct costs of the program. In addition, Self-support program fee revenue shall cover all indirect costs of the program within two years of program start-up.
 - 5) Self-support program fees shall be segregated, tracked and accounted for separately from all other programs of the institution.
- b) If a Self-support program fee is requested for a new program, an institution may fund program start-up costs with appropriated or local funds, but all such funding shall be repaid to the institution from program revenue within a period not to exceed three years from program start-up.
 - c) Once a Self-support program fee is initially approved by the Board, any subsequent increase in a Self-support program fee shall require prior approval by the Board.
 - d) Institutions shall audit Self-support academic programs every three (3) years to ensure that program revenue is paying for all program costs, direct and indirect, and that no appropriated funds are supporting the program.
 - e) Students enrolled in self-support programs may take courses outside of the program so long as they pay the required tuition and fees for those courses.
- vi. Contracts and Grants

Special fee arrangements are authorized by the Board for instructional programs provided by an institution pursuant to a grant or contract approved by the Board.

- vii. Student Health Insurance Premiums or Room and Board Rates

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Fees for student health insurance premiums paid either as part of the uniform student fee or separately by individual students, or charges for room and board at the dormitories or family housing units of the institutions. Changes in insurance premiums or room and board rates or family housing charges shall be approved by the Board no later than three (3) months prior to the semester the change is to become effective. The Board may delegate the approval of these premiums and rates to the chief executive officer.

c. Institutional Local Fees and Charges Approved by Chief Executive Officer

These local fees and charges are assessed to support specific activities and are only charged to students that engage in these particular activities. Local fees and charges are deposited into local institutional accounts and shall only be expended for the purposes for which they were collected.

i. Continuing Education

Continuing education fee is defined as the additional fee to part-time students which is charged on a per credit hour basis to support the costs of continuing education.

ii. Course Overload Fee

This fee may be charged to full-time students with excessive course loads as determined by each institution.

iii. Special Course Fees or Assessments

A special course fee is a fee required for a specific course or special activity and, therefore, not required of all students enrolled at the institution. Fees such as penalty assessments, library fines, continuing education fees, parking fines, laboratory fees, breakage fees, fees for video outreach courses, late registration fees, and fees for special courses offered for such purposes as remedial education credit that do not count toward meeting degree requirements are considered special course fees. All special course fees or penalty assessments, or changes to such fees or assessments, are established and become effective in the amount and at the time specified by the chief executive officer or provost of the institution. The chief executive officer is responsible for reporting these fees to the Board upon request.

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SUBJECT

FY 2012 College and Universities' Net Asset Balances

BACKGROUND/DISCUSSION

The net asset balances are shown as of June 30, 2012. The net assets are broken down as follows:

Invested in capital assets, net of related debt: This represents an institution's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included.

Restricted, expendable: This represents resources in which an institution is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted, nonexpendable: This represents endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted: This represents resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. Not all source of revenues noted above are necessarily present in the unrestricted balance.

Within **Unrestricted Net Assets**, the institutions reserve funds for the following:

Obligated: Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service commitments for outstanding debt and staffing commitments for personnel. These amounts also consist of inventories and other balances for which contractual commitments exist.

Designated: Designated net assets represent balances not yet legally contracted but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and administrative cost recovery returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented

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central commitments to initiatives that have been approved at an executive level are designated.

Note: Designated reserves are not yet legally contracted, so technically they are still subject to management decision or reprioritization. However, it's critical to understand that these net asset balances are a snapshot in time as of June 30, 2012, so reserves shown as "designated" on this report could be "obligated" at any point in the current fiscal year.

Unrestricted Funds Available: Balance represents reserves available to bridge uneven cash flows as well as future potential funding shortfalls such as:

- Budget reductions or holdbacks
- Enrollment fluctuations
- Unfunded enrollment workload adjustment (EWA)
- Unfunded occupancy costs
- Critical infrastructure failures

IMPACT

The volatility of state funding – as well as fluctuations in enrollment and tuition revenue – necessitates the need for institutions to maintain fund balances sufficient to stabilize operating budgets. Best practices for responsible fiscal policy suggest that institutions maintain an unrestricted fund balance at a level that represents 5 to 15 percent of operating expenses or is sufficient to fund no less than one to two months of operating expenditures.¹

The Board set a minimum target reserve of 5% of operating expenditures as a benchmark in its Strategic Plan (Goal 3, Objective A).

Based on this target reserve, the institutions' unrestricted available balances are:

	FY 2011	FY 2012
BSU:	2.7%	3.5%
ISU:	5.9%	7.3%
UI:	1.6%	2.6%
LCSC:	3.5%	3.8%

¹ Government Finance Officers Association (2009). *Best Practice: Appropriate Level of Unrestricted Fund Balance in the General Fund*. Retrieved from http://www.gfoa.org/index.php?option=com_content&task=view&id=120&Itemid=134

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ATTACHMENTS

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ISU Net Asset Balances	Page 7
UI Net Asset Balances	Page 9
LCSC Net Asset Balances	Page 11

STAFF COMMENTS AND RECOMMENDATIONS

The institutions will present a brief analysis of unrestricted net assets.

BOARD ACTION

This item is for informational purposes only. Any action will be at the Board's discretion.

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Boise State University

Net Asset Balances

As of June 30, 2012

Information Taken from Workpapers Relating to Audited Financial Statements

1 Net Assets:		Boise State
2	Invested in capital assets, net of related debt	229,367,705
3	Restricted, expendable	13,944,050
4	Restricted, nonexpendable	0
5	Unrestricted	99,056,807
6	Total Net Assets	\$342,368,562
7		
8	Unrestricted Net Assets:	\$99,056,807
9	Obligated (Note A)	
10	Debt Reserves	18,274,043
11	Capital Projects	
12	Facilities	24,410,357
13	Equipment	7,999,276
14	Program Commitments	
15	Academic	8,671,443
16	Research	1,342,578
17	Other	6,514,870
18	Administrative Initiatives	1,981,640
19	Other	0
20		
21	Total Obligated	69,194,206
22		
23	Designated (Note B)	
24	Capital Projects	
25	Facilities	3,800,000
26	Program Commitments	
27	Academic	3,252,348
28	Research	6,196,829
29	Other	1,552,848
30	Administrative Initiatives	4,514,967
31	Other	0
32		
33	Total Designated	19,316,992
34		
35	Unrestricted Funds Available (Note C)	\$10,545,609
36		
37		
38	Operating expenses	303,984,891
39	Ratio of Unrestricted Funds Available to operating expenses	3.5%
40	5% of operating expenses (minimum reserve target)	15,199,245
41		

Obligated - Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service and staffing commitments for outstanding debt and personnel. These amounts also consist of inventories and other balances for which a contractual commitments exist.

Designated - Designated net assets represent balances that are not yet legally contracted, but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and administrative returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Unrestricted Funds Available - Balance represents reserves available to bridge uneven cash flows as well as future potential reduced funding. Current examples of potential future reductions are:

Unfunded Enrollment Workload Adjustment (EWA)
Budget reductions or holdbacks
Enrollment fluctuations
Federal financial aid reductions

Idaho State University

Net Asset Balances

As of June 30, 2012

Information Taken from Workpapers Relating to Audited Financial Statements

1	Net Assets:	
2	Invested in capital assets, net of related debt	\$125,992,772
3	Restricted, expendable	\$5,554,894
4	Restricted, nonexpendable	
5	Unrestricted	\$70,446,471
6	Total Net Assets	<u>\$201,994,137</u>
7		
8	Unrestricted Net Assets:	70,446,471
9	Obligated (Note A)	
10	Debt Reserves	10,956,203
11	Capital Projects	
12	Facilities	-
13	Equipment	4,703,663
14	Program Commitments	
15	Academic	7,855,526
16	Research	14,381
17	Other	
18	Administrative Initiatives	
19	Other	6,371,440
20		-
21	Total Obligated	<u>29,901,213</u>
22		
23	Designated (Note B)	
24	Capital Projects	
25	Facilities	4,657,977
26	Equipment	
27	Program Commitments	
28	Academic	7,289,904
29	Research	3,396,367
30	Other	8,924,833
31	Administrative Initiatives	
32	Other	
33		-
34	Total Designated	<u>24,269,082</u>
35		
36	Unrestricted Available (Note C)	<u>\$16,276,176</u>
37		
38	Operating expenses	222,035,121
39	Ratio of Unrestricted Funds Available to operating expenses	7.3%
40	5% of operating expenses (minimum available reserve target)	11,101,756
41		
42	Two months operating expenses	37,005,854
43	Ratio of Unrestricted Funds Available to two months of operating expenses	44%
44	Number of days expenses covered by Unrestricted Funds Available	26.76

Note A: Obligated - Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service commitments for outstanding debt and staffing commitments for personnel. These amounts also consist of inventories and other balances for which a contractual commitments exist.

