



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

**APPROVED MINUTES
STATE BOARD OF EDUCATION
April 17-18, 2013
University of Idaho
Student Union Building Ballroom
Moscow, Idaho**

A regularly scheduled meeting of the State Board of Education was held April 17-18, 2013 at the University of Idaho, Student Union Building Ballroom in Moscow, Idaho.

Present:

Ken Edmunds, President
Don Soltman, Vice President
Emma Atchley, Secretary
Richard Westerberg

Milford Terrell
Bill Goesling
Rod Lewis
Tom Luna, State Superintendent

Wednesday, April 17, 2013

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

BOARDWORK

1. Agenda Review / Approval

BOARD ACTION

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

2. Minutes Review / Approval

BOARD ACTION

M/S (Soltman/Westerberg): To approve the minutes from the February 12, 2013 special Board meeting, the February 20-21, 2013 regular Board meeting, the

March 5, 2013 special Board meeting, the March 12, 2013 special Board meeting, the March 14, 2013 special Board meeting, the March 21, 2013 special Board meeting, and the March 27, 2013 special Board meeting as submitted. The motion carried unanimously.

3. Rolling Calendar

BOARD ACTION

M/S (Soltman/Atchley): To set April 16-17, 2014 as the date and University of Idaho as the location for the April 2014 regularly scheduled Board meeting. The motion carried unanimously.

BUSINESS AFFAIRS & HUMAN RESOURCES – Section II – Finance

A. FY 2014 Dual Credit Fees

BOARD ACTION

M/S (Terrell/Atchley): To set the statewide dual credit fee at \$65 per credit for courses delivered at secondary schools for fiscal year 2014. The motion carried unanimously.

Mr. Terrell introduced the item and indicated each institution would be giving a presentation related to dual credit fees. Ms. Grace indicated the statewide fee for dual credit courses has been \$65 per credit for a number of years. Staff developed a cost analysis template which was provided to the institutions that covered a number of areas relative to the fees and standards, and analyzes the cost of dual credit delivery. For the purposes of this analysis, only Boise State University (BSU), Idaho State University (ISU), Lewis-Clark State College (LCSC) and the College of Southern Idaho (CSI) were considered when determining recommendations. The College of Western Idaho (CWI), the University of Idaho (UI), and North Idaho College (NIC) were not included in the recommendations because they were either too new, decentralized, or because whole-scale changes to the program were being implemented. A summary of the dual credit reports were included for Board members in their Board materials. Key findings included high school teacher compensation for dual credit courses, lack of cost accounting, overhead costs, large programs drive down costs, out of district tuition, and the cost for state administered functions among other findings.

Mr. Terrell expressed concern on NIC and UI being excluded. He was concerned with being fair to all institutions and was concerned that three institutions were exempted. Ms. Grace clarified that they are recommending all institutions charge the \$65 per credit fee, and the fee will be consistent across all institutions; and that the exemption of those institutions was from the analysis only. Mr. Edmunds expressed a concern he described as an obstacle to dual credit for students. Ms. Grace further clarified that the dual credit fee was only for those classes taught at the high school. She also described

some partnerships with IDLA and the IEN for online dual credit courses and other options for districts. Mr. Terrell asked about the home school students. Ms. Grace responded that home school students can participate through their local district and co-op scenarios. Mr. Westerberg clarified for himself and others that the Board is merely approving the \$65 per credit fee today and that they are not changing any other practice. There was additional discussion around dual credit and the differences in how institutions approach the subject in making dual credit more cost effective for everyone.

Mr. Terrell requested that the IRSA committee discuss dual credit in more detail.

President Beck from CSI reminded Board members that these courses are fully accredited college courses that the high schools get credit for. He urged caution in how the fees are assessed so as to not create a two-tiered system. He commented that there is not one single model that will work for the entire state given sparse and densely populated areas.

There was discussion about the item being discussed in more detail by the IRSA committee especially regarding cost and access. Ms. Grace requested clear direction from the Board regarding what they would like the IRSA committee to do.

Mr. Westerberg suggested additional discussion by IRSA and the institutions on the delivery model. Mr. Luna requested IRSA discuss access to students for dual credit courses, especially in rural areas. Ms. Grace responded that there is language in Administrative Rule that students are provided Advanced Opportunities. Dual credit courses fall under the definition of Advanced Opportunities.

B. Overview – Student Tuition & Fee Rates (Academic Year 2013-2014)

BOARD ACTION

UNIVERSITY OF IDAHO:

M/S (Westerberg/Soltman): To increase the FY 2014 annual full-time resident tuition and fees at University of Idaho by 5% (\$312) for a total dollar amount of \$6,524; and to increase the annual full-time tuition for nonresident tuition by 2.3% (\$288) for a total dollar amount of \$13,076. Mr. Westerberg offered the substitute motion; a roll call vote was taken and the substitute motion passed 6-1. Mr. Terrell voted nay on the motion.

M/S (Terrell/Westerberg): To approve all other fees set forth in the FY 2014 University of Idaho tuition and fees worksheet which will be made part of the written minutes. The motion carried unanimously.

BOISE STATE UNIVERSITY:

M/S (Westerberg/Soltman): To increase the FY 2014 annual full-time resident tuition and fees at Boise State University by 6.9% (\$406) for a total dollar amount of \$6,290; and to increase the annual full-time tuition for nonresident tuition of 10.1% (\$1,160) for a total dollar amount of \$12,600. Mr. Westerberg offered the substitute motion. The motion carried 4-3. Mr. Edmunds, Dr. Goesling and Mr. Terrell voted nay on the motion.

M/S (Terrell/Westerberg): To approve all other fees set forth in the FY 2014 Boise State University tuition and fees worksheet which will be made part of the written minutes. The motion carried unanimously.

IDAHO STATE UNIVERSITY:

M/S (Terrell/Soltman): To increase the FY 2014 annual full-time resident tuition and fees at Idaho State University by 4.5% (\$274) for a total dollar amount of \$6,344; and to increase the annual full-time tuition for nonresident tuition of 4.5 % (\$532) for a total dollar amount of \$12,332. The motion carried unanimously.

M/S (Terrell/Atchley): To approve all other fees set forth in the FY 2014 Idaho State University which will be made part of the written minutes. The motion carried unanimously.

EASTERN IDAHO TECHNICAL COLLEGE:

M/S (Terrell/Westerberg): To increase the FY 2014 annual full-time resident tuition and fees at Eastern Idaho Technical College by 4.9% (\$100) for a total dollar amount of \$2,122; and to increase the annual full-time tuition for nonresident tuition of 4.9% (\$264) for a total dollar amount of \$5,650. The motion carried unanimously.

M/S (Terrell/Soltman): To approve all other fees in the FY 2014 Eastern Idaho Technical College tuition and fees worksheet which will be made part of the written minutes. The motion carried unanimously.

LEWIS-CLARK STATE COLLEGE:

M/S (Terrell/Atchley) To increase the FY 2014 annual full-time resident tuition and fees at Lewis-Clark State College by 4% (\$222) for a total dollar amount of \$5,784; and to increase the annual full-time tuition for nonresident tuition of 4.0% (\$398) for a total dollar amount of \$10,312.

M/S (Terrell/Goesling): To approve all other fees set forth in the FY 2014 in the Lewis-Clark State College tuition and fees worksheet which will be made part of the written minutes. The motion carried unanimously.

Full-time resident tuition and fee increases being requested by the institutions for FY 2014 (academic year 2013-2014) were recapped in the Board materials.

Mr. Terrell introduced the item and provided some background. Mr. Edmunds asked if the Board would be looking at increases in student tuition and fees based on institution costs, or costs based on impact to the students. Mr. Terrell responded that they have looked at both scenarios. Mr. Terrell reminded the Board members that a student body representative was present during the fee setting discussion and process, and is available to speak to the fee increases. Mr. Terrell recapped the fee increases for each of the institutions and reminded Board members they were provided with details in their Board materials. He reviewed a timeline of how fees have increased over the years on a year-by-year analysis which shows consistency and logic in the fee setting process.

1. University of Idaho – Student Tuition & Fee Rates

President Nellis provided a recap of fees for the University of Idaho for the Board members. He introduced the interim University President Don Burnett, new Student Body President Max Callan, and the current Student Body President Hannah Davis. He also recognized Ms. Kate Cobb, a University of Idaho graduate and member of the Professional Student Association in the audience.

Dr. Nellis provided a recap of their general education budget from FY01 to FY13 and the trends of that budget which show state funds have decreased over the years and consequently student tuition and fees have increased over the years. He indicated there have been increased medical benefits, required increases such as in utilities, promotions, and library costs, a base tuition shortfall, and unfunded state obligations that equates to a total challenge of \$9.8 million. Their total number of students is up, but the number of full time students is down. Their current tuition is \$6,212.00. Ms. Hannah Davis recapped they are asking for a 5.9% increase in resident tuition and fees, a 1.8% increase in the non-resident fees, a 11.8% increase in graduate fees, a 0.7% increase in student activity fees, and no increase in facility or technology fees.

Dr. Nellis indicated they are at 73% of their peer average. He commented that new resources include state funding to include medical benefits, enrollment workload adjustment (EWA), occupancy costs, land endowment and tuition and fees, and shared how those dollars might be allocated to meet the university's challenges. In the 50-state comparison, they are 47th in the nation for resident tuition and fees; Utah and Wyoming are lower, and the median household income for Idaho ranks 29th. Related to inflation and efficiency, they are 20% more efficient per full-time equivalent (FTE) than in FY01. They have used positive steps toward change such as promoting entrepreneurial thinking to cut costs and raise revenues, increase efficiencies, restructured small enrollment classes, and improved financial aid to name a few.

Mr. Soltman asked what would their tuition request increase would be without the \$2.3 million, i.e., to cover a tuition shortfall from the prior year. Mr. Keith Ickes responded that they would look at other opportunities that the student body could work with them

on to move the institution forward. Dr. Nellis clarified that each percent generates about \$600,000.

Ms. Atchley expressed concern about their enrollment projections and asked if they expected the trend to continue. Dr. Nellis responded that they have made advancements with their recruiting process and their applications seem to be up from last Fall. He added that their scholarship structure has been improved which should attract more students as well.