Note B: Designated - Designated net assets represent balances that are not yet legally contracted, but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and administrative returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Note C: Unrestricted Funds Available - Balance represents reserves available to bridge uneven cash flows as well as future potential reduced funding. Current examples of potential future reductions are:

Unfunded Enrollment Workload Adjustment (EWA)
Budget reductions or holdbacks
Enrollment fluctuations
Federal financial aid reductions

**Idaho College and Universities
Net Asset Balances**

As of June 30, 2012

Information Taken from Workpapers Relating to Audited Financial Statements

1	Net Assets:	University of Idaho	
2	Invested in capital assets, net of related debt		\$ 239,981,523
3	Restricted, nonexpendable		74,859,032
4	Restricted, expendable		24,796,022
5	Unrestricted		63,954,298
6	Total Net Assets		<u>\$ 403,590,875</u>
7	Unrestricted Net Assets:		<u>\$ 63,954,298</u>
8	Obligated (Note A)		
	- Debt Service and Real Estate Lease Obligations	\$ 17,611,335	
	- Capital Project and Equipment Funds	<u>12,082,628</u>	
	Total Obligated Funds		<u>\$ 29,693,963</u>
9	Designated (Note B)		
	Academic Funds:		
	- Dedicated Course Fees	\$ 1,067,916	
	- Research Funds	419,147	
	- Faculty Start-up Funds	559,724	
	- Support Funds	<u>1,622,810</u>	
	Total Academic Funds		\$ 3,669,597
	Agricultural Extension Funds:		
	- Agricultural Extension Education Funds	\$ 482,957	
	- Agricultural Extension Research Funds	838,785	
	- Agricultural Extension Support Funds	<u>1,011,339</u>	
	Total Agricultural Extension Funds		2,333,081
	Student Funds:		
	- Student Services Funds	\$ 556,955	
	- Student Scholarship Funds	<u>71,755</u>	
	Total Student Funds		628,711
	Faculty Start-up & Research Support Funds (from F&A)	2,473,000	
	Proposed Property Acquisition Pending SBOE Approval	1,850,000	
	IRIC Facility Planning Pending SBOE Approval	3,400,000	
	Service Center	764,489	
	Benefits & Self-Insured Health Plan	1,102,625	
	Auxiliary Services Funds	8,381,151	
	Facility/Departmental Repair and Replacement Funds	<u>308,309</u>	
	Total Designated Funds		<u>\$ 24,910,963</u>
10	Unrestricted Available (Note C)		<u>\$ 9,349,372</u>
11	Operating expenses		\$358,396,585
12	Ratio of Unrestricted Funds Available to operating expenses		2.6%
13	5% of operating expenses (minimum available reserve target)		\$17,919,829
14	Two months operating expenses		\$59,732,764
15	Ratio of Unrestricted Funds Available to two months of operating expenses		16%
16	Number of days expenses covered by Unrestricted Funds Available		10

**Idaho College and Universities
Net Asset Balances**

As of June 30, 2012

Information Taken from Workpapers Relating to Audited Financial Statements

NOTES

Note A: **Obligated** - Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service commitments for outstanding debt and staffing commitments for personnel. These amounts also consist of inventories and other balances for which a contractual commitments exist.

Note B: **Designated** - Designated net assets represent balances that are not yet legally contracted, but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and administrative returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Note C: **Unrestricted Funds Available** - Balance represents reserves available to bridge uneven cash flows as well as future potential reduced funding. Current examples of potential future reductions are:

Budget reductions or holdbacks
Enrollment fluctuations
Unfunded Enrollment Workload Adjustment (EWA)
Loss of ARRA funding

Lewis-Clark State College

Net Asset Balances

As of June 30, 2012

Information Taken from Workpapers Relating to Audited Financial Statements

1	Net Assets:	LCSC
2	Invested in capital assets, net of related debt	\$43,966,416
3	Restricted, expendable	1,130,410
4	Restricted, nonexpendable	0
5	Unrestricted	21,892,093
6	Total Net Assets	\$66,988,919
7		
8	Unrestricted Net Assets:	\$21,892,093
9	Obligated (Note A)	
10	Debt Reserves	3,190,939
11	Other	599,729
12		
13	Total Obligated	3,790,668
14		
15	Designated (Note B)	
16	Capital Projects	
17	Facilities	3,084,939
18	Equipment	3,063,054
19	Program Commitments	
20	Academic	4,989,000
21	Other	4,754,757
22	Other	430,995
23		
24	Total Designated	16,322,745
25		
26	Unrestricted Availabe (Note C)	\$1,778,680
27		
28	Operating expenses	46,250,966
29	Ratio of Unrestricted Funds Available to operating expenses	3.8%
30	5% of operating expenses (minimum available reserve target)	2,312,548
31		
32	Two months operating expenses	7,708,494
33	Ratio of Unrestricted Funds Available to two months of operating expenses	23%
34	Number of days expenses covered by Unrestricted Funds Available	14

Note A: Obligated - Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service commitments for outstanding debt and staffing commitments for personnel. These amounts also consist of inventories and other balances for which a contractual commitments exist.

Note B: Designated - Designated net assets represent balances that are not yet legally contracted, but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and administrative returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Note C: Unrestricted Funds Available - Balance represents reserves available to bridge uneven cash flows as well as future potential reduced funding. Current examples of potential future reductions are:

Enrollment fluctuations
Budget reductions or holdbacks

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BOISE STATE UNIVERSITY

SUBJECT

Approval to initiate a professional fee for the undergraduate Respiratory Care program

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.R.3.b.iv.

BACKGROUND/DISCUSSION

Pursuant to the Board's guidelines for establishing program fees, Attachment 1 provides the rationale for eliminating course fees and assessing a professional fee for the Respiratory Care program at Boise State University (BSU). Attachments 2 and 3 provide revenue, expenditure and course fee detail.

IMPACT

Respiratory Care students currently pay course fees totaling \$531 over a period of two academic years. If the professional fee were approved as requested, these students would pay \$1,600 in lieu of the course fee. This equates to a \$1,069 or 200% increase.

ATTACHMENTS

Attachment 1 – Professional Fee Rationale	Page 3
Attachment 2 – Revenue and Expenditure Detail	Page 7
Attachment 3 – Course Fee Detail	Page 8

STAFF COMMENTS AND RECOMMENDATIONS

Staff makes the following findings with regard to this request in relation to the policy criteria:

- (1) Credential or Licensure Requirement: Upon successful completion of the Respiratory Care program, graduates are eligible to sit for the national licensure exam. Passage of the exam permits practicing as respiratory therapist. An associate degree is the minimum required for entry to the practice of this profession. The BSU program, for which this professional fee is requested, is a Bachelor Degree Program. The Board must make a determination as to whether a respiratory therapist constitutes a "professional service" for purposes of this policy.
- (2) Accreditation Requirement: The program is fully accredited by the cognizant specialized accrediting body.
- (3) Extraordinary Program Costs: There are documented added costs as part of offering a respiratory care program. These added costs result from: very low

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faculty to student ratios per accreditation and clinical affiliate requirements; purchase and repair of high cost equipment and technology for training; etc. BSU did not indicate in its supporting documents how a 200% increase in program fees may impact future enrollment in the program. This may be helpful information for the Board to have in evaluating the viability of this fee request.

The Board could reasonably determine the policy criteria have been met as a basis for approving this fee request.

BOARD ACTION

I move to approve the request by Boise State University to designate a professional fee for sophomore and junior students in the Respiratory Care Program in the amount of \$400 per semester in conformance with the attachments hereto.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BOISE STATE UNIVERSITY
COLLEGE OF HEALTH SCIENCES
DEPARTMENT OF RESPIRATORY CARE

Undergraduate Professional Fee Request

- The following is a request to initiate a professional fee for the undergraduate, Respiratory Care Program at Boise State University.

Pursuant to the State Board of Education (SBOE) guidelines for program fees, the Department of Respiratory Care's undergraduate program meets all of the criteria for designation of a professional fee: a) Credentialing Requirement, b) Accreditation Requirement and c) Extraordinary Program Costs. Upon approval and institution of the professional program fee, all current individual course fees will be discontinued. The rationale for the professional fee, per SBOE requirement, follows:

Overview- The clinical programs within the College of Health Sciences (COHS) have been very successful and experience high job placement rates (90%-100%) in good paying jobs, even during a down economy, because of the outstanding education our students receive. Pass rates of our students for national registry exam are close to 100% which is well above the national average, e.g., national Respiratory Care (RC) pass rate is 55%. The cornerstone of these programs is the intensive student experience using quality equipment/technology facilitated through low student to faculty ratios, e.g., we have many classes in Radiologic Sciences (RS) and RC that have a ratio of 2-6 undergraduate students for every tenured faculty. This investment is something that students and health care recipients in Idaho directly benefit from.

The COHS has worked diligently to avoid program fees for clinically based health care professions. However, this is no longer possible. We simply do not have the financial and human resources to deliver the curriculum and support the rising costs associated with repairing and purchasing equipment and technologies such as our million dollar simulation center. Though it may be tempting to avoid investing in new technology like the simulation center to cut costs, this is now the gold standard in clinical education. In short, if our graduates are to be successful they must have exposure to these technologies or they will be left behind. Furthermore, we cannot afford the escalating repair and replacement costs of radiologic and respiratory care equipment that is outdated almost as quickly as it is created. Students need to be familiar with up-to-date equipment or their training will not be relevant. These realities are compounded by the fact that the COHS has grown by almost 20% since 2005 (2,583 students in 2005 and 3,100 in 2011). Therefore, despite our efforts to avoid program fees, the COHS can no longer subsidize the costs of the clinical programming and must charge fees of the students who are receiving these high quality, intensive and technologically advanced services that afford them good paying jobs. The following narrative and tables help detail the rationale for this request.

a) Requirement	b) Rationale	c) Outcome without funding
Credentialing Requirement- <i>A professional fee may be assessed for an academic professional program if graduates of the program obtain a specialized higher education degree that qualifies them to practice a professional service involving expert and specialized knowledge for which credentialing or licensing is required.</i>	<p>Upon successful completion of the respiratory care program, respiratory care students are eligible to take the National Board for Respiratory Care (NBRC) Entry Level Certified Respiratory Therapist (CRT) Examination. This is a national test to determine respiratory care competency. Successful completion of the test results in formal entry into the profession and permits the use of the title, "Certified Respiratory Therapist". This credential permits the full practice of respiratory care in accordance with the Idaho State Board of Medicine Respiratory Care Practice Act.</p>	<p>Without a professional fee we would be less able to support accreditation requirements which are essential for students to complete the credentialing examinations. Therefore, without the fee, their ability to become credentialed will be jeopardized.</p>
Credentialing Requirement- <i>The program leads to a degree where the degree is at least the minimum required for entry to the practice of a profession.</i>	<p>Graduates may license as a respiratory care practitioner in Idaho after completion of either an Associate Degree or a Bachelor's Degree in Respiratory Care. There is an increasing expectation, nationwide, that the entry into the profession will require a Bachelor's Degree. This expectation is supported by the Department of Respiratory Care at Boise State University and their Medical Advisory Board.</p>	
Accreditation Requirement <i>The program:</i> 1) <i>Is accredited,</i> 2) <i>is actively seeking accreditation if a new program, or</i> 3) <i>will be actively seeking accreditation after the first full year of existence if a new program by a regional or specialized accrediting agency.</i>	<p>The respiratory care program is fully accredited by the Commission on Accreditation for Respiratory Care (CoARC). This is a required accreditation for the graduates to take the NBRC Examinations.</p>	<p>-Accreditation is expensive for programs to initially obtain and to maintain due to annual fees, meeting standards, and site visit expenses. -Loss of accreditation due to inability to pay fees or to meet required financial standards would make the students ineligible to take credentialing examinations. - Our clinical agencies understand and support the need for professional accreditation as all Respiratory Care Practitioners must be licensed by the State to practice Respiratory Care.</p>