Mr. Lewis questioned the costs to deliver per FTE in the chart that was provided to Board members. Mr. Christie responded that the charts are calculated per institution and the contents come from the audited financial statements. He went on to explain how to interpret the graph and what the numbers and lines mean and explained how the costs would be affected by changes in FTE. Mr. Christie clarified that the chart represents the costs per FTE. Dr. Goesling asked about the variance between administrative costs and instructional costs and expressed concern that instructional costs have not increased as much as administrative costs. He also expressed concern about deferred maintenance costs. Mr. Christie commented that the institutions along with the BAHR committee are looking into the deferred maintenance costs.

Mr. Luna commented generally on what a bargain it is to attend an institution in Idaho along with the high quality of the education students receive. He asked about the presentation by BYU Idaho a year ago on restructuring how higher education is delivered and if UI explored any of the ideas presented by Dr. Clark from his presentation. Do they intend to move toward that model? Dr. Nellis responded that with BYU Idaho being private, they receive a significant amount of funding from the private sector and their affiliation with the LDS church. BYU Idaho has a five course teaching structure and no research mission such as the UI does. He indicated they have looked at it, and relative to the trimester system, they have worked to enhance their summer school program. Mr. Luna pointed out that BYU-Idaho didn't get where they are by merely enhancing summer school; they went to a full three semester tract. He also questioned the additional costs for attending a research institution. Dr. Nellis responded that there are increased lab and faculty costs to a research institution, as well as a benefit to the state of Idaho. Mr. Edmunds interjected that it is important to recognize that BYU Idaho has changed the delivery models of the traditional institution. Provost Baker added that UI has a task force looking at the BYU Idaho model and are examining a three-year completion model as well. Those studies are nearing completion and will be reported on as they are available. He felt the issue would be about marketing this type of model.

Mr. Westerberg asked about the bond reissuance. Mr. Ron Smith responded there will be approximately \$400,000 in savings on a one-time basis and clarified they are taking the savings up front rather than over 10 years.

Mr. Lewis asked about the change in professional fees related to the law school and the reference to a university-wide transition to charging graduate students full time at nine

credits. Mr. Ickes responded that there has been a plateaued tuition for graduate students at ten credit hours and the national standard is at nine credit hours. They found many students were paying the per credit fee but were not achieving full time status. Consequently, what they have done is adjusted the transition to 1-9 credit hours for graduate students in full time status. Mr. Lewis asked if that would result in increasing or decreasing funds to the university. Mr. Ickes responded it will keep things fairly level. Mr. Lewis also asked about the move of the law school to Boise having an effect on the increase. Mr. Burnett responded that it is two-part and discussed the law school details in Moscow and Boise, adding the 4% increase is much needed and is supported by students. He indicated the fact that they are delivering the JD degree to more students in Boise results in some commensurate resizing in Moscow and does have the effect of the university being required by accreditation to do more exclusive things that would likely be undertaken in Boise anyway for the benefit of all the students.

There was additional discussion about the increases particularly for part time students. Mr. Ickes commented they normalized graduate tuition to nine credit hours and normalized it across part-time per-credit-hour basis so a student pays an even schedule of one credit hour at a time through nine credit hours. It is aligning tuition with the norm.

Dr. Goesling asked how their healthcare model is made up and if employees are being asked to pay more. Mr. Ickes responded that they are self insured. The state is mandating a new \$9,100 per individual employer contribution to the medical plan and in the past two years employee contributions have gone up to keep their plan self sustaining. He described additional changes in employee premiums and indicated they are reviewing their plan with a consultant.

2. Boise State University – Student Tuition & Fee Rates

Dr. Kustra introduced Ms. Stacy Pearson, Dr. Marty Schimpf and Mr. Ryan Gregg to participate in comments with him and to provide a presentation from Boise State University. He opened by saying that he is sometimes approached by the Boise Valley Economic Development Partnership when they are bringing CEOs to visit the city. The CEOs are from businesses located in large cities and always ask why they should invest in Boise. He commented that their frame of reference when it comes to higher education is that of a major research university – public or private – that adds significant work force to the economy but also adds value to the overall economy by what its faculty produce in the classroom and in research. He said Boise provides a pretty impressive look for a medium sized city that is growing and seeking out new economic partners.

Dr. Kustra provided a little background on how BSU arrives at its tuition increases, commenting on costs and value received. He indicated they are in a building and growing phase when it comes to enrollment. He expressed concern that in-state tuition covers no more than half to two thirds of the cost of the students attending BSU. He added that from a value standpoint, they are in good shape and have some major

enrollment changes going forward. Dr. Kustra summarized how BSU proposes to play a role in the Idaho economy.

Mr. Gregg commented that the student body takes an active participation in the fee setting process and appreciate being included. He indicated that the linear fee setting process makes sense for students and since it takes place incrementally it doesn't overburden anyone. They are trying to be very intentional with the services they provide and the fees they ask for, adding that they ask for what they need and not what they would like to have.

Ms. Pearson indicated their proposed increase for full time resident students is an 8.6 % increase and part time residents at a 3.2% increase. She summarized how the per-credit total is arrived at through a combination of fees. In their transition to a cost based linear tuition model their goal is to transition the tuition and fee structure to a cost-based linear model over the next five years. The purpose is to cost each unit of instruction and fees so that students pay for and value each incremental unit of credit. Discounts are given at higher course loads to encourage timely graduation. Benefits of the linear tuition model are that it helps to cover the cost of increased enrollments in higher cost upper division courses along with when tuition rises. Benefits include increased access for those students that can only attend part time, funding to hire more faculty, and incentive for all students to complete the courses they enrolled for. Ms. Pearson went on to describe the tuition break-down for students taking 1-12 credits, 13-17 credits and 18 or more credits.

Currently in comparison with their sister institutions, BSU is at the lowest rate for full-time tuition and part-time tuition. Ms. Pearson provided some line graphs to depict how the proposed linear tuition model will look. She added that they will also need increased revenues and those will be used to fund current and past enrollment growth and strategic initiatives, to hire faculty, to provide sufficient academic support for students, provide competitive faculty salaries to retain a strong faculty base, etc. She indicated their freshmen trend is downward, while other student trends are upward. She commented on the state funding decreases and how that creates challenges for BSU. Ms. Pearson commented that despite decreases in budget, BSU is doing a lot. She showed a comparison between 2001 and 2013 that GPA is higher, their building square footage has increased, their research and patents have increased, and their number of graduates has increased to name a few. They have developed proactive measures which include developing additional delivery models for students.

Dr. Schimpf commented that five year graduation rates on incoming cohorts over time show an increase, particularly in 2007. To keep the momentum going, they intend to address the bottlenecks that seniors and upper division students are experiencing. Dr. Kustra provided further clarification on the students who were counted in the chart and those that were not. Dr Schimpf also added comment on going toward the linear tuition model, that if they don't do something, students can't afford to go full time and the part time students end up subsidizing the full time students. Mr. Terrell questioned the rate of the increase that Boise State is asking for. Ms. Pearson responded that they try to

make their decisions very deliberate, adding that they kept their tuition and fee increases very low during the recession. She added that they have not been imprudent in looking at their fee increase. She encouraged looking at the full model to fully understand the increase. Ryan Gregg added that the university is being more transparent with students in how the fees are determined and calculated.

Mr. Westerberg asked if a linear model will change student behaviors. Ms. Pearson responded that it will likely change behaviors and that the university will be diligent in communicating with students on the transition. Mr. Lewis asked about the incentive to take more classes and get students to completion quicker, and whether it incentivizes or de-incentivizes students to take more credits. Dr. Kustra responded that linear fees have in no way interred students from moving through the system. Ms. Pearson added that the incentives need to be at the upper end as they work through the transition, otherwise students will not graduate in time.

Mr. Edmunds asked about moving away from so many adjunct professors. Dr. Kustra responded that the adjuncts ended up teaching on a full time basis and were still being denied health benefits because of their part time status. He clarified that they haven't moved away from adjuncts, but more or less created a new class of adjunct that fits the university needs as well as treats the adjuncts more fairly. He added that the Affordable Health Care act will require them to look further at who is getting benefits and who is not. Ms. Pearson commented that the issue with adjunct workload will change. Ms. Atchley asked what percentage of the faculty are tenured tract. Dr. Schimpf responded roughly 20%.

3. Idaho State University – Student Tuition & Fee Rates

In an effort to move the agenda back on schedule, Mr. Terrell requested ISU and LCSC provide a brief report to the Board.

Dr. Vailas provided a presentation from Idaho State University and introduced Dr. Hatzenbuehler, Provost Barbara Adamcik, Student Body President Matt Watson and Vice President of Finance and Administration Jim Fletcher to assist him. Dr. Vailas reported they are presenting a recommendation that is the lowest in the last 20 years. He also commented that their debt is going down. He remarked that the fee setting process is a very complex process but they are pleased where they arrived. Mr. Fletcher introduced Mr. Watson who echoed the comments of Dr. Vailas, adding how important it is for students to be involved in the process and the importance of the scholarship programs.

Mr. Fletcher summarized the four core principles they used in fee setting, indicating they have arrived at a proposal that fits their strategic objective. He remarked that early college enrollment is up 17% and the number of high school students served by dual enrollment has increased by 20% since 2008. Mr. Fletcher highlighted additional academic accomplishments and enhanced academic services and benefits to students during 2012-13. Mr. Fletcher commented on the reduction in state funding and that the

university will be more entrepreneurial to create other revenue streams as well as keeping their costs in line. He shared a chart providing a visualization of the tuition path since 2001. They propose a 4.51% increase in tuition and fees for full time students. He pointed out that competitively they are in a good place. He outlined the tuition and fee increase essentials such as instruction, faculty, research, administrative support and institutional support, along with student activity fees. They hope to also provide a 2% pay increase to faculty and staff at the university and emphasized the importance of the merit increase. Dr. Hatzenbuehler commented on the annual professional fee increases and pointed out that they have six programs they are requesting an increase for, adding they were thoughtful in which programs they are requesting an increase for. Mr. Fletcher pointed out the details of the new student orientation program and that the total is about \$260,000 to provide this resource for new students. He highlighted the FY2014 budget priorities which included student services and growing research, among other items. He closed by commenting their proposed fee increase is absolutely essential in enabling them to continue on the path of progress they are presently on.

Mr. Luna asked about students absorbing the expanding research costs and the research infrastructure figure presented in one of the slides showing just over \$1 million in costs for research infrastructure. Dr. Vailas responded that those fees go toward improving the infrastructure for all students. Mr. Fletcher provided further clarification on what the research infrastructure amount includes. Ms. Atchley asked about the course fees. Dr. Hatzenbuehler responded that the course fees have been collapsed into the professional fees. Mr. Freeman clarified that Board policy prohibits assessing course fees when there is a professional fee.

4. Eastern Idaho Technical College – Student Tuition & Fee Rates

Dr. Albiston provided a report from Eastern Idaho Technical College. He introduced Mr. Stratton, their Vice President of Finance. Dr. Albiston indicated their requested fee increase is for 4.9% which is in line with what they have requested historically. He commented on their budget development process, and its involvement of faculty, staff and students. He described what the fees would help cover and added they are proud of keeping their fees low and continue to be the lowest cost campus in Idaho. Mr. Luna asked about enrollment and if they have seen increases and in what areas. Dr. Albiston indicated their enrollment is limited in terms of growth because they respond to labor market needs. It is difficult for them to grow programs. They assess what is happening in the region and don't see an increase in enrollment in the near future.

5. Lewis-Clark State College – Student Tuition & Fee Rates

President Fernandez provided a report to the Board and introduced Provost Carmen Simone, Vice President of Student Affairs Andrew Hansen, Student Body President Amy Nelms, and Vice President of Finance and Administration Chet Herbst. LCSC is asking for a 4% increase in tuition, adding if their Complete College Idaho (CCI) initiative had been funded they would be asking for a 0% increase. Their number one initiative is CCI and their number one priority is faculty increases. Ms. Nelms provided

supportive comments for the 4% increase and that the students are supportive of the increase as well, feeling it is necessary for LCSC to remain the institution it has become. Mr. Herbst indicated they are using the increase to cover employee costs mandated by the Legislature, provide additional scholarship dollars, and to fill a portion of unfunded EWA, among other items. LCSC objectives are to continue assigned missions and operating mode. They are ranked as one of the most affordable 4 year colleges and key factors include focused program offerings, lean staffing, lean salaries, etc.

Mr. Herbst shared slides showing trends in funding since 2009 and commented there has been little relief in the FY2014 appropriation from cuts experienced in FY09, FY10, FY11 and FY12. He commented that the plan for FY 2014 includes balancing sacrifices among students, staff and programs. To generate external funding, and control total cost for students. He shared the impact of the 4% increase and that it assumes 0% change in enrollment and an estimated revenue increase of \$600,000. Mr. Herbst provided a chart to showing a visual of their allocation of fees. The impact on students equates to a \$111 increase per semester and \$222 increase per year. Fees fall within the proposed Pell maximum and are competitive with the Western Governor's University. He summarized how they intend to control other costs which include no professional fees and keeping parking at \$5. The impact of changes to request equals that each 1% fee change equals about \$56 per year per student, \$154K in revenue. In summary, their request is a calculated risk to preserve access for financially challenged students and their families, and they will continue to carry out their mission efficiently and effectively.

WORKSESSION

A. Institution Business Enterprises

Mr. Edmunds introduced the work session item and provided background information regarding ISU's proposal to create a pharmacy and how it led to further Board discussion on institution business enterprises.

Mr. Kent Tingey introduced Arlo Luke, President of the Idaho State University Foundation (Foundation), John Gregory, Finance Director of the Idaho State University Foundation, and Darlene Gerry from the Research office at ISU, along with two doctors from the pharmacy who were available for comment if necessary. Mr. Tingey discussed competition and offered comments of support in nature from the University of Utah who had also created a pharmacy in years past. Mr. Luke provided his background and representation from the business world and business perspective. He commented on the items the Board was concerned with which was liability and competition. Mr. Luke commented that competition is nothing different than what they have been currently doing with other university endeavors. The pharmacy is in harmony with every other clinic they have in Idaho. He provided a more extensive background of the university and how the pharmacy is aligned with the university's mission. He emphasized its value to the university and the community. Ms. Gerry commented that with respect to what

other universities are doing, there are a number of competitive activities going on throughout the state by other institutions. She added that the University of Utah is also engaged in a number of competitive activities, adding for example that it runs 14 pharmacies in the region.

She indicated that when she was researching this item, it was difficult to find a university that wasn't running some kind of clinic in their program. She added that the plan for the Bengal Pharmacy is to operate as a nonprofit entity for tax purposes. As an LLC, Bengal Pharmacy can either file its own tax returns or roll into the Foundation's returns. Either way, any operating income will be used for nonprofit purposes, i.e., use by the Foundation and the College of Pharmacy for educational purposes.

Mr. Freeman indicated that at the February meeting a number of concerns were expressed by Board members. He researched how other states handle this and he echoed many of the comments Ms. Gerry made. Mr. Freeman added that the University of Arizona has a pharmacy open only to students and summarized other peer institutions and their pharmacy programs.

Mr. Edmunds encouraged discussion on what the Board is comfortable with the institutions doing. Dr. Goesling asked if they had talked to any local pharmacists and local communities in the area who do not have pharmacies. Ms. Gerry responded that their discussions included local pharmacies and that those pharmacies don't have concerns with the Bengal Pharmacy, rather they are quite supportive of the concept. One of the key missions of the Bengal Pharmacy is to partner with Health West to provide services to rural areas and to the underinsured. Dr. Goesling reiterated the importance of the service to the community.

Mr. Soltman commented the competition needs to be fair. One of the doctors responded that the program is designed to help community health centers and indicated there are cash advantages to Health West. Dr. Vailas commented that as a public university, ISU has to demonstrate what has been created benefits the students, faculty and community, and they believe they have done that.

Mr. Terrell expressed concern about taking away opportunity from the private sector. Mr. Luke responded that it is more than a revenue producer, it involves research, student learning, assisting faculty, and it has many far-reaching benefits including the fact that every dime will go back to the students.

Ms. Atchley asked about what kind of research is being done in the pharmacy and how many students use the pharmacy in the real world practicum. One of the doctors present responded about the research and that on campus those types of opportunities are available to students. Health service research is also being done on how to reach out to the communities on the provision of health care. He added there are about 70 students per year admitted to the pharmacy program; 50% in Meridian and 50% in Pocatello.

Mr. Lewis asked if there is any private investment in Bengal Pharmacy. Mr. Tingey responded it is all from the Foundation. He added that they have no intent to take anything away from the private sector and will provide a direct benefit to the university and the state. Mr. Lewis asked about how pricing would be set for the pharmacy and if their prices with the current structure provide them an advantage over the private sector. Mr. Tingey responded their purchase price is no different than other pharmacy prices and the price to the patient is the same. He added the 340(b) purchase is a different model where the entity they are contracted with purchases the drug and the university gets a small dispensing fee.

There was further discussion about the pricing by the pharmacy and whether the LLC is an adequate shield for the university's liability. Mr. Lewis commented that he did not feel they were completely shielded. Ms. Gerry responded that their legal counsel is very comfortable with the proposal and the shield between the pharmacy and the Foundation. David Alexander, attorney who provides counsel to ISU, provided comment that they can't preclude the idea of liability, but that they are very comfortable with the layers of protection in place including malpractice claims or general liability claims. He added a claim would have to go through the LLC shield, the Foundation shield and finally the tort claims shield of the university. Their feeling is that any increased liability to ISU will be very limited, adding that ISU is exposed presently to liabilities with the college of pharmacy and other areas, and that the margin of risk to the university is very limited and whatever liability may arise they are confident in dealing with it. Mr. Lewis asked if the Foundation is taking on additional risk. Representatives from the Foundation were not present to speak to that question. Ms. Gerry commented that her belief is they are completely comfortable with the level of risk.

There was discussion with regard to policy. Mr. Freeman clarified that the item on tomorrow's agenda related to the Bengal pharmacy is an information item. Mr. Westerberg suggested IRSA bring forward language for proposed change if the Board feels it necessary to amend the non-compete language. There was consensus that the Board needs to make a statement at tomorrow's meeting on whether or not ISU may proceed with plans for the pharmacy and whether it is in violation of Board policy to do so. Mr. Luna thanked ISU for their preparedness on the item.

EXECUTIVE SESSION (Closed to the Public)

BOARD ACTION

M/S (Edmunds/Westerberg): To go into Executive Session to address five issues pursuant to the following sections of Idaho Code: 1) Section 67-2345(1)(a), "to consider hiring a public officer, employee, staff member or individual agent wherein the respective qualities of individuals are to be evaluated in order to fill a particular vacancy or need," 2) Section 67-2345(1)(b), Idaho code "to consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member or individual agent, or public school student," 3) Section 67-2345(1)(c), Idaho code "to conduct deliberations ...

to acquire an interest in real property which is not owned by a public agency,” 4) Section 67-2345(1)(d), Idaho code “to consider records that are exempt from disclosure as provided in chapter 3, title 9, Idaho code,” and 5) Section 67-2345(1)(f), Idaho code “to communicate with legal counsel ...to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated.” The motion carried unanimously.

A roll call vote was taken and the motion carried unanimously.

Thursday, April 18, 2013, 8:00 a.m., University of Idaho, Student Union Building Ballroom, Moscow, Idaho.

The Board convened at 8:00 a.m. at the University of Idaho’s Student Union Ballroom for regular business. Board President Ken Edmunds called the meeting to order at 8:00 a.m.

OPEN FORUM

Mr. Edmunds introduced Kate Cobb. Ms. Cobb, President of the Graduate and Professional Student Association at the University of Idaho, asked to speak about the interaction between students and the administration at the university. Ms. Cobb commented that collaboration is unique to UI and that not many of the students at other institutions have the same personal contact with administration. She outlined a number of meetings she attends and identified many high level personnel that she is able to communicate and collaborate with. She indicated through these meetings, she is able to help create opportunities for students, increase their attendance at university functions, and enhance recruitment efforts. She commented on the importance of this interaction with students and that it makes them feel like more than just numbers or names, adding that university staff care about their students.