a) Requirement	b) Rationale	c) Outcome without funding
<p>Extraordinary Program Costs- <i>Institutions will propose professional fees for Board approval based on the costs to deliver the program. An institution must provide clear and convincing documentation that the cost of the professional program significantly exceeds the cost to deliver non-professional programs at the institution. A reduction in appropriated funding in support of an existing program is not a sufficient basis alone upon which to make a claim of extraordinary program costs.</i></p>	<p>Respiratory care programs are expensive to administer because of various requirements placed upon the programs by the CoARC, and because of the nature of the profession.</p> <ul style="list-style-type: none"> • CoARC standards and specialized accreditation essentials require a faculty to student ratio of no more than 1:6 in the clinical facilities for the general patient care floors. • Clinical affiliates refer to the hospitals, medical centers, clinics and other educational rotations through which the students must rotate. The clinical affiliates require faculty to student ratio of no more than 1:2 in the critical care units. This is imperative as the clinical instructor is in the critical care units, taking care of critically ill patients, frequently receiving life support. It is not possible for a clinical instructor to try to supervise more than two students in these life-threatening situations. • When the students are on campus in the Respiratory Care Laboratories, most of the sections are limited to no more than six students per lab. This is because the students must learn and master the clinical operation of complex, electronic, life-support devices that are very expensive to purchase. • Costly preparation programs are needed for students to prepare for the licensing examinations and professional examinations (CRT Examination, Written Registry Examination and the Clinical Simulation Examination) which are required to obtain the professional credential Registered Respiratory Therapist (RRT). This credential is required for graduates to work in the critical care areas. • Respiratory care is a technology-intensive profession. It is imperative that the respiratory care students have access in the laboratory to the same equipment they will be using in the clinical settings when working with adult, pediatric and neonatal patients in the critical care units. Each of the clinical affiliates 	<p>-Lack of funding would potentially reduce the number of students that could be accepted into this high demand medical profession. Currently, we accept 26 students per year.</p> <p>-Lack of funding will translate to outdated equipment or equipment that does not work appropriately. The inability to stay current with technology will hinder the student from practicing in a similar environment prior to translating their skills to the patient. BSU has affiliation agreements with our sites that require those placed for clinical practice to have a basis of knowledge and experiences prior to gaining clinical entrance. This will cause some decrease in patient safety and some liability for the institution. This may decrease the number of students able to be accepted.</p> <p>- If we are not able to offer these limited enrollment laboratory or clinical activities, or provide licensed, credentialed instructors, our student numbers will need to be decreased, which could jeopardize our accreditation.</p>

a) Requirement	b) Rationale	c) Outcome without funding
	<p>selects mechanical ventilators to meet their specific needs for their specific patients. This results in a variety of mechanical ventilators with which Boise State respiratory care students must be proficient.</p> <ul style="list-style-type: none"> • Simulation manikins used to teach respiratory care students are very expensive and require frequent updating and repair. • Respiratory care faculty use simulation to augment the students' clinical experiences by presenting them with specific clinical situations with which they can work and become experienced rather than practicing on patients. In addition, many clinical situations are not readily available for each student; simulation allows all students to experience these scenarios. Simulation requires expensive technology and well-educated technicians to run the equipment and work with students and faculty. 	

Department of Respiratory Care

ATTACHMENT 2

Revenue		FY 2011-2012	FY 2013-2014 (estimate)	Description
Course Fee		\$531/student	\$0	
Program Fee		\$0	\$1600/student	Description
Expenditures		FY 2011-2012	FY 2013-2014 (estimate)	
		\$12,776	\$37,600	
Laboratory Expendables		\$181	\$250	Ventilator circuits, oxygen masks, medical gasses (for example, Heliox is \$900/cylinder), filters so circuits can be re-used. Supplies used in the patient care skills lab such as dressings, catheters and sterile gloves.
Simulation Center		\$300	\$460	We are increasing our use of the simulation lab to train students in low occurrence but high risk situations such as cardiopulmonary arrest. We pay an hourly fee (\$100/hr) for use of the simulation center. The hourly fee is used to replace simulation manikins (average cost \$50,000). There are also costs associated with the development of simulation scenarios and for technical support. If this fee is approved, we will be able to purchase more time for training of students using simulation.
Liability Insurance/Name Badge		\$50	\$60	Liability insurance and name badges are required for participation in clinical rotations.
Lab Equipment Maintenance and transportation			\$95	Preventative maintenance (PM) of student used ventilators, lung simulators and monitors. Payment to transport the iron lung from storage to the lab and back; transport of ventilators to the hospitals for PM. PM is required 1/year; the average cost is \$400. Calibration of the lung simulator is \$900. We have 4 units; typically 2 to 3 units undergo PM per year.
Lab Equipment Replacement			\$200	In order to correctly operate a ventilator in the hospital students train many hours in the lab. The typical ventilator used in hospitals today averages \$20,000-50,000 per ventilator. We borrow when we can but then we cannot guarantee the students access for training. Fees would be saved and used to purchase new ventilators. Fees would also pay for equipment used to train students in the patient assessment class.
Clinical Expenditures			\$155	Fees will be used to train, evaluate and mentor the clinical preceptors used to supervise some students during hospital training. In an average semester we have students in 22 different locations.
Examination Preparation			\$150	Each student takes a Self Assessment Exam administered by the National Board for Respiratory Care. Fees will pay for the exam and to purchase exam preparation software and simulations.
Accreditation			\$65	The program pays \$1700/year to maintain accreditation, \$1000 every 5 years for a required self-study report and \$5,000-8,000 every 5-10 years for the required accreditation visit.
ACLS Training and Certification			\$75	Certification in Advanced cardiac life support (ACLS) is a requirement for employment in most hospitals. Hospitals expect students to graduate with this certification. The cost is \$150/student; this training is for Juniors so the cost would be spread over two years.
Student Research			\$35	Undergraduate research is required in two of our courses. Fees would pay for research supplies (stamps for mailing surveys, devices such as altimeters, chronometers, etc.) printing of posters (1 poster is \$50 to print), and conference registration fees for student presenters.
Per Student		\$531	\$1,545	
Estimated Total Expenditures		\$12,213	\$35,535	

Department of Respiratory Care					
Current Course Fees (FY 12)		Current Course Fees/Semester			
		Sophomores		Juniors	
Course Number	Course Title	Fall	Spring	Fall	Spring
RESPCARE 105	Interdisc Patient Care Skills	\$125			
RESPCARE 204	Respiratory Care Lab I	\$16			
RESPCARE 208	Clinical Practicum I	\$95			
RESPCARE 228	Clinical Practicum II		\$75		
RESPCARE 304	Respiratory Care Lab III			\$40	
RESPCARE 308	Clinical Practicum III			\$90	
RESPCARE 328	Clinical Practicum IV				\$90
	Totals per Semester	\$236	\$75	\$130	\$90
	Typical Number of Students	26	24	22	22
	Typical Revenue	\$6,136	\$1,800	\$2,860	\$1,980
	Current Revenue per Year				\$12,776
Proposed Program Fee (FY 2014)		Proposed Fees/Semester			
		Sophomore		Juniors	
		Fall	Spring	Fall	Spring
	Fee Per Student Per Semester	\$400	\$400	\$400	\$400
	Estimated Number of Students	26	24	22	22
	Revenue per Semester	\$10,400	\$9,600	\$8,800	\$8,800
	Annual Revenue Fall				\$19,200
	Annual Revenue Spring				\$18,400
	Proposed FY 2014 Revenue				\$37,600

BUSINESS AFFAIRS AND HUMAN RESOURCES
DECEMBER 13, 2012

BOISE STATE UNIVERSITY

SUBJECT

Approval to initiate a professional fee for the various programs/emphases in the Bachelor of Radiologic Sciences program

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.R.3.b.iv.

BACKGROUND/DISCUSSION

Pursuant to the Board's guidelines for establishing program fees, Attachment 1 provides the rationale for eliminating course fees and assessing a professional fee for each of the four emphases/programs in the Bachelor of Radiologic Sciences program at Boise State University (BSU). Attachments 2 and 3 provide revenue, expenditure and course fee detail.

IMPACT

All Radiologic Sciences program students currently pay course fees in their sophomore and junior years totaling \$635. Senior year course fees vary depending on the program emphasis from a high of \$445 to a low of \$15. If the professional fee were approved as requested, these students would pay \$1,600 (cumulative) in lieu of the course fees for their sophomore and junior years. This equates to a \$965 or 152% increase. The students would also pay another \$800 in their senior year, regardless of their chosen program emphasis. At a minimum this would equate to a \$355 or 80% increase.

ATTACHMENTS

Attachment 1 – Professional Fee Rationale	Page 3
Attachment 2 – Revenue and Expenditure Detail	Page 7
Attachment 3 – Course Fee Detail	Page 8

STAFF COMMENTS AND RECOMMENDATIONS

Staff makes the following findings with regard to this request in relation the policy criteria:

- (1) Credential or Licensure Requirement: Upon successful completion of the Radiologic Sciences program, graduates are eligible to sit for several credentialing exams. Passage of these exams permits practicing as a registered Sonographer or Radiographer. An associate degree is the minimum required for entry to the practice of these professions. BSU will award a bachelor degree for these programs. The Board must make a determination as to whether a Sonographer or Radiographer constitutes a "professional service" for purposes of this policy.

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(2) Accreditation Requirement: The program is fully accredited by the cognizant specialized accrediting bodies.

(3) Extraordinary Program Costs: There are documented added costs as part of offering a respiratory care program. These added costs result from: very low faculty to student ratios per accreditation and clinical affiliate requirements; purchase and repair of high cost equipment and technology for training; etc. BSU did not indicate in its supporting documents how the proposed significant increase in fees may impact future enrollment in the program. This may be helpful information for the Board to have in evaluating the viability of this fee request. By way of comparison, ISU assesses a professional fee of \$690 per year for its Radiographic Science program.

The Board could reasonably determine the policy criteria have been met as a basis for approving this fee request.