Dr. Nellis introduced the University of Idaho’s new football coach, Paul Petrino, and gave a brief history of his background and accomplishments. Mr. Petrino thanked the Board for its support of the institutions and offered some positive comments regarding the football program at ISU going forward. He added the importance of making sure student athletes are accountable in the classroom and reassured the Board that subject was a priority for the university.

CONSENT AGENDA

M/S (Soltman/Goesling): To approve the consent agenda as posted. The motion carried unanimously.

BAHR – SECTION II – Finance

1. Boise State University – Beverage Services Contract

BOARD ACTION

By unanimous consent to approve the request by the Boise State University to enter into a beverage services agreement with Swire Pacific Holdings/Coca Cola North America in substantial conformance with the attached agreement.

2. University of Idaho – Renewal of Lease – CH2M Hill

BOARD ACTION

By unanimous consent to approve the request by the University of Idaho for authority to enter into a sublease with CH2M Hill in substantial conformance to the form submitted to the Board in Attachment 1 and to authorize the University's Vice President for Finance and Administration to execute the lease and any related transactional documents.

3. University of Idaho – Renewal of Lease – UICD/Harbor Center

BOARD ACTION

By unanimous consent to approve the request by the University of Idaho for authority to enter into a lease with the City of Coeur d'Alene in substantial conformance to the form submitted to the Board in Attachment 1 and to authorize the University's Vice President for Finance and Administration to execute the lease and any related transactional documents.

4. University of Idaho – Purchase of Mass Spectrometer

BOARD ACTION

By unanimous consent to approve the request by the University of Idaho for the purchase of a mass spectrometer for a purchase price of \$633,127.00 pursuant to the vendor quote attached to the materials presented to the Board.

IRSA

5. Quarterly Report: Programs and Changes Approved by Executive Director

This item is provided for informational purposes.

6. EITC Program Discontinuance

BOARD ACTION

By unanimous consent to approve the request from Eastern Idaho Technical College to terminate the Radiation Safety Program as presented.

7. HERC Appointment

BOARD ACTION

By unanimous consent to appoint Bill Canon to the Higher Education Research Council for a three-year term, effective immediately, expiring June 30, 2016.

PPGA

8. University of Idaho – Facility Naming

BOARD ACTION

By unanimous consent to approve the request by the University of Idaho to name the proposed classroom and office facility to be constructed for the Center for Forest Nursery and Seedling Research at the Franklin H. Pitkin Forest Nursery, “The Tom and Teita Reveley Classroom Facility.”

9. Boise State University – Facility Naming

BOARD ACTION

By unanimous consent to approve the request by the Boise State University to name the grass practice field the “DeChevireux Field” in honor of a gift designated for field improvements.

10. Lewis-Clark State College – Facility Naming

BOARD ACTION

By unanimous consent to approve the request by Lewis-Clark State College to rename its newly remodeled and re-purposed “Fine Arts/Old Science Building” as “Thomas Jefferson Hall.”

11. Eastern Idaho Technical College – Advisory Council Appointment

BOARD ACTION

By unanimous consent to appoint Jerry Shively to the Eastern Idaho Technical College Advisory Council for a term effective May 1, 2013, and ending December 31, 2015.

By unanimous consent to reappoint Renee Magee to the Eastern Idaho Technical College Advisory Council for a term effective immediately and ending December 31, 2015.

12. Idaho Division of Vocational Rehabilitation advisory Council Membership

BOARD ACTION

By unanimous consent to approve the removal of James Smith from the Vocational Rehabilitation State Rehabilitation Council.

13. St. Maries School District – Trustee Zone Boundary, Technical Correction

BOARD ACTION

By unanimous consent to approve St. Maries School District Trustee Zone boundaries legal descriptions as submitted.

SDE

14. Appointment to the Professional Standards Commission

BOARD ACTION

By unanimous consent to appoint Tony Roark to the Professional Standards Commission for a term of three years representing Public Higher Education (Letters and Sciences) beginning July 1, 2013.

By unanimous consent to reappoint Esther Henry to the Professional Standards Commission for a term of three years representing Secondary Classroom Teachers beginning July 1, 2013.

By unanimous consent to appoint Virginia Welton to the Professional Standards Commission for a term of three years representing Exceptional Child Education beginning July 1, 2013.

By unanimous consent to appoint Heather VanMullem to the Professional Standards Commission for a term of three years representing Public Higher Education beginning July 1, 2013.

By unanimous consent to reappoint Becky Meyer to the Professional Standards Commission for a term of three years representing Secondary School Principals beginning July 1, 2013.

By unanimous consent to reappoint Mikki Nuckols to the Professional Standards Commission for a term of three years representing Secondary Classroom Teachers beginning July 1, 2013.

By unanimous consent to appoint Kim Mikolajczyk to the Professional Standards Commission for a term of three years representing School Counselors beginning July 1, 2013.

PLANNING, POLICY & GOVERNMENTAL AFFAIRS

1. University of Idaho – Annual Progress Report

University of Idaho President Duane Nellis provided the Board with a progress report on the university's strategic plan. He commented UI is nationally recognized as a research institution across the United States and on educational advancement and student affordability, student accessibility, first generation students, and increasing funds for students in need. Dr. Nellis indicated they have secured over \$125 million for student aid at the UI and there is a strong presence of veteran support on campus. They were recently recognized by *Military Times* magazine as one of the top 150 military friendly institutions in the US. He recognized various highlights from their athletic program and how student athletes at UI are outstanding scholars as well, keeping their grade point averages up. He indicated UI's graduation rates are up and they intend to continue to increase that rate.

Dr. Nellis commented their WWAMI program has produced 370 physicians who are currently practicing in Idaho, adding how pleased they were that the Legislature approved five additional WWAMI seats this year. He commented on the quality of educators at the UI and their commitment to the students. They have had only one pay raise in the last seven years, and Dr. Nellis is concerned about retaining top quality faculty and staff who are working so hard for the students and state. The university is rated as one of the safest campuses in the United States and they work regularly on keeping it a safe environment for students. Dr. Nellis discussed the economic impact and research provided by UI, commenting that for every dollar the university gets, they generate about \$9.50 to \$10.00 for the economy. He added they have applied for a number of patents and they have grown their research aggressively over the last three years. Dr. Nellis commented positively on IGEMS and remarked on how extensively they are involved in the agricultural community. He added they have been recognized as a university of distinction in the United States for their contributions as well as their extension to the community and 4-H programs.

Dr. Nellis remarked about the university's vision going forward and about their plans for the care of aging facilities. He introduced their IRIC building they hope to break ground on soon. He closed his report with comments in support of the university, the interim president and the future of the institution.

2. President's Council Report

President Nellis provided a report from the Presidents' Council meetings on behalf of President Bert Glandon who was absent, and answered questions. He reported that at the last President's Council they discussed MOOCs, e-learning across the state, cloud technology, Utah's out of state resident tuition bill, campus alcohol awareness, graduate level courses in collaboration with the Veteran's Hospital, and the impact of the Affordable Health Care Act on adjuncts.

The presidents discussed which MOOCs will be the best for their respective institutions and the institutions are looking into that on their own, adding there will be continued dialogue on that topic. On a related topic, they discussed e-learning across the state and concluded the best action would be to charge the Chief Academic and IT Officers to meet and discuss best practices across the state to include possible future options, costs across the state, deliverables, security, etc.

Related to cloud computing, Dr. Albiston led the discussion during President's Council, where they determined the Chief Academic and IT Officers would work to report on the item in more detail. The presidents discussed Utah's out of state resident tuition bill, and Washington State's flat fee on-line tuition, that has created a more competitive environment from the bordering states. As a way to help address that concern, they discussed increasing the waiver cap from 6% to 8% to be more competitive, and an approach is being developed in the BAHR Committee related to the issue. Presidents reviewed where each institution is related to alcohol on campus. UI has a task force engaged in this work presently and will be presenting more information to the Board at a future meeting. They discussed graduate level courses in collaboration with the Veteran's Hospital, and also discussed the Affordable Health Care Act and its impact on adjunct faculty.

Ms. Atchley asked for more details about Utah. Dr. Vailas responded that Utah passed legislation related to concerns in enrollment where non-resident tuition was dropped for two years to resident rate tuition to attract more students. The other issue was that of a flat fee for on-line tuition that has been adopted by other states.

3. Professional Technical Education – Annual Report

Dr. Todd Schwarz, Administrator of the Division of Professional Technical Education (PTE), provided an overview of PTE's progress in carrying out the agency's strategic plan. Dr. Schwarz reported that the transition from Administrator Stephens to him has been relatively smooth. He recognized Vera McCrink, Kirk Dennis and Josie Chancey, along with all division staff, for their assistance during the transition over the last year. He thanked the President's Council for their collegiality and openness to discussion, and thanked Dr. Rush for his guidance and mentorship.

Dr. Schwarz provided highlights of PTE's strategic plan, its goals going forward, and the Complete College Idaho (CCI) plan. He recapped their mission and distilled mission of

preparing a highly skilled workforce for Idaho. He pointed out they have developed eight objectives relative to the state Board's goal of an effective and efficient delivery system resulting in a highly skilled workforce for Idaho. Dr. Schwarz recapped the history of PTE from its first 50 years until now and how it has evolved and expanded to serve more citizens and students. He reviewed the Idaho Technical College system and the schools it encompasses.

Dr. Schwarz shifted the discussion to show how an improved PTE system would look, describing the building blocks within its structure. He indicated this system design is based on current research, literature, and evidence-based best practice. He discussed how this plan would support the Complete College Idaho plan, and discussed career exploration at the various levels which included the cluster level, the pathway program level and the rigorous program of study level. He indicated the program does not just include a lateral level of alignment, but a vertical level of alignment as well. The implications and challenges of this type of program include new evaluation and program approval criteria, modification to current Tech Prep advanced learning, teacher preparation, and other considerations. Dr. Schwarz pointed out there are great opportunities for more meaningful articulation of postsecondary credit, emphasis on career and workplace readiness, coherent and comprehensive guidance models, to name a few. Dr. Schwarz commented on how this relates to the CCI plan in that it would allow for a more synchronized system, adding that PTE can contribute a meaningful educational experience in projected occupations that require less education than a baccalaureate. He indicated a synchronized PTE system is essential to achievement of the Board's 60% goal and the potential and opportunity is present for the system to easily move this direction.