BOARD ACTION

I move to approve the request by Boise State University to designate a professional fee for sophomore, junior and senior students in the Radiologic Sciences Program in the amount of \$400 per semester in conformance with the attachments hereto.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

BOISE STATE UNIVERSITY
COLLEGE OF HEALTH SCIENCES
DEPARTMENT OF RADIOLOGIC SCIENCES

Undergraduate Diagnostic Professional Fee Request

The following is a request to initiate a professional fee for the various emphases/programs in the Bachelor of Radiologic Sciences at Boise State University:

- Diagnostic Medical Sonography (DMS) Emphasis/Program;
- Diagnostic Radiology (DR) Emphasis/Program;
- Magnetic Resonance Imaging (MRI) Emphasis/Program;
- Computed Tomography (CT) Emphasis/Program

Pursuant to the State Board of Education (SBOE) guidelines for program fees, the Department of Radiologic Science's undergraduate programs meet all of the criteria for designation of a professional fee: a) Credentialing Requirement, b) Accreditation Requirement and c) Extraordinary Program Costs. Upon approval and institution of the professional program fee, all current individual course fees will be discontinued. The rationale for the professional fee per SBOE requirements follows:

Overview- The clinical programs within the College of Health Sciences (COHS) have been very successful and experience high job placement rates (90%-100%) in good paying jobs, even during a down economy, because of the outstanding education our students receive. Pass rates of our students for national registry exam are close to 100% which is well above the national average. The cornerstone of these programs is the intensive student experience using quality equipment/technology facilitated through low student to faculty ratios, e.g., we have many classes in Radiologic Sciences (RS) and RC that have a ratio of 2-6 undergraduate students for every tenured faculty. This investment is something that students and health care recipients in Idaho directly benefit from.

The COHS has worked diligently to avoid program fees for clinically based health care professions. However, this is no longer possible. We simply do not have the financial and human resources to deliver the curriculum and support the rising costs associated with repairing and purchasing equipment and technologies such as our million dollar simulation center. Though it may be tempting to avoid investing in new technology like the simulation center to cut costs, this is now the gold standard in clinical education. In short, if our graduates are to be successful they must have exposure to these technologies or they will be left behind. Furthermore, we cannot afford the escalating repair and replacement costs of radiologic and respiratory care equipment that is outdated almost as quickly as it is created. Students need to be familiar with up-to-date equipment or their training will not be relevant. These realities are compounded by the fact that the COHS has grown by almost 20% since 2005 (2,583 students in 2005 and 3,100 in 2011). Therefore, despite our efforts to avoid program fees, the COHS can no longer subsidize the costs of the clinical programming and must charge fees of the students who are receiving these high quality, intensive and technologically advanced services that afford them good paying jobs. The following narrative and tables help detail the rationale for this request.

a) Requirement	b) Rationale	c) Outcome without funding
Credentialing Requirement- <i>A professional fee may be assessed for an academic professional program if graduates of the program obtain a specialized higher education degree that qualifies them to practice a professional service involving expert and specialized knowledge for which credentialing or licensing is required.</i>	Diagnostic Medical Sonography (DMS) Program: DMS graduates are eligible to take three American Registry of Diagnostic Medical Sonographers (ARDMS) examinations. They also qualify to take the Sonography examination offered by the American Registry of Radiologic Technologists (ARRT). Success in either allows use of the title "Registered Sonographer." This designation is required for insurance and Medicare reimbursement for multiple patient examinations performed in the clinical setting and is currently required for licensing in three states. Diagnostic Radiography (DR), Magnetic Resonance Imaging (MRI) and Computed Tomography (CT) Programs: are eligible to take the American Registry of Radiologic Technologists (ARRT) examination. Successful completion of this credentialing examination permits the use of the title "Registered Radiographer." The registered radiographer, RT(R), ARRT, designation is required licensing to deliver radiation for diagnosis in 39 states. The professional credential is a requirement for practice in accredited agencies.	Without a professional fee we will be less able to support accreditation requirements, which are essential for students to complete the credentialing examinations. Therefore, without the fee, their ability to become credentialed will be jeopardized.
Credentialing Requirement- <i>The program leads to a degree where the degree is at least the minimum required for entry to the practice of a profession.</i>	The ARRT requires candidates hold a minimum of an associate degree. The DMS, DR, MRI and CT programs at BSU will award a bachelor degree.	
Accreditation Requirement <i>The program:</i> 1) <i>Is accredited,</i> 2) <i>is actively seeking accreditation if a new program, or</i> 3) <i>will be actively seeking accreditation after the first full year of existence if a new program by a regional or specialized accrediting agency.</i>	The DMS Program is accredited by the Council for Higher Education Accreditation (CHEA) upon recognition by the Commission on Accreditation of Allied Health Education Programs (CAAHEP) upon the recommendation of the Joint Review Committee on Education in Diagnostic Medical Sonography (JRC-DMS). CHEA accreditation is required for DMS graduates to write both the ARDMS and ARRT registry examinations. The DR Program is accredited by the Joint Review Commission on Education in Radiologic Technology (JRCERT). The CT and MRI Programs are accredited by the Northwest Accreditation Commission. Alternate accreditation bodies are the Joint Review Commission on Education in Radiologic Technology (JRCERT).	-Accreditation is expensive for programs to initially obtain and to maintain due to annual fees, meeting standards, and site visit expenses. -Loss of accreditation due to inability to pay fees or to meet required financial standards could jeopardize the ability of students to complete credentialing examinations. - Our clinical agencies feel programmatic accreditation is essential to validate the quality of the program and the obligation BSU has to meet outcome standards. Loss of accreditation might mean clinical agencies would no longer affiliate, therefore the number of students we could accept would decrease.
Extraordinary Program	Medical imaging programs are expensive to administer.	1-Lack of funding would potentially reduce the

<p>Costs- <i>Institutions will propose professional fees for Board approval based on the costs to deliver the program. An institution must provide clear and convincing documentation that the cost of the professional program significantly exceeds the cost to deliver non-professional programs at the institution. A reduction in appropriated funding in support of an existing program is not a sufficient basis alone upon which to make a claim of extraordinary program costs.</i></p>	<p>1-Accreditation bodies have strict standards for numbers of faculty per student and numbers of students per class/clinical assignment *JRC-DMS require a full time Program Director and Clinical Coordinator for programs with 8 or more clinical affiliates (BSU has 12 clinical affiliates) *JRCERT requires a full time Program Director and Clinical Coordinator for programs with more than 5 active clinical sites (BSU has 16 clinical sites) *JRCERT requires one clinical instructor to monitor students at each active site</p> <p>2-Equipment required is costly to initially purchase and maintain. *Simulation laboratories that mimic clinical experiences and prepare students to provide care to real people are intensive due to technology, time and faculty. The electronic/digital equipment is initially expensive (up to \$500,000) and the annual maintenance and calibration expenses are high.</p> <p>3-Low enrollment courses that have small faculty to student ratios are due to limited number of expensive phantoms or equipment and lack of physical space. Laboratory courses are low enrollment with 2-8 students/section. Direct supervision is required from individuals that are skilled, credentialed operators that will provide direct supervision (required by accreditation).</p> <p>4-Lack of appropriate clinical capacity. Many of the programs have limited places a student can obtain the scope of experiences necessary to qualify for the national credentialing examination. Clinical is often low enrollment per site (1-3 students) and controlled by patient volume and/or number of qualified practitioners employed. Radiography needs a 1:1 ratio of qualified practitioner and student.</p> <p>5-There are a variety of expendable supplies and professional requirements such as name tags and radiation monitoring badges.</p>	<p>number of clinical sites that can be used, thus decreasing our ability to accept students into a high demand medical area (between 8-24 students/year).</p> <p>2-Lack of funding will translate to outdated equipment or equipment that does not work appropriately due to calibration issues. The inability to stay current with technology will hinder the student from practicing in a similar environment prior to translating their skills to the patient. BSU has affiliation agreements with our sites that require those placed for clinical practice to have a basis of knowledge and experiences prior to gaining clinical entrance. This will cause some decrease in patient safety and some liability for the institution. This may decrease the number of students able to be accepted.</p> <p>3,4,5-If we are not able to offer these limited enrollment laboratory or clinical activities, or provide credentialed monitors, our student numbers will need to decrease. We could jeopardize our accreditation.</p>
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The proposed fee will be used to pay for required laboratory equipment and supplies, clinical requirements of accreditation, and use of the CHS Simulation Center and Radiologic Sciences Simulation Centers. This will allow the program to meet the accreditation requirements as well as the requirements of current medical imaging employers. Current course fees will be replaced with implementation of a professional program fee of \$400/ semester for students beginning fall 2013.