Mr. Edmunds asked who the best contact is with industry partners. Dr. Schwarz responded that it varies, and the relationships vary at the local level, adding that there is no question that a deeper look needs to be taken regarding agency engagement. Mr. Edmunds asked about PTE creating a plan to engage at the industry level. Dr. Schwarz responded they are presently working on that as part of their strategic plan, and are looking at how to create those relationships.

There was further discussion on how to reach adult learners and how to effectively communicate what opportunities there are to re-educate adults as well as educate younger students in technical fields. There is a definite lack of understanding for those students wanting to re-enter the system. Mr. Luna commented on what is happening between industry, higher education and K-12. He spoke of K-Tech and felt it could be duplicated across the state. The K-Tech school teaches many of the trades discussed by PTE and serves approximately 500 students, with even more on a waiting list. He felt K-Tech is a great example of success for K-12 and PTE learning. Mr. Luna recommended the next time the Board meets is in North Idaho to should visit the school. Dr. Schwarz added that there are almost 8,000 students participating in those types of programs that have a higher level of rigor in their requirements and a higher level of rigor in their integration with postsecondary. Mr. Luna added the placement in business for students coming out of those programs is 90-95%.

4. Board Bylaws H.4. – Audit Committee – Second Reading

BOARD ACTION

M/S (Soltman/Atchley): To approve the second reading of amendments to Board Bylaws H.4., Audit Committee, as presented in attachment 1. The motion carried unanimously.

M/S (Lewis/Atchley): To reconsider the approval of the amendments to the Board bylaws H.4, Audit Committee as presented in Attachment 1 (Tab 4 of the Planning, Policy and Governmental Affairs Committee). The motion carried unanimously.

M/S (Lewis/Atchley): To amend the policy by striking out the first sentence in section c, part 1) and inserting: “Recommend the independent auditor to the Board for appointment by the board, establish the compensation for, and evaluate and oversee the work of, the independent authors”. The motion carried unanimously.

Mr. Lewis commented that the Audit Committee should recommend the independent auditors to the Board for approval and recommended additional motions to this item.

5. Board Policy I.P. – Idaho Indian Education Committee – Second Reading

M/S (Soltman/Goesling): To approve the second reading of Board Policy I.P. Idaho Indian Education Committee – second reading as presented. The motion carried unanimously.

6. Approval of Institution, Agency and Special/Health Programs Strategic Plans

BOARD ACTION

M/S (Soltman/Atchley): To approve the 2014-2018 (FY2015-FY2019) Community College, Agency, and Special/Health Program strategic plans as submitted. The motion carried unanimously.

Mr. Soltman invited the institution presidents to discuss their strategic plans and also provided a brief background on the strategic planning process and timeline. He indicated that each plan includes a vision and mission statement, goals, objectives, performance measures, benchmarks and external factors.

President Jerry Beck presented the College of Southern Idaho’s (CSI) strategic plan to the Board members. He mentioned they have about \$16 million in construction presently on the campus. Their first initiative deals with student learning and success. CSI is working on emphasizing student success and completion and to demonstrate continued commitment to and shared responsibility for student learning and success.

He discussed concerns with students who don't get counted in the process because they take too long to make it through the system. Their initiative of performance and accountability is to commit to continuous improvement and institutional effectiveness. Dr. Beck commented CSI embraces organizational change and a culture of continuous improvement, and touched on their outcomes assessment and principles and practices of lean higher education (LHE). He pointed out they are active in improving programs, services, processes and systems, as well as utilizing limited resources judiciously. Dr. Beck commented on a tentative strategic initiative where the J.A. and Kathryn Albertson Foundation requested RFPs on a P-Tech school model and will provide a grant for \$5 million. CSI is one of the finalists for the grant. In this grant, CSI would open and operate four new charter schools (9-12 grade level) owned and operated by the college, and in conjunction with K-12 schools across the state. The schools would have different themes such as i-STEM, business, health care and professional-technical education, and be year-round schools. 60% of students would graduate with their Associate's degree at the same time they receive their high school diploma. They feel that another 20% would then move on to CSI to further their education. The first school would be operational during the Fall of 2014.

Mr. Luna commented this is a great example of the work by the Albertson's Foundation to help further education in Idaho.

Mr. Jeff Shin, Budget Director for the College of Western Idaho (CWI), provided a recap of the college's strategic plan for Dr. Bert Glandon who was unable to attend today's meeting. Mr. Shin provided the highlights of CWI's strategic plan and that their institutional priorities include structuring student success, developing systems to support faculty and staff, implementing practices of fiscal stability and connecting the college to the community. They have also added a plan to ensure the sustainability of the CWI structure. The goal of the strategic plan is to ensure the institution is meeting the mission of providing affordable access to quality teaching and learning opportunities.

Mr. Shin pointed out their strategic plan sets priorities and strategies to ensure a strong structure. Their plan for students between high school and CWI includes dual credit and tech-prep opportunities. This includes continuous support between secondary and postsecondary education. While students are at CWI, their focus is on providing tools for quality instruction and support, with a strong concentration on curriculum, instructional expertise, tutoring and other support services to provide a pathway for student success.

The strategic plan includes connecting with the community and partnership opportunities with Idaho's businesses, colleges and universities. In discussing metrics and sustainability, metrics of CSI student success includes voluntary framework of accountability, longitudinal data system and alignment with statewide measures. They have also made efforts to ensure the sustainability of their infrastructure and have identified internal processes to keep it in place. Mr. Shin also pointed out that in 2014 CWI will have completely established its benchmarks for the strategic plan so that they can start measuring against the data they have been collecting.

Dr. Joe Dunlap provided a recap of North Idaho College's (NIC) strategic plan. Dr. Dunlap indicated that while their strategic plan is a document that provides structure for the college, they identified that it was not comprehensive enough in terms of identifying what their priorities are and how they move forward. Over the past six months, they have developed an educational master plan that articulates priorities with regard to facilities, funding options, programmatic issues, and trends and growth strategies for the college which is more comprehensive than their strategic plan. The plan is posted on their website as well.

Dr. Dunlap indicated their strategic plan includes five goals. The first is student success of which some initiatives include a grant by Avista to promote development of entrepreneurs in the region. NIC is proactively working toward reducing student loan debt and the amount of debt that the institution is responsible for. They also include dual credit offerings for students and NIC's Outreach center move allowing for greater capacity and program offerings for students. They have developed a task force to look at how MOOCs would be beneficial to the institution. Their second goal relates to educational excellence. NIC has successfully completed their seven-year accreditation visit by the Northwest Commission on Colleges and Universities. Additionally, their professional-technical and workforce training team offered customized 16 week courses to certify welders for re-employment at the Lucky Friday mine. In terms of community engagement, they were awarded a \$2.97 million grant intended to create an aerospace center to meet work force demands and help veterans and displaced workers in need of retraining. Dr. Dunlap indicated they are working on a fundraiser for a new science lab at Sandpoint. They host a variety of community events and celebrated a community day of volunteering during NIC's day of service. Their last two goals of diversity and stewardship embrace working with the Coeur d'Alene Tribe and the American Indian Student Services. NIC also works with the active Gay/Straight Alliance student club. For stewardship, they implemented single-stream recycling program, environmental sustainability methods and cooperated with the city of Coeur d'Alene to address the dike road certification.

Dr. Nellis from the University of Idaho (UI) provided a report on its strategic plan which contains four goals, adding they are in the second year of implementing the plan. Their plan is linked to the Board's goals. Provost Doug Baker provided an overview of their goals and discussed some performance measures of each. Their first goal of teaching and learning enables student success in a rapidly changing world. Their objectives are to build adaptable, integrative curricula and pedagogies, and to develop integrative learning activities that span students' entire university experience. Strategies under Goal 1 objectives include streamlining policies to enable creative program revision, using internal and external assessments, developing increased learning opportunities for underserved communities, increase educational experiences within learning environments, and increase opportunities for student interaction and interdisciplinary collaboration to name a few. Under their second goal of scholarly and creative activity, they promote excellence in scholarship and creative activity to enhance life today and prepare students for tomorrow. Their objectives for this goal include strengthening all

scholarly and creative activities consistent with the university's strategic missions and signature areas, and enabling faculty, student and staff engagement in interdisciplinary scholarship and creative activity. Provost Baker indicated goal three is an outreach and enrichment goal structured to meet society's critical needs by engaging in mutually beneficial partnerships; and objective four is a community and culture oriented goal which encourages students to be purposeful, ethical, vibrant and open to community.

Mr. Lewis suggested related to metrics it would be helpful to know what percentage institutions are at today and what metric it is being measured against for tomorrow. He wanted to be able to see clearly whether institutions were achieving improvement. Dr. Goesling echoed those comments and suggested comparing the institutions against their peer institutions. Provost Baker pointed out that a performance measures report was provided to the Board in October 2012.

Dr. Kustra from Boise State University (BSU) provided an update on BSU's strategic plan. He identified three of the goals of their strategic plan and summarized the progress on those goals. Their first goal is to create a signature, high-quality educational experience for students. Their intention is to teach the skills employers want like critical thinking and communications, to innovate in the classroom and boost multi-disciplinary cooperation. Their second goal is to advance STEM goals with graduate programming and research by building on strengths with new graduate programs and research. They work at attracting high-quality faculty and students, and boost experiences and opportunities for all. Their third goal is to align programs with community needs. This goal helps to advance scholarships and spur partnerships with local companies. Researchers create innovations and innovators help enhance the economy. Programs, services and collaborations help strengthen our state and community. Dr. Kustra provided some examples of programs aligning with community needs. He highlighted the works of some outstanding students. Dr. Kustra closed with comments on their continued growth assisted by the use of bonding.

Mr. Lewis pointed out with regard to the targets for 2017 it may be hard to gauge how they are doing presently, and recommended an interim measure for BSU.

Dr. Vailas provided a summary of Idaho State University's (ISU) strategic plan. He introduced Dr. Adamcik who assisted with the presentation. Dr. Adamcik highlighted ISU's strategic plan and their focus on increasing the pipeline and retaining students. Their early college dual enrollment program has increased 16.3% from 2011 and 2012. Annual credit hours increased by almost 21%. In retaining students, they have increased the amount of money in the Career Path Internship Program. The retention of students in the program is presently at nearly 600 students compared to about 250 in FY2011. She commented on the success of their on-line education programs at ISU. This past year they had 819 on-line selections for students. They are encouraging students to complete the requirements for the bachelors' degree while they are working toward their associate's degree. She mentioned other programs such as fire services administration and emergency management that are fully online. ISU's overall graduation rate for the fall cohort is about 36% and they have initiated an on-line

advising program for students to help identify what students need to complete their degree. The program also includes “what-if” scenarios for students considering changing majors. Dr. Adamcik commented they attempt to be very efficient with their programs and do provide data to all their deans on a number of metrics related to program review.

Mr. Westerberg asked about benchmarks and made a suggestion that institutions show clearer progress over time. Ms. Atchley asked if their alignment with the Board’s strategic plan is beneficial for the institution. Dr. Adamcik responded it was a very important process and that the benefit is they are all focused on the same important issues.

Mr. Lewis expressed concern with some of the goals not being aggressive enough for the institutions. Mr. Soltman recommended the Board members provide those types of comments and suggestions to Tracie Bent at the Board office to forward provide to the institutions and reminded Board members the strategic plans may be reviewed again in June to ensure the comments and recommendations were addressed.

Dr. Fernandez provided a recap from LCSC with the help of Chet Herbst. He commented that their strategic plan is in alignment with the Board’s strategic plan. Mr. Herbst reported their first goal is a well educated citizenry and they intend to meet those objectives that the Board has identified such as access, a higher level of educational attainment, adult learner re-integration and transition. Their second goal of critical thinking and innovation encompasses creativity in undergraduate research and symposia and quality instruction and innovation. Their third goal is effective and efficient delivery systems which include being cost-effective and fiscally prudent. They are engaged in data driven decision making, administrative efficiencies and educational efficiencies. Dr. Fernandez also commented on the changes their strategic plan would contain for next year. Their goals will be refined to four major statements and that plan should be completed this summer and presented to the Board.

Dr. Steve Albiston provided a brief report on Eastern Idaho Technical College’s (EITC) strategic plan. He updated the Board that the northwest accrediting body evaluated EITC’s year three report and were very complementary of the institution. The college received four accommodations and one minor recommendation. He recapped a couple of projects which fall under EITC’s first goal of a well educated citizenry. The first project is the Adult Basic Education (ABE) Pilot Bridge Program which is a remediation project that provides basic skills and instruction to students whose skills are below 12th grade, allowing them to transition into a technical education program more quickly. Their plan is to enroll students concurrently in ABE and in the college math and/or English class that their program requires, then provide extra instructional support to fill in academic gaps. The second project is their EITC Nursing program which is based on concept based curriculum designed to increase critical thinking skills. This program has been successfully implemented by numerous NLNAC accredited institutions. He reported that they have a number of performance measures in different areas of their strategic plan they are working on.

Mr. Soltman reminded the Board members to provide comment and recommendations for institutions to Tracie Bent who will then provide that information to the institutions for any revisions and asked the institutions to provide their performance measure data for all measures in their strategic plans to Tracie, for consideration at the June Board meeting.

7. President Approved Alcohol Permits Report

Ms. Bent indicated the last update presented to the Board was at the February 2013 Board meeting. Ms. Bent clarified that the institutions are in the process of evaluating their individual campus policies regarding student alcohol/drug use. A status update will be provided to the Board at the June Board meeting as part of the Presidents Council report, with a full report and recommendations scheduled to be presented at the August Board meeting.

AUDIT

1. Audit Committee Charter

BOARD ACTION

M/S (Atchley/Terrell): To approve the amendment to the Audit Committee Charter as presented requiring institution presidents to confer with the Audit Committee chair prior to hiring an internal audit manager. The motion carried unanimously.

The proposed amendments to the committee charter would specify the institution and president must confer with the committee chair prior to hiring an internal audit manager. The amendment would allow the committee to provide input to the hiring process.

2. Lewis-Clark State College – Internal Auditor Update

Ms. Atchley indicated the Audit Committee has discussed Lewis-Clark State College's (LCSC) internal audit function with college management. Previously concerns were expressed by the Audit Committee that the college's controller, also acting as internal auditor, lacks necessary and appropriate independence. The Audit Committee has asked management to provide an update on the College's internal audit function to the Board. Ms. Atchley invited members from LCSC forward to discuss the item. Mr. Chet Herbst and Mr. Jeff Phelps provided an update of the colleges' internal audit function.

Mr. Herbst provided a bit of background and indicated that due to limited resources, some administrators have had a broader scope of responsibility related to university functions. They have also out-sourced certain responsibilities. He also provided examples of specialized staff members that the college does not have such as governmental affairs directors. He indicated LCSC has grown in recent years, but their needs at this time are in key operational areas such as faculty, security, etc. The LCSC

controller has operated as the internal auditor. Advantages of that approach include retaining highly qualified experts and the auditor having direct access to all college financial transactions, including policies and procedures. The auditor has high visibility within senior administration and strong emphasis on daily and long term compliance. Mr. Herbst pointed out potential disadvantages of this approach is that there is a need to judiciously allocate time to both assigned functions. Mr. Herbst clarified that the controller does not audit his own functional area. He clarified the Board's external auditor focuses entirely on controller operations and the controller is under close scrutiny by executive management. Their reporting line runs directly to the President and the State Board Audit Committee. LCSC is also pursuing the augmentation of an internal audit team with functional area experts from college faculty and staff, the use of local independent auditors with extensive experience and using internal auditors from sister institutions to work with the college in certain cases. They are also exploring the future joint position with a sister institution to make efficient use of resources.

Mr. Herbst indicated their approach has worked to date and has not contributed to any material deficiencies or compliance issues. It has facilitated robust, systematic overview of financial operations with unsurpassed visibility of potential problem areas. They are aware that the dual-hatted approach doesn't match the style used in the universities, but they are going the extra mile to provide additional safeguards to deal with perceptions related to both independence and possible "self evaluation". He reported they do their best to mirror all internal audit planning, audits, and reporting procedures. Mr. Herbst indicated in summary, they have continued to expand and improve their internal audit process over the past several years and have worked hard to support the needs of the Audit Committee and the Board. They are continually committed to the effective and efficient management of its programs, people and resources, and compliance with state Board policies.

Ms. Atchley commented that the dual-hat process is riskier than the Board would like and LCSC's internal audit function is of concern. She felt the concerns of the Audit Committee have not been addressed. Mr. Lewis echoed those remarks and brought up a number of points where the Board requested they not have a dual-hat situation. Ms. Atchley asked for a directive from the Board as a whole. Dr. Rush clarified that the Board's committees do not have authority to operate separate from the Board.

Mr. Lewis commented that it has been determined by the Committee that LCSC should appoint a separate internal auditor. President Fernandez responded that LCSC is looking at ways to fund and acquire a separate internal auditor and they do not disagree with the directive from the Board. He commented that if it is the desire of the Board to have a full time or part time internal auditor, LCSC will do so.

Dr. Goesling asked if the college will be given any leeway regarding the additional personnel costs of hiring an auditor. He asked if there is any change in their tuition and fee structure. The response was that tuition and fees and an auditor position are separate, and if LCSC decides to return to the Board for that request they will have the opportunity to do so.

BUSINESS AFFAIRS AND HUMAN RESOURCES

Section I – Human Resources

1. Amendment to Board Policy – Section II.H. – Coaching Personnel – Second Reading

M/S (Terrell/Westerberg): To approve the second reading of proposed amendments to Board Policy II.H., Policies Regarding Coaching Personnel and Athletic Directors, and the Model Coach Contract, with all revisions as presented. The motion carried unanimously.

The only change between first and second reading is removal of the phrase “and approved by the University (College)’s Board of (Regents or Trustees)” in sections 3.2.3 and 3.2.4 of the model contract. These two sections relate to supplemental compensation. The historical practice has been that once the Board approves a coach contract, the determination of whether a coach receives supplemental compensation is at the discretion of the institution president.

2. Amendment to Board Policy I.N. – Miscellaneous Provisions – First Reading

M/S (Terrell/Soltman): To approve the first reading of proposed amendments to Board policy section I.N., Miscellaneous Provisions, with all revisions as presented. The motion carried unanimously.

Idaho Code sections 33-104 and 59-509(h) provides that Board members shall receive \$50 for each day spent in the actual performance of duties. The Office has historically paid partial honorariums of \$25 per day when Board members perform official duties for less than four hours on a given day, but Code is silent with regard to proration of the daily rate. The proposed amendments would codify the current practice of prorating honorarium payments.

BUSINESS AFFAIRS AND HUMAN RESOURCES

Section II – Finance

1. FY 2014 Athletics General Fund Limits

BOARD ACTION

M/S (Lewis/Westerberg): To approve the FY2014 athletics limits for General Funds as listed on Attachment 1 lines 28-31 and the FY2014 athletics limits for institutional funds as listed on Attachment 1 lines 14-21. The motion carried unanimously.

Mr. Freeman provided a recap of the athletics limits. The recommended FY 2014 General Funds limit shown in Attachment 1 of the Board materials, lines 28-31 represents a 3.77% increase. Each institution will bring their gender equity plans to the Board in June. At that time the institutions could ask the Board for additional funding to add a sport or to address other compliance issues. The institutional fund limits, as shown in Attachment 1 to the Board materials, lines 14-21, represents a 5.27% increase.

Mr. Terrell expressed concern over what he perceived as an inequity in limits with BSU. Mr. Freeman clarified that the determination was to create a base line for general funds limits for athletics and gender equity – this reflects their historical limits.

2. FY2015 Budget Request Process Guidelines

BOARD ACTION

M/S (Terrell/Soltman): To direct the college and universities to use the following categories to develop FY 2015 Line Item budget requests:

- 1. Complete College Idaho (CCI) initiatives**
- 2. Performance-based Funding**
- 3. Deferred Maintenance**
- 4. Institution Specific Initiatives (up to two)**

Voting on the motion carried unanimously.