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Department of Radiologic Sciences			
Revenue	FY 2011-2012	FY 2013-2014 (estimate)	
Annual Revenue Fall	\$10,865	\$28,400	
Annual Revenue Spring	\$7,930	\$24,400	
Total Annual Revenue	\$18,795	\$52,800	
Department Expenditures	FY 2011-2012	FY 2013-2014 (estimate)	Description
E-learning course fee (Sonography students only)	\$280	\$0	RADSCI 462 is on-line. Students charged \$40.00 university e-learning course fee in 2011-12; this would be charged separately from the 2013-14 program fee
Norco and Riverside Simulation Centers	\$840	\$3,360	\$35.00 per student at 24 students - 2011-12 only Norco Simulation charged for 1 semester. 2013-14 we will have 4 times the utilization of Norco simulation centers to meet the educational needs of our programs
Clinical Liability Insurance	\$1,065	\$1,136	2011-2012: \$15.00 per year per student; Increase in 2013-14: \$16.00 per year per student (71 students per year: 48 Radiography, 7 US, 6 MRI, 10 CT)
Clinical Radiation Monitoring (Radiography/CT only)	\$1,740	\$3,180	Price for monitoring increased and the number of students increased from 48 Radiography students to 72 student
Clinical Supplies & Educational Materials	\$2,450	\$1,464	Film markers, Name tags - Using electronic materials for student educational materials instead of hard copies has decreased paper cost to the department
Laboratory Assistants	\$2,100	\$11,814	2011-2012 only 2 Sonography laboratory sections were covered by lab assistants at adjunct rate; 2013-2014 all programs (12 lab sections) will be requiring lab assistants at adjunct rate to better meet accreditation requirements of low student ratios
Radiography Laboratory Expendables	\$10,320	\$7,270	Film, ultrasound gel, processor chemicals, paper; decrease in 2013-2014 costs due decrease in number of hours spent in laboratory due to increased utilization of simulation centers
Radiography Laboratory Equipment Maintenance		\$9,180	Course fees did not include the maintenance costs associated with upkeep of equipment. These costs were deferred for the past several years, but equipment maintenance is now necessary to meet accreditation standards and educational needs. Annual quality assurance equipment calibration costs between \$5,000.00 to \$7,000.00. Diagnostic Radiography and Sonography equipment requires biannual preventative maintenance and updates to meet educational and state regulatory standards. Service fees, which are in addition to calibration costs, run an average of \$150.00 per call with additional hourly service charges.
Radiography Laboratory Equipment Replacement		\$10,590	Course fees did not include the replacement costs associated with new equipment. These costs were deferred for the past several years, but equipment updates are necessary to meet accreditation standards and educational needs. New radiographic and sonographic equipment can cost upwards of \$500,000.00. The program fees will aid to support a collection of monies to provide replacement, and updates for the equipment.
Program Accreditation		\$4,800	The course fees did not include the costs associated with program accreditation. Our programs accredited through the Joint Review Committees on Education in Radiologic Technology (JRCERT) and Diagnostic Medical Sonography (JRC-DMS), and each pays an annual fee of at least \$2,000.00 or more per program to retain accreditation. \$1,000.00 every 2 - 4 years for interim reports and \$5,000.00 to \$10,000.00 every 5 – 8 years for sight visits and reaccreditation.
Total	\$18,795	\$52,794	

Department of Radiologic Sciences										
Current Course Fees FY12		Current Course Fees per Semester								
		Sophomores		Juniors		Seniors				
		Fall	Spring	Fall	Spring	Fall			Spring	
Course Number	Course Title	All Programs				DMS Sonography Program	CT program	MRI program	DMS Sonography program	MRI
RADSCI 105	Int Pt Care Skills lab	\$105								
RADSCI 211	Laboratory Practicum	\$85								
RADSCI 221	Laboratory Practicum		\$155							
RADSCI 234	Intro to Clinical	\$170								
RADSCI 340	Radiologic Quality Assurance				\$120					
RADSCI 445	Clinical Exp in MRI I							\$15		
RADSCI 455	Clinical Exp in CT						\$35			
RADSCI 461L	Abdominal Scan Lab					\$150				
RADSCI 462	Obstetrics/GYN Sono								\$40	
RADSCI 463L	Doppler Procedures Lab								\$150	
RADSCI 467	Clinical Exp in Med Sono I					\$105				
	Total Per Semester	\$360	\$155	\$0	\$120	\$255	\$35	\$15	\$190	\$0
	Typical Number of Students	24	24	24	24	7	10	6	7	6
	Typical Revenue	\$8,640	\$3,720	\$0	\$2,880	\$1,785	\$350	\$90	\$1,330	\$0
	Current Revenue per Year									\$18,795
Proposed Program Fees (FY 14)		Proposed Fees per Semester								
		Sophomores		Juniors		Seniors				
		Fall	Spring	Fall	Spring	Fall	Spring			
	Fee Per Student Per Semester	\$400	\$400	\$400	\$400	\$400	\$400			
	Estimated Number of Students	24	24	24	24	23	13			
	Revenue per Semester	\$9,600	\$9,600	\$9,600	\$9,600	\$9,200	\$5,200			
	Annual Revenue Fall						\$28,400			
	Annual Revenue Spring						\$24,400			
	Prposed FY2014 Revenue						\$52,800			

BUSINESS AFFAIRS AND HUMAN RESOURCES
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BOISE STATE UNIVERSITY

SUBJECT

KBSU Boise State Public Radio Renovation and Improvements

REFERENCE

October 2011 Board approved request for planning and design of renovation and improvements for the relocation of KBSU to the Yanke Family Research Park

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.K.3.

BACKGROUND/DISCUSSION

In October 2011, the State Board of Education authorized Boise State University (BSU) to proceed with planning and design for the renovation and improvements required to relocate the production portion of the Boise State Public Radio Station (KBSU) to the Yanke Family Research Park. The design team of Cole Architects was selected using the standard process through the Division of Public Works and have completed the preliminary planning for the project.

The KBSU production and related support space will occupy approximately 8,000 sf. on the second floor of the Yanke Building. The project includes the installation of one on-air studio, two associated control rooms, and other production support spaces. Office space, conference space, storage space, network and technical operation/repair, and maintenance areas will also be constructed. In addition, a new roof-top HVAC unit will be installed with associated distribution systems, roof repairs and the relocation of one roof-mounted satellite. An additional studio/multipurpose room has been requested as an additive alternate and will be constructed if the budget allows.

The total budget for this project is estimated at \$1,115,000, which is less than the \$1.6 million estimate indicated in October 2011 due to a reduction in project scope. Bidding is scheduled to begin in April 2013 with anticipated construction completion in December of 2013.

IMPACT

Current cost estimates indicate a construction cost of \$800,000. Contingencies, architectural and engineering fees, testing and other administrative and soft costs bring the estimated total project cost to \$1,115,000. The project will be funded with KBSU donations and service revenues.

This project will be procured through the standard process using the State of Idaho's Division of Public Works and the State of Idaho Department of Administration, Division of Purchasing, as appropriate. Multiple contracts may be

BUSINESS AFFAIRS AND HUMAN RESOURCES
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awarded and the University may proceed with the purchase and installation of furniture, fixtures and equipment if budget authorization is sufficient under the approved budget of this agenda item.

ATTACHMENTS

Attachment 1 – Project Budget

Page 3

Attachment 2 – Capital Project Tracking Sheet

Page 4

STAFF COMMENTS AND RECOMMENDATIONS

BSU received Board approval to proceed with planning and design for this project in October 2011. Pursuant to Board policy V.K.3., BSU is now seeking approval of the project budget and financing plan, and to proceed with construction. Source of funds for the project is 100% institutional funds. Since Boise State Public Radio is an auxiliary enterprise, this space will not be eligible for occupancy costs from the State.

Staff recommends approval.

BOARD ACTION

I move to approve the request by Boise State University to proceed with construction of the KBSU Boise State Public Radio Renovation and improvements at the Yanke Family Research Park for a total project cost not to exceed \$1,115,000.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

Project Number:	DPW12-208
Project Title:	Yanke - Renovation Design for BSPR
Date:	10/19/2012

Category	Budget Phase 1
Architectural Fees	\$ 102,000
Construction Costs	\$ 800,000
Testing, Inspections and Misc.	\$ 3,589
Construction Contingency	\$ 40,000
Subtotal	\$ 945,589

University Costs	\$ 89,411
Project Contingency 10%	\$ 80,000

Total Project	\$ 1,115,000
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1	Institution/Agency:	Boise State University	Project:	KBSU Radio Renovation and Improvements
2	Project Description:	Renovation of existing space in Yanke Family Research Park to provide KBSU radio studio, control rooms, production support, office, conference and other support areas.		
3	Project Use:	KBSU Radio Studio and Production Space		
4	Project Size:	Approx. 8,000 gross square feet		

6		Sources of Funds					Use of Funds			
7						Total		Use of Funds		Total
8		PBF	ISBA	Other *		Sources	Planning	Const	Other	Uses
9	Initial Cost of Project	\$ -	\$ -	\$ 1,115,000	\$ 1,115,000		\$ 102,000	\$ 800,000	\$ 213,000	\$ 1,115,000
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22	Total Project Costs	\$ -	\$ -	\$ 1,115,000	\$ 1,115,000		\$ 102,000	\$ 800,000	\$ 213,000	\$ 1,115,000

		* Other Sources of Funds						
				Institutional	Student			Total
		PBF	ISBA	Funds	Revenue	Other	Other	Funding
History of Funding:	Oct-12	\$ -	\$ -	\$ 1,115,000			\$ 1,115,000	\$ 1,115,000
							\$ -	\$ -
	Total	\$ -	\$ -	\$ 1,115,000	\$ -	\$ -	\$ 1,115,000	\$ 1,115,000

BOISE STATE UNIVERSITY

SUBJECT

Property purchase downtown Boise

APPLICABLE STATUTE, RULE OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.I.2.a.

BACKGROUND/DISCUSSION

Boise State University's (BSU) Board approved mission statement describes the University as a public metropolitan research University that offers programs and experiences that foster student success, lifelong learning, community engagement, innovation and creativity. To advance this mission and improve the accessibility and civic engagement of the University in our urban environment, the University is seeking to establish a presence in downtown Boise.

The University analyzed and toured several potential locations and selected an optimal location to meet its needs. The site is located at 301 Capitol Boulevard in downtown Boise in the development commonly known as BoDo. The site is a condominium space and consists of approximately 8,852 square feet of ground floor space. The University has received and reviewed a copy of the Condominium Association Declaration and Articles of Incorporation.

The property is for sale with an asking price of \$1.8 million. Through non-binding negotiations the seller has agreed to a sale price of \$1.65 million. The University also negotiated to purchase the existing furniture, fixtures, equipment and tenant improvements (custom cabinetry, custom desks, conference room tables and chairs, audio-visual equipment, kitchen installations, etc.) for an additional \$50,000, for a total price of \$1.7 million, plus the buyer's share of closing costs and associated fees.

This property is located in a prominent location in downtown Boise. The cost is \$186.40 per square foot. The cost for the University to construct similar space on campus (and not in downtown) would be approximately \$200 per square foot.

The University requests authorization to extend an offer to purchase the property and furniture, fixtures, equipment, and existing tenant improvements for a total price not to exceed \$1.7 million plus customary buyer's costs and associated fees. If approved by the Board, final purchase remains contingent upon environmental review and a property appraisal of \$1.65 million or higher.

The funding source for this project will be institutional reserves.

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IMPACT

The University will commit \$1.7 million to the project from institutional reserves.

ATTACHMENTS

Attachment 1 – BoDo property floor plan

Page 3

STAFF COMMENTS AND RECOMMENDATIONS

BSU is requesting Board approval to proceed with the purchase of commercial office space in downtown Boise. The property is prominently located on the southwest corner of Capitol Blvd and Front St. in the BoDo District. BSU is in the process of evaluating several possible University uses and tenants for this space, so this information was not available at the time of agenda publication. BSU did indicate, however, that a preferred use would be for business and industry outreach. Other possible uses could include: relocating the College of Social Sciences and Public Affairs' Center on Main; course offerings for the Bachelor of General Studies degree completion program; and the TechHelp program.

The University will be prepared to provide the Board with more details on its intended use for the property at the Board meeting.

The assessed tax value of the property is \$1,262,500.

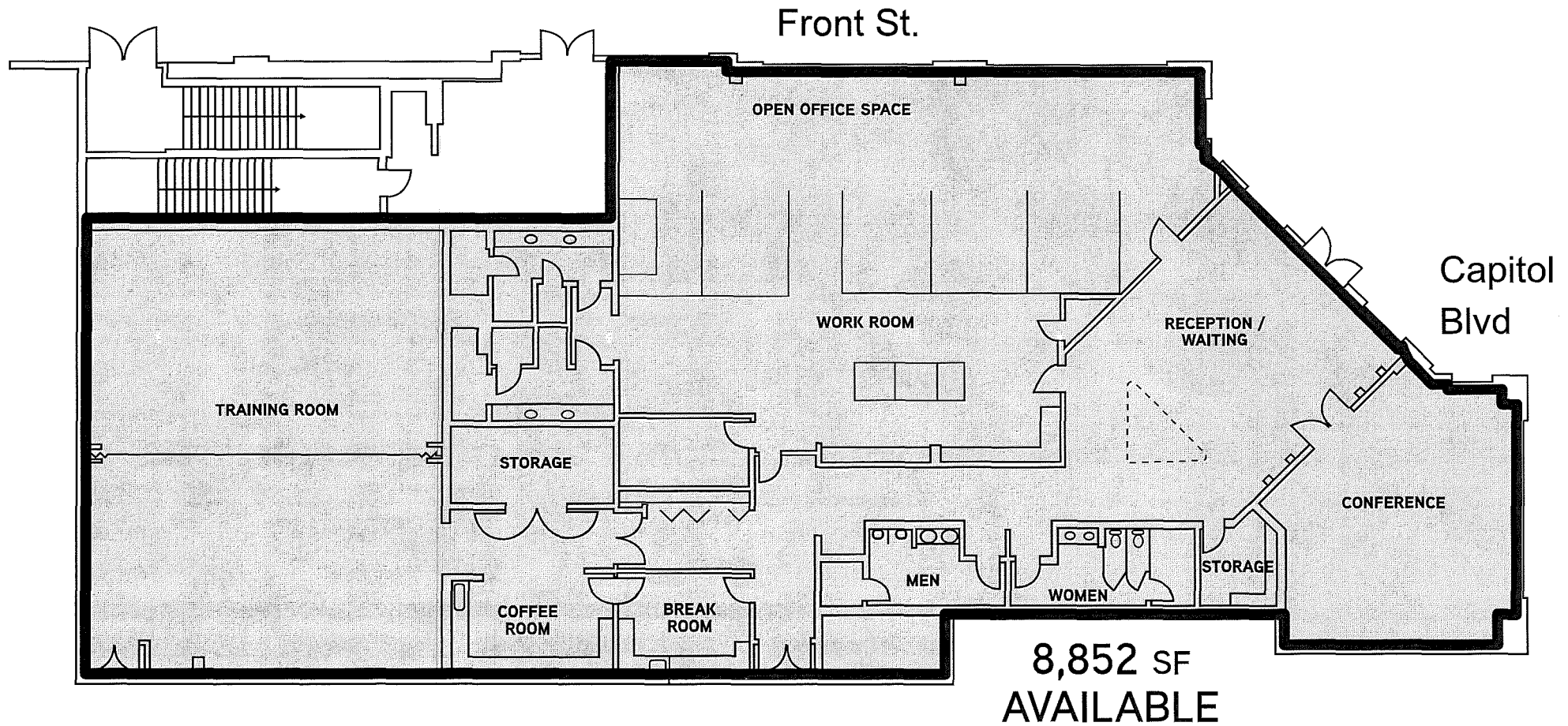
Funds for the purchase would come from reserves designated for capital projects, which were \$3.8M as of June 30, 2012. BSU's ratio of unrestricted funds available to operating expenses stood at 3.5% at prior fiscal year end. The Board's strategic plan has a benchmark of a minimum target reserve of 5% of operating expenditures.

Staff cannot make a recommendation absent information about how BSU would use the property, however, if the Board chooses to approve this transaction it may want to stipulate a purchase price of either the negotiated price or the appraised value, whichever is less.

BOARD ACTION

I move to approve the request by Boise State University to purchase parcel R0190720070 located at 301 S. Capitol Blvd, commonly known as Unit 6 of the Agora Condominiums of BoDo, for an amount not to exceed \$1,650,000, plus all required closing costs normally associated with the buyer, and an additional \$50,000 for the purchase of all existing furniture, fixtures, equipment and tenant improvements; and further, to authorize the Vice President for Finance and Administration to execute all necessary transaction documents for closing the purchase.

Moved by _____ Seconded by _____ Carried Yes _____ No _____



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BUSINESS AFFAIRS AND HUMAN RESOURCES
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UNIVERSITY OF IDAHO

SUBJECT

Planning and Design authorization, Integrated Research and Innovation Center

REFERENCE

June 2005
April 2012

Board approved initial pre-planning work
Capital project update

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Sections V.K.1 and V.K.3.a.

BACKGROUND/ DISCUSSION

The University of Idaho (UI) desires to construct an Integrated Research and Innovation Center (previously Science and New Technologies Laboratory) on the Moscow campus. This proposed new building will be sited at a central location in the heart of the campus. This proposed facility will establish modern and capable science spaces supporting interdisciplinary research and provide core visualization and computing labs. The project has been cited as a key priority in our multi-year capital plans and state funding requests since 1999.

The University received a federal grant supporting conceptual planning of the facility in 2005, and subsequently hired NBBJ as the design agent through a competitive qualifications-based selection process. Initial work included a review of current campus research capabilities, and an evaluation of options to build new versus remodel existing science spaces. Site analysis and selection and initial architectural programming work followed. This initial program work and subsequent program iterations have yielded a refined and tested vision of a \$49M project providing 53,000 square foot of new space.

The project is expected to be funded through a combination of state, federal, private, and agency funding, as outlined below. The project is one of the principal fundraising priorities in the ongoing Capital Campaign entitled "Inspiring Futures."

The University seeks to launch the design process for the project, with intent to engage the A/E firm and necessary consultants to develop full construction documents, ready to advertise. Several factors support acting now: new science and research activity space is required soon to meet expanding University research goals; the University has the funds available now to support the design process; and anticipated highly favorable interest rates at the time of the assumption of debt in support of construction.

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A rough timeline for the anticipated design and construction process, to include future Regents' authorizations, follows:

Dec 2012	Regents authorize planning and design Initiate design process—18 months to complete
Jun 2014	Seek authorization for project budget and financing plan Seek authorization for project construction
Aug 2014	Seek authorization for issuance of construction bonds
Sep 2014	Begin construction—24 months to include building commissioning and move in
Fall 2016	Building operational

This project directly supports the University's strategic plan and its education, research, and outreach goals and is fully consistent with the University's Long Range Campus Development Plan (LRCDP), and the Campus Infrastructure Master Plan.

The University seeks authorization for \$3.6M in planning and design activities at this time. This will support the pre-construction portion of the A/E & Consultant Fees cited below. The University will support this portion of the project through the use of existing cash reserves, with intent to restore these reserves at the time of the bond sale in 2014. As noted above, the University will return to the Board at a later date for authorization of subsequent phases of the project.

IMPACT

The University will utilize \$3.6M from cash reserves to conduct the planning and design phase of the project.

Prior Authorized Expenditures (Pre-Planning)

Funding	\$938,600	Expenditures	\$936,427
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Anticipated Project

Funding		Estimate Budget	
State	\$ 5,000,000	Construction	\$39,500,000
Federal (Grant):	\$ 0	A/E & Consultant Fees	\$ 4,000,000
Other (UI/Bond)	\$ 30,000,000	Contingency	<u>\$ 4,500,000</u>
Private	<u>\$ 13,000,000</u>		
Total	\$ 48,000,000	Total	\$48,000,000

The overall projected eventual impact, including pre-planning expenditures, and assuming the Construction Phase is eventually authorized, is \$48,938,600.

**BUSINESS AFFAIRS AND HUMAN RESOURCES
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ATTACHMENTS

Attachment 1 – Capital Project Tracking Sheet

Page 4

STAFF COMMENTS AND RECOMMENDATIONS

This is a request by the University of Idaho to authorize commencement of planning and design for a new science building. Source of funds for this phase of the project would be institutional reserves.

UI has requested \$5 million from the Permanent Building Fund Advisory Council (PBFAC) for FY 2014 in support of this project. In November 2012 the PBFAC voted to recommend \$2.5 million for the project. This non-binding recommendation has been forwarded to the Governor and the Legislature. The actual amount received, if any, will be determined by legislative appropriation.

Staff recommends approval.