M/S (Lewis/Terrell): To amend the motion to add *per student funding* to the list of categories. The motion carried 6-2. Dr. Goesling and Mr. Terrell voted nay on the motion.

Ms. Atchley asked about the MCO budget in the development process. Mr. Freeman clarified that the MCO budget is always requested during the budget development process at a minimum. He added that for CCI, PBB and deferred maintenance, those will be system-wide line items developed by Board staff and the institution specific initiatives include up to two priority areas for funding requests by the institutions. Ms. Atchley asked how many times the MCO budget has been funded recently. Mr. Freeman responded perhaps only once. Mr. Lewis asked if these are the same priority items identified previously and asked what they are doing about equity funding. Mr. Terrell responded in the affirmative and that the committee is not looking at equity funding at this time. Mr. Lewis responded that he would like to have a dialogue about funding per student.

Mr. Freeman clarified for the Board members that items 1-3 are intended to be system wide line item requests to be generated by the Board, and item 4 is for the institution specific initiatives. These four items are direction for what the institutions need to include in their budget requests. Mr. Lewis expressed concern with equity funding coming off the list and offered an amendment to the original motion. Mr. Terrell

requested the committee be allowed to continue work on the item, suggesting in June there may be some solutions to the concerns.

At this time on the agenda, unanimous consent was requested to move to item #12 on the agenda regarding bonds.

3. FY2014 Appropriations

FY2014 College and Universities Appropriation Allocation

BOARD ACTION

M/S (Terrell/Westerberg): To approve the allocation of the FY 2014 appropriation for Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and system-wide needs, as presented on Tab 3b, Page 5, and to declare the allocation equitable. There was no further action on the motion at this time.

M/S (Terrell/Westerberg): A motion that this item be postponed until the next special Board meeting. The motion carried unanimously.

Mr. Terrell indicated that staff recommends approval of the FY 2014 College and Universities allocation as presented in Attachment 3 of the Board agenda materials. Mr. Lewis requested clarification of the statement to “declare the allocation equitable.” Mr. Freeman responded that in the appropriation bill for colleges and universities it includes a section in the intent language that states it is the responsibility of the state Board of Education to allocate funding appropriated in the act of achieving equitable distribution among the colleges and universities. In developing the allocation, the BHR Committee determined it would be appropriate language to include in the motion. Mr. Lewis felt uncomfortable in having those words included in the motion and his recommendation would be to not include them.

Dr. Kustra commented that he felt it would be insulting to the faculty, staff and students of BSU to include that language in the motion.

Mr. Lewis asked with respect to the motion, if this represents the recommendation of the committee with respect to the distribution of EWA and additional equity funding appropriated by the Legislature. Mr. Westerberg clarified that the intent was to speak to this year’s allocation. Mr. Lewis asked for clarification about how the funding was worked out by the BHR committee. Mr. Freeman directed the Board members to the Board agenda materials for clarification. Mr. Westerberg provided additional clarification on behalf of the BHR committee.

Mr. Luna commented that this isn’t one time monies, that what they do here changes the base for what the institutions do going forward. Mr. Edmunds echoed those

remarks. Mr. Freeman reiterated that this is ongoing funding in the base, and there was additional discussion about the base funding levels.

Community Colleges FY2014 Appropriation Allocation

BOARD ACTION

M/S (Terrell/Atchley): To approve the allocation of the FY 2014 appropriation for the College of Southern Idaho, College of Western Idaho and North Idaho College, as presented on Tab 3d, Page 3. The motion carried unanimously.

Division of Professional-Technical Education

BOARD ACTION

M/S (Terrell/Westerberg): To approve the request from the Division of Professional-Technical Education for the FY2014 appropriation allocation as detailed on Tab 3d, Page 3 (Attachment 1). The motion carried unanimously.

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

BOARD ACTION

M/S (Terrell/Atchley): To approve the amount of the Idaho Promise Scholarship, Category A, at \$3,000 per year (\$1,500 per semester) for those applicants who are selected to receive or renew the Idaho Robert R. Lee Promise Category A Scholarship for the 2013-2014 academic year. The motion carried unanimously.

Idaho Promise Scholarship – Approve Category B Award

BOARD ACTION

M/S (Terrell/Atchley): To approve the amount of the Idaho Promise Scholarship, Category B, at \$225 per semester per student (450 annually) for those current recipients who maintain eligibility and for qualified first-year entering students under the age of 22 in academic year 2013-2014, and to delegate to the Executive Director the authority to approve adjustments to the amount as necessary resulting from any enrollment changes or holdbacks that may be ordered by the Governor during FY2014. The motion carried unanimously.

FY2014 Idaho Opportunity Scholarship

BOARD ACTION

M/S (Terrell/Westerberg): To approve the amount of the Idaho Opportunity Scholarship, to be \$3,000 per year (\$1,500 per semester) for those applicants who

are selected to receive or renew the Idaho Opportunity Scholarship for the fiscal year 2014. The motion carried unanimously.

M/S (Terrell/Westerberg): To set the Cost of Attendance to be used in the formula that determines the award for the Opportunity Scholarship at a maximum of \$18,600 for 4-year institutions and at a maximum of \$12,700 for 2-year institutions for the fiscal year 2014. The motion carried unanimously.

M/S (Terrell): To set the student contribution for the fiscal year 2014 at \$6,500 for students at 4-year institutions and at \$4,500 for students at 2-year institutions, and to accept student-initiated scholarships and non-institutional and non-federal aid as part of the student contribution. Mr. Lewis voted nay on the motion.

Mr. Lewis asked about the effect of moving to the \$18,600 for the Opportunity Scholarship. Mr. Freeman responded that this is a need/merit based scholarship and the intent is to make up the last amount based on what they have already received so the student can attend. Ms. Bent added that the formula is calculated based on all the factors minus the student contribution set by the Board. Mr. Lewis asked if it is an increase of \$1,500. Mr. Freeman responded in the affirmative.

4. Amendment to Board Policy – Section V.B. – Budget Policies – First Reading

BOARD ACTION

M/S (Terrell/Soltman): To approve the first reading of proposed amendments to Board policy Section V.B., Budget Policies, with all revisions as presented. The motion carried unanimously.

Mr. Freeman provided some background for the item clarifying they are cleaning up the policy on miscellaneous receipts. Additionally, the School for the Deaf and Blind is no longer under the Board's jurisdiction, so the reference to it is obsolete. This item is mainly for housekeeping of the policy language.

5. Amendment to Board Policy – Section V.F. – Bonds and Other Indebtedness – First Reading

BOARD ACTION

M/S (Terrell): To approve the first reading of proposed amendments to Board Policy V.F., Bonds and Other Indebtedness, with all revisions as presented. Item returned to BAHHR by unanimous consent.

Mr. Freeman provided some background for the item regarding how the ratios were arrived at and whether the 7% debt ratio is where it should be. He added all CFO's from the institutions have had significant input and review of this policy, reminding the Board this is the first reading. Ms. Pearson commented on behalf of all institutions that

this policy has been in need of updating. However, she cautioned that the policy should not be too restrictive so that the Board doesn't allow for consideration of each institution's separate bond issuance and factors. Ms. Pearson indicated debt is an important tool for institutions. She provided a presentation for illustrative purposes, and commented the institutions use a lot of tools to make sure debt is managed prudently. They are concerned with the debt ratio and the viability ratio. By lowering the debt burden from 8 to 7%, it reduces remaining debt capacity for certain institutions, access to low interest rates, and leverage as a tool; and setting the viability ratio at a minimum of .8% with a target of 1% eliminates bargaining ability. That means that no more than 8% of their operating budget should be spent on principal and interest payments. Ms. Pearson provided a number of graphs showing comparisons on ratios and debt service. She concluded by saying they support the policy, but they would like tools available for the institutions.

Mr. Jim Fletcher commented that ISU believes a debt policy is important, but they disagree on some of the elements of the policy. Mr. Fletcher indicated that the guidelines of the policy should have analytical integrity meaning it can be supported by external auditors and those who review the ratios. He felt the viability ratio was somewhat soft.

Mr. Herbst commented that LCSC is in agreement with colleagues on this item in that there should be guidelines for a debt policy, but that flexibility on a case-by-case basis is important. He cautioned about a policy that would bind the institutions several years down the road.

Mr. Ron Smith commented that UI also agrees that the institutions need a debt ratio policy, adding that the values should be subject to consideration, and that the institutions should be financially able to handle their debt.

Ms. Atchley commented that the policy may need modification because of the numerous exceptions to the ceiling. Mr. Lewis was curious how the 7% was arrived at. Mr. Freeman responded that in the survey of other systems across the nation 10% was the highest. He reminded the Board that this is the first reading and hoped for feedback from the Board on the ratio. Ms. Pearson commented that it is good for the Board to set guidelines for the policy, but limiting it to two ratios is problematic. Mr. Lewis provided comments on historical perspective.

There was further discussion related to the ratios and Mr. Terrell recommended returning the item to the BAHR committee for additional work, then returning the item for the first reading at a later time.

Mr. Freeman asked for clarification on how many ratios the Board would like reviewed and what the upper end guidelines are. Dr. Goesling recommended looking at more than one ratio. Ms. Pearson asked if the Board would like the institutions to propose ratios. It was not clear on what direction the Board recommended for the BAHR Committee.

6. Boise State University – Employee Dependent Fee Program

BOARD ACTION

M/S (Terrell/Goesling): To approve Boise State University’s request to make permanent the employee dependent fee program consistent with the terms presented. The motion carried unanimously.

Ms. Pearson reported on the success of the program, and due to the success of the pilot program, the university now seeks Board approval to make the dependent fee a permanent employee benefit. In the pilot program’s first year, the total cost to the university was \$265,950. The university anticipates usage rates and program costs will remain relatively consistent.

7. Boise State University – Planning and Design of Fine Arts Building

BOARD ACTION

M/S (Terrell/Soltman): To approve the request by Boise State University to commence the planning and design phase for a Fine Arts building for a cost not to exceed \$2,885,000 in institutional funds. Mr. Lewis voted nay on the motion.