BOARD ACTION

I move to approve the request by the University of Idaho to implement the Planning and Design Phase for the Integrated Research & Innovations Center, and to expend up to \$3.6M, using institutional reserves, and also to repay these reserves with bond proceeds at a later date.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

Office of the Idaho State Board of Education
Capital Project Tracking Sheet
As of 1 November 2012

History Narrative

- 1 Institution/Agency:** University of Idaho **Project:** Integrated Research and Innovation Center (formerly referred to as the Science and New Technologies Lab in the cited Original Authorization)
- 2 Project Description:** This proposed facility will establish modern and capable science spaces supporting interdisciplinary research and provide core visualization and computing labs. The project has been cited as a key priority in our multi-year capital plans and state funding requests since 1999.
- 3 Project Use:** The facility will be designed to foster interdisciplinary research collaboration and interaction and will include flexible systems and support infrastructure, allowing reconfiguration of spaces supporting changes in programs and research needs over time.
- 4 Project Size:** Approximately 53,000 gross square feet. Overall project cost is currently estimated at \$49M.*

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other	Total Sources	Planning	Use of Funds Const	Other	Total Uses*
Initial Cost of Project	\$ -	\$ -	\$ 892,800	\$ 892,800	\$ 892,800	\$ -	\$ -	\$ 892,800
History of Revisions: Report of Actual Preliminary Planning and Programming Expenditures, Mar 12	\$ -	\$ -	\$ 43,627	\$ 43,627	\$ 43,627	\$ -	\$ -	\$ 43,627
Project Design through construction documents			\$ 3,600,000	\$ 3,600,000	\$ 3,600,000			\$ 3,600,000
Total Project Costs	\$ -	\$ -	\$ 4,536,427	\$ 4,536,427	\$ 4,536,427	\$ -	\$ -	\$ 4,536,427

History of Funding:	* Other Sources of Funds-----						
	PBF	ISBA	Institutional Funds (Gifts/Grants)	Student Revenue	Other	Total Other	Total Funding
Original Authorization, Jun 05	\$ -				\$ 892,800	\$ 892,800	\$ 892,800
Additional Auth within Delegated Limits, (Appendix 2) Jul 10			30,000				
Additional Auth within Delegated Limits, (Appendix 3) Dec 11			15,800			15,800	15,800
Regents Authorization, Planning and Design, Dec 12			3,600,000			3,600,000	3,600,000
Total	\$ -	\$ -	\$ 3,645,800	\$ -	\$ 892,800	\$ 4,538,600	\$ 4,538,600

* Initial estimate based on preliminary planning and programming phases authorized previously. Overall project cost estimate will be refined and improved the planning process begins; UI will report back to the Board of Regents for the construction phase and indebtedness.

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UNIVERSITY OF IDAHO

SUBJECT

Modification of Indenture Agreement with University of Idaho Foundation – Consolidated Investment Trust

REFERENCE

July 1959	Creation of the Consolidated Investment Trust (CIT)
December 1974	Regents' authorization for execution indenture agreement (Attachment 1) transferring the CIT to the University of Idaho Foundation.
May 1975	Indenture agreement executed by the University of Idaho Foundation and the Regents of the University of Idaho

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.E. Gifts and Affiliated Foundations.

BACKGROUND/DISCUSSION

The Consolidated Investment Trust (CIT) was established at the University of Idaho in July 1959 to allow pooling of endowment assets for investment purposes. The CIT began with 25 individual endowments and a combined market value of approximately \$441,000. In 1974 the Regents authorized the University to transfer the CIT to the University of Idaho Foundation in trust under the terms and conditions of an Indenture agreement (Attachment 1). The Foundation has managed the CIT assets transferred through the Indenture Agreement (Indenture Assets) since that time. The Foundation has also grown the CIT to 1,379 endowments and a total portfolio value of \$187,576,172 as of June 30, 2012. (See Attachment 2) As of June 30, 2012, the value of the Indenture Assets transferred to the Foundation under the Indenture Agreement is \$74,859,032.

Because the terms of the 1975 Indenture Agreement transferred the Indenture Assets to the Foundation “in trust”, and because section “THIRD” of the Indenture reserved the right in the Regents to revoke the Indenture or to withdraw the Indenture Assets at any time, generally accepted accounting principles (GAAP) applicable to the financial statements for both the Foundation and the University require that the fair market value of the Indenture Assets appear on both financial statements. This creates a confusing series of duplicative entries in the Foundation financial statements with the value of the Indenture Assets included in the Foundation assets and then subtracted later on as a liability to the University. The University includes the value in its assets even though they have been held and managed by the Foundation since 1975. In addition, both the Foundation and University's income statements must reflect

**BUSINESS AFFAIRS AND HUMAN RESOURCES
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the annual change in fair market value of the Indenture Assets, thus potentially compounding the reader's confusion.

The Foundation and the University have reviewed this with their auditors and with officials of the Governmental Accounting Standards Board (GASB) and determined that the need for the confusing accounting treatment discussed above can be alleviated by releasing the Foundation from the duplicate transfer "in trust" and from the terms in section THIRD allowing revocation or withdrawal of the Indenture assets. The University and the Foundation seek approval from the Board to enter into a release for this purpose. (See Attachment 3)

The University has discussed the proposed release with the bond underwriters, and although it is unlikely that the proposed release would impact the University's bond rating, out of an abundance of caution, the proposed release retains one contingency for recalling the Indenture Assets if there is an adverse impact on the University's bond rating that can be remedied by recalling the assets.

IMPACT

Execution of the release will remove the restrictions retained under the original Indenture Agreement. The accounting entries that will evidence this will remove the Indenture Assets from the University's financial statements. This will require the University to show a one-time, non-operating transfer as an "Other Expense" in the amount of the value of the Indenture Assets in FY13, along with a corresponding reduction in Net Assets. The Foundation will have "mirror image" accounting entries; showing a one-time "Other Income" amount equal to the value of the Indenture Assets, and a corresponding increase in Net Assets. These are essentially the accounting entries that would have been made in 1975 had the Indenture Agreement not contained the restrictions that are being released.

The change will result in less confusing financial statements for both the University and the Foundation. The Foundation's net assets will accurately reflect the full amount of assets held for the benefit of the University, and the University's net assets will no longer include any assets held by the Foundation.

There is no impact on the operating revenues or expenses of the University, since the Indenture Assets are all restricted and the income earned from the assets will continue to flow to the University in the same fashion as has been the case since the execution of the Indenture Agreement in 1975.

ATTACHMENTS

Attachment 1 – Copy of 1975 Indenture Agreement	Page 5
Attachment 2 – Excerpt from Foundation Financial Statement	Page 9
Attachment 3 – Proposed Release	Page 11

**BUSINESS AFFAIRS AND HUMAN RESOURCES
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STAFF COMMENTS AND RECOMMENDATIONS

The proposed release referenced above is contingent upon review by the bond rating agencies at the next regularly scheduled bond rating review. If each rating agency determines the release will have "no material adverse impact on the University's credit rating or bond rating," then the release will not be "suspendable for any reason." If however, either rating agency finds the release "will have an adverse impact on the cost of borrowing" and the Regents determine that suspension of the release will "abate or reverse such downgrade," then the release shall be suspended.

Staff recommends approval.

BOARD ACTION

I move to approve the request by the University of Idaho to release certain restrictions on assets transferred to the University of Idaho Foundation pursuant to an Indenture Agreement dated May 20, 1975, and to authorize and instruct the Vice President of Finance and Administration and Bursar of the University of Idaho to execute a Release and Waiver of Rights and Restrictions in substantial conformance to the form provided in Attachment 3 of the materials presented to the Board.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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INDENTURE

THIS INDENTURE, made in Moscow, Idaho, on May 20, 1975, between the Regents of the University of Idaho, a constitutional corporation organized and existing under and by virtue of the Constitution of the State of Idaho, hereinafter called the Regents, and the University of Idaho Foundation, Inc., an Idaho not-for-profit corporation, having its principal place of business at the University of Idaho, Moscow, Idaho, hereinafter called the Foundation:

WHEREAS, the Foundation exists for the purposes to solicit and receive, by gift, devise or otherwise, monies and property, real and personal, to be managed and used exclusively for the benefit of the University of Idaho, and

WHEREAS, on February 7, 1974, and December 5, 1974, the Regents passed resolutions directing the Bursar of the University of Idaho to offer to the Foundation the responsibility for the investment and administration of the Consolidated Investment Trust and other private monies or properties inuring to the benefit of the University of Idaho by way of gift, and

WHEREAS, The Board of Directors of the Foundation, meeting in Boise, Idaho, on April 11, 1975, voted to accept the Regents' offer as of July 1, 1975.

NOW THEREFORE, IN CONSIDERATION OF THE PREMISES, AND OF THE MUTUAL COVENANTS CONTAINED BELOW, IT IS MUTUALLY AGREED, AS FOLLOWS:

FIRST. The Regents as of July 1, 1975, do convey, transfer, and assign, set over and deliver to the Foundation, in trust, the assets, and related records of the Consolidated Investment Trust Pooled Investment Fund, the Ella L. Olesen Endowment, the George T. Warren Endowment, the Guy Wicks Endowment, the Stillinger Trust Real Estate contracts, the Leora Stillinger Real Estate contract and the Leonard Halland Physics Building Real Estate contract, all to be particularly itemized and set forth in audited financial statements as of July 1, 1975.

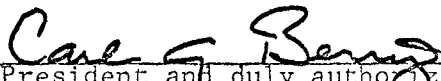
SECOND. The Regents do hereby and by these presents offer to provide whatever support and assistance that the Foundation may wish to receive from the University of Idaho Business Office; PROVIDED HOWEVER THAT the Bursar, who is the Foundation Treasurer, shall continue to be responsible for providing necessary accounting services for the Foundation, custody of the Foundation's assets, and the ministerial functions pertinent to the individual trust accounts, and if either the Foundation or the Regents wish to reassign these functions elsewhere, either party shall first secure the written consent of the other; and further provided that all questions pertaining to the validity and construction of this Indenture shall be determined in accordance with the laws of the State of Idaho.

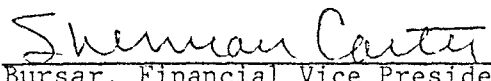
THIRD. The Regents reserve the right to entrust other property to the Foundation, to amend this Indenture in any respect or to revoke it entirely, and to withdraw at any time, or from time to time, any assets transferred to the Foundation, all upon reasonable notice to the Foundation.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hand the date first above written.

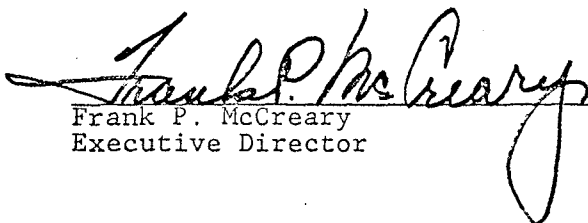
UNIVERSITY OF IDAHO FOUNDATION, INC.