Mr. Satterlee indicated this building is designed to be a fine arts building and commented it is on their six year capital plan and is designed to be built with private funds and bond proceeds. Mr. Lewis expressed concern about spending \$208 million without a commitment in place for its replenishment. Mr. Satterlee responded that the university is actively seeking private donations for this project and envisions the final funding sources for this project to be a combination of private gifts, university funds, and/or new bond proceeds, subject to future Board approval. A final budget and source of funds will be presented to the Board when the project is brought forward for construction approval. He added they are confident in the fundraising and are comfortable with proceeding.

Mr. Lewis asked if approval at this stage is consistent with Board policy. Mr. Freeman responded in the affirmative, under Board policy 5K.

8. Boise State University – Acquisition of University Christian Church Property

BOARD ACTION

M/S (Terrell/Soltman): To approve the request by Boise State University to purchase real property parcel number S1015120690, located at 1801 University Dr. in Boise, Idaho, for a cost not to exceed \$5.9 million plus normal closing costs, to approve the purchase as an economically feasible project necessary for the proper operation of the University, and to authorize the Vice President for

Finance and Administration to execute all necessary transaction documents pertaining to the purchase. Mr. Edmunds voted nay on the motion.

Mr. Satterlee provided some background on the item and commented that this is a request by BSU for approval for the purchase of real property within the university's expansion zone. The appraised value of the parcel (as of September 2011) is \$5,650,000.

9. Boise State University – Authorization for Issuance of 20136 General Revenue Project and Refunding Bonds

BOARD ACTION

M/S (Terrell/Westerberg): To approve a Supplemental Resolution for the Series 2013A and 2013B Bonds, the title of which is as follows:

A SUPPLEMENTAL RESOLUTION of the Board of Trustees of Boise State University authorizing the issuance and sale of (i) General Revenue Project and Refunding Bonds, Series 2013A, in the principal amount of up to \$14,195,000 and (ii) General Revenue Refunding Bonds, Series 2013B, in the principal amount of up to \$11,760,000; authorizing the execution and delivery of a Bond Purchase Agreement and providing for other matters relating to the authorization, issuance, sale and payment of the Series 2013A and 2013B Bonds

and to direct staff to provide written notification to the Division of Financial Management and the Legislative Services Office, Budget and Policy Analysis Division within thirty (30) days.

Roll call vote is required. The motion carried unanimously.

Ms. Pearson provided background on the item and provided details of the bond issuance. She commented the bonds are fixed rate bonds and that this is new money over ten years, and is taxable debt which preserves their flexibility for future use. She indicated they are financing approximately 90% of the purchase price, and refinancing will generate interest savings. They are using a pricing advisor on this transaction. She indicated their average total interest cost is 2.74% and will have refunded savings over 7% (\$1.45 million), and summarized other details of the issuance.

Mr. Lewis asked for clarification on the use of the proceeds. Ms. Pearson responded they will be used to purchase the net amount of the property and to refund \$20 million in old bonds. The total amount being bonded is \$14,195,000 in tax exempt refunding bonds (series 2013A) and \$11.76 million in taxable general revenue bonds (series 2013B), for a total of \$25.9 million. Mr. Lewis asked if the new bonds extend the term of the bonds being replaced. Ms. Pearson indicated the term is not extended and the new bonds are 10 years. Mr. Satterlee requested that it be read into the record that

maturities for the 2013A tax exempt bonds run from 2014 to 2026 and maturities for the 2013B tax exempt bonds run from 2029-2033, and tax exempt serial bonds mature in 2014-2023. Mr. Freeman added some supportive comments from the Standard and Poor's rating report.

10. Idaho State University – Employee Dependent Fee Program

BOARD ACTION

M/S (Terrell/Atchley): To approve the request by Idaho State University to implement a dependent fee program effective for Fall 2013 consistent with the terms presented. The motion carried unanimously.

Mr. Fletcher provided a brief overview for Board members stating the proposal is similar to the proposal of sister institutions. Their discount is 50% rather than 65%. The program was reviewed thoroughly with faculty, staff and faculty senate and the program is fiscally responsible.

11. Idaho State University – ISU Bengal Pharmacy

M/S (Westerberg/Luna): To permit the Idaho State University Foundation to implement the Bengal Pharmacy Plan and establish a maximum of two pharmacies and report progress to the Board after the first year of operation. A roll call vote was taken and the motion passed unanimously.

Mr. Terrell introduced the item which was discussed during yesterday's work session. Mr. Westerberg and Mr. Luna offered very supportive comments regarding ISU's proposal and that it is consistent with providing services with a mission at hand. There were comments of support for the Bengal pharmacy concept in general. Mr. Westerberg reminded them that IRSA would continue to discuss this item and provide the Board with updates. It is Mr. Luna's hope that when ISU reports back to the Board on progress, that they include details of the liability concerns that arose during discussion. Mr. Lewis recommended the institutions help the Board understand what the appropriate boundaries should be for where institutions should be able to do business and where they should not. He recommended this discussion take place in President's Council.

12. University of Idaho – Authorization for Issuance of 2013 General Revenue Project and Refunding Bonds

BOARD ACTION

M/S (Terrell/Soltman): To approve the request by the University of Idaho for a Supplemental Resolution for issuance of the Series 2013A, and 2013B bonds, (included in this approval is the Board's finding that the projects to be financed

thereby are necessary for the proper operation of the University of Idaho and economically feasible), the title of which is as follows:

A SUPPLEMENTAL RESOLUTION of the Regents of the University of Idaho authorizing the issuance and sale of (i) General Revenue and Refunding Bonds, Series 2013A, in the principal amount of up to \$10,500,000 (the “Series 2013A Bonds”), and (ii) Taxable General Revenue Bonds, Series 2013B, in the principal amount of up to \$7,000,000 (the “Series 2013B Bonds” and together with the Series 2013A Bonds, the “Series 2013 Bonds”), authorizing the execution and delivery of a Bond Purchase Agreement, Escrow Agreement, Continuing Disclosure Agreement, and other documents, and providing for other matters relating to the authorization, issuance, sale and payment of the Series 2013 Bonds. A roll call vote was taken and the motion carried unanimously.

Mr. Ron Smith from the University of Idaho commented they seek to refinance the current \$1,792,913 million debt to Wells Fargo Bank in light of the favorable interest rate market. The university used internal reserves to initially fund the McCall property purchase price and acquisition costs, and seeks to reimburse its reserves from this bond issuance. The savings to the university from eliminating the current lease rate of approximately \$250,000 per year will offset the future debt service.

Board approval of this bond issuance would bring UI’s total projected annual debt service to approximately \$12.8M in FY 2014. UI’s current debt service as a percent of operating budget is 3.53%. Refunding savings from the 2013A issuance are reflected in total debt service amounts, so this bond issuance would decrease that ratio to 3.43%. The Board has informally considered 8% as a debt service ceiling.

Mr. Lewis asked about their dedicated payment stream for this debt. Mr. Smith responded that all their unallocated revenues would be dedicated to repayment.

13. Lewis-Clark State College – Clearwater Hall Refinancing

BOARD ACTION

M/S (Terrell/Goesling): To approve the request by Lewis-Clark State College to refinance the current promissory note financing for the Clearwater Hall residence facility through a new note from Wells Fargo Bank, N.A., for an amount not to exceed \$4,100,000 at 2.28% interest for a period of 5 years, to approve the Board Authorizing Resolution, and to authorize the College’s Vice President for Finance and Administration to execute all necessary documents pertaining to the transaction. The motion carried unanimously.

DEPARTMENT OF EDUCATION

1. Superintendent’s Update

Superintendent Luna provided an update on the State Department of Education for Board members and provided a review of the public schools budget that was approved for FY 2015. He commented the Legislature approved a 2.2% increase in general funds which is the third year in a row they have received an increase in funding for public schools. Highlights of the budget increase include minimum teacher pay being increased to \$31,000. The Legislature recommended the money that was in Superintendent Luna's budget for education reform focus on pay for performance, professional development and technology. \$21 million is being distributed to districts for pay for performance and \$10.4 million will be used for classroom technology, and Mr. Luna reported on other various distributions. Awards to schools will be made by the first part of June. The budget continues to fund the Idaho Reading Initiative and Idaho Math Initiative. Mr. Luna remarked this is the first step in restoring the \$20 million loss in maintenance funding. He added the budget also includes 1.5% increase in discretionary funding for school districts and charter schools.

2. Pending Rule – Docket No, 08-0201-1301 – Rules Governing Administration – Negotiations

BOARD ACTION

M/S (Luna/Goesling): To approve the pending rule Docket No. 08-0201-1301, Rules Governing Administration, Negotiations, as submitted. The motion carried unanimously.

Mr. Luna commented in 2011, the State Board of Education approved and the Idaho Legislature subsequently passed, a rule clarifying aspects of collective bargaining and negotiations found in the Students Come First laws. On November 6, 2012, Idaho voters repealed the Students Come First laws. This rule change would return this section of Idaho Administrative Code to the language that appeared prior to Docket 08-0201-1101's passage and prior to the Students Come First laws.

3. Temporary Proposed Rule – IDAPA 08.02.02.020, .021 – Teacher and Administrator Evaluations

BOARD ACTION

M/S (Luna/Lewis): To approve the temporary and proposed rule IDAPA 08.02.02.120 and IDAPA 08.02.02.121 as submitted. The motion carried unanimously.

Mr. Luna indicated this motion is intended to keep Idaho compliant with the requirements of the US Department of Education's ESEA Waiver application. If the waiver is repealed as a result, Idaho schools will continue to be held accountable under the NCLB mandates rather than the new system of accountability approved by the Board on February 16, 2012.

Mr. Lewis asked if parents have an opportunity to have input with respect to administrators. Mr. Luna responded that parents would have input on administrator evaluation also. Ms. Lucy Willits commented in the language it says it *is not limited to*, but it is not specifically called out and indicated they could make that change so it would be more specific before the second reading. Mr. Soltman asked about the input received from stakeholders. Mr. Luna responded that stakeholders see value in parental input.

Mr. Lewis also commented on the reference to frequency of evaluation regarding administrators, and suggested the Board be more prescriptive with an annual evaluation or otherwise. Mr. Luna responded that detail could also be clarified by the second reading.

4. Teacher Preparation – CCSSO Recommendations and Current State Practice

BOARD ACTION

M/S (Luna