THE REGENTS OF THE UNIVERSITY
OF IDAHO

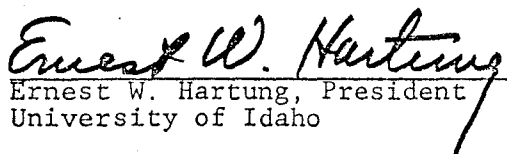

Its President and duly authorized
agent


Bursar, Financial Vice President
and duly authorized agent

Attest:


Frank P. McCreary
Executive Director

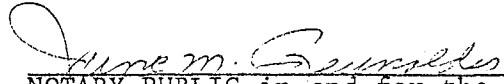
Attest:


Ernest W. Hartung, President
University of Idaho

STATE OF IDAHO)
) ss.
County of Latah)

On this 18th day of May, 1975, before me, the undersigned, a Notary Public in and for said State, personally appeared CARL BERRY, known to me to be the President of the University of Idaho Foundation, Inc., the corporation that executed the above and foregoing instrument, and acknowledged to me that such corporation executed the same.

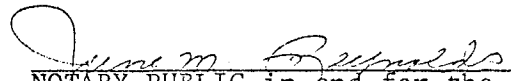
IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal the date last above written.


NOTARY PUBLIC in and for the State
of Idaho, residing at University of
Idaho, Moscow, Idaho

STATE OF IDAHO)
) ss.
County of Latah)

On this 18th day of May, 1975, before me, the undersigned, a Notary Public in and for said State, personally appeared FRANK MCCREARY, Executive Director of the University of Idaho Foundation, Inc., the corporation that executed the above and foregoing instrument, and acknowledged to me that such corporation executed the same.

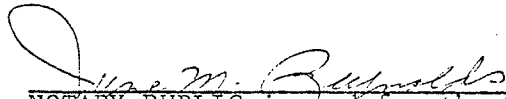
IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal the date last written.


NOTARY PUBLIC in and for the State of
Idaho, residing at Moscow, Idaho

STATE OF IDAHO)
) ss.
County of Latah)

On this 20th day of may, 1975, before me, the undersigned, a Notary Public in and for said State, personally appeared SHERMAN CARTER, known to me to be the Bursar, Financial Vice President and Duly Authorized Agent of THE REGENTS OF THE UNIVERSITY OF IDAHO, the corporation that executed the above and foregoing instrument, and acknowledged to me that such corporation executed the same.

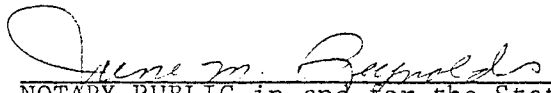
IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal the date last above written.


NOTARY PUBLIC in and for the State
of Idaho, residing at Moscow, Idaho

STATE OF IDAHO)
) ss.
County of Latah)

On this 10th day of may, 1975, before me, the undersigned, a Notary Public in and for said State, personally appeared ERNEST W. HARTUNG, known to me to be the President of the University of Idaho, the corporation that executed the above and foregoing instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal the date last above written.


NOTARY PUBLIC in and for the State
of Idaho, residing at Moscow, Idaho

University of Idaho Foundation, Inc.

CONSOLIDATED INVESTMENT TRUST (CIT)

FY12 Highlights - July 1, 2011-June 30, 2012

CIT Portfolio Market value 6/30/2012

\$187,576,172

CIT Total Rate of Return for FY12

1 Year: -0.9% | 3 Year: 11.3%

CIT Earnings Distributed Since

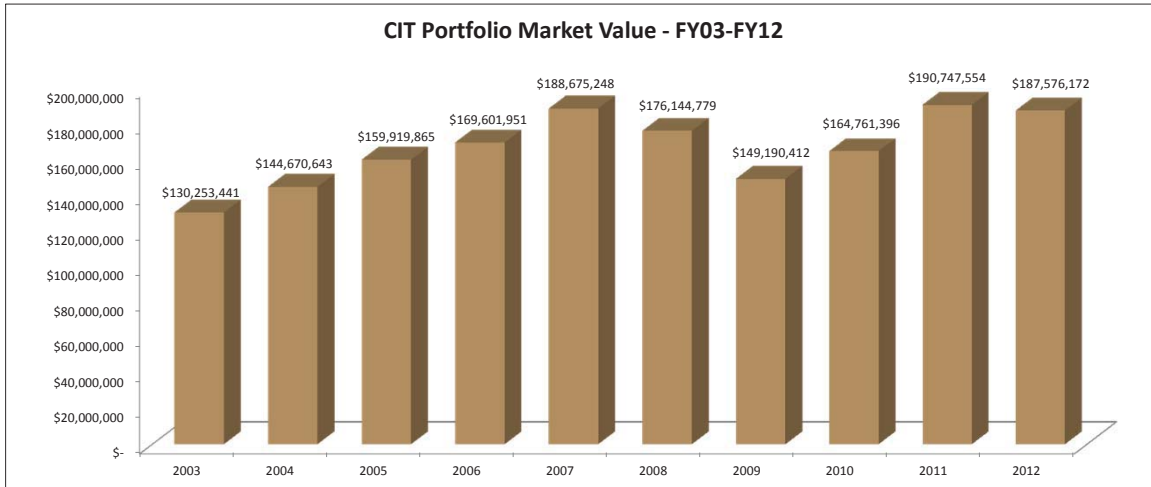
Establishment on 7/1/1959

\$127,732,049

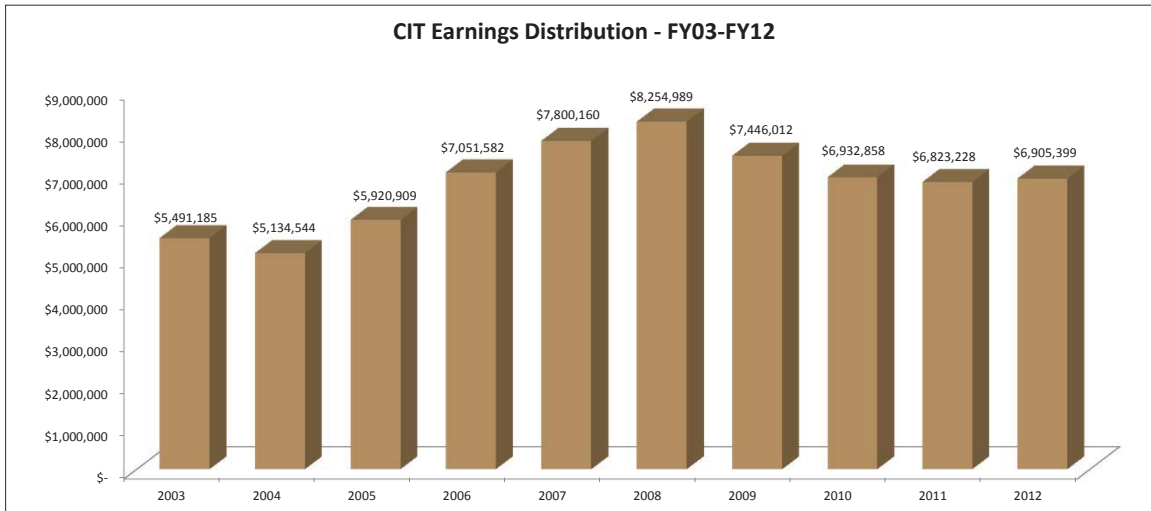
FY12 CIT Earnings Distributed

Scholarships & Student Loans	\$	4,297,147
Academic Programs & Research		2,339,292
Life Income Beneficiaries		159,391
UI Foundation & Affiliates		109,569
Total	\$	6,905,399

CIT Portfolio Market Value - FY03-FY12



CIT Earnings Distribution - FY03-FY12



The University of Idaho Foundation, Inc., and the Consolidated Investment Trust (CIT) undergo an independent annual audit conducted by EideBailly LLP. The audited statements are available online at www.uidahofoundation.org.

Total Number of CIT Endowments 6/30/2012: 1,379

New Endowments Established During FY12: 37

To make a gift, please visit us online at www.uidaho.edu/giving

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Release and Waiver of Rights and Restrictions

WHEREAS, pursuant to the terms of that certain Indenture dated May 20, 1975 ("Indenture"), by and between the Regents of the University of Idaho ("Regents") and the University of Idaho Foundation, Inc., an Idaho nonprofit corporation ("Foundation"), a copy of which is attached hereto as Exhibit A, the parties agreed to the transfer of certain funds from the Regents to the Foundation, subject to certain restrictions; AND

WHEREAS, the Regents desire to release and waive certain restrictions contained in the Indenture, subject to certain conditions and the Foundation agrees to comply with all applicable terms and conditions (such as endowment or trust terms) encumbering any of the funds transferred to the Foundation under the Indenture;

NOW THEREFORE, IN CONSIDERATION OF THE FOREGOING, THE PARTIES HEREBY AGREE AS FOLLOWS:

The Regents hereby release and waive the restriction contained in paragraph FIRST of the Indenture that the assets conveyed from the Regents to the Foundation be held "in trust," PROVIDED HOWEVER, the Foundation agrees to comply with all terms and conditions encumbering such funds;

The Regents further release and waive the rights of the Regents under paragraph THIRD of the Indenture "to amend this Indenture in any respect or to revoke it entirely, and to withdraw at any time, or from time to time, any assets transferred to the Foundation," PROVIDED HOWEVER, this release and waiver shall be suspended if after the date of the last signature to this Release and Waiver of Rights and Restrictions ("Release") the University of Idaho ("University") receives formal written notice from either of the University's bond rating agencies (Moody's Corporation and/or Standard & Poor's) of a downgrade in the credit rating or bond rating of the University which will have an adverse impact on the cost of borrowing for the University, and if the Regents reasonably determine that a suspension of this Release with respect to some or all of the assets subject to the Indenture will abate or reverse such downgrade. The Regents agree to present this Release to its bond rating agencies as part of the University's next regular bond rating review with each such agency, and if each ratings agency indicates there is no material adverse impact on the University's credit rating or bond rating, then this Release shall no longer be suspended or suspendable for any reason, and the University will so notify the Foundation in writing.

In the event any term of condition of this Release is found by a court of competent jurisdiction to be in violation of law or of the terms or conditions of any contractual provisions

applicable to any funds transferred to the Foundation under the Indenture, then this release shall be deemed void and ineffective to the extent necessary to resolve such violation.

Dated: _____

Dated: _____

University of Idaho Foundation, Inc.

The Regents of the University of Idaho

Jeffrey L. Stoddard, Chairman

By: _____
Its: _____

Attest:

Attest:

Nancy McDaniel, Executive Director

By: _____
Its: _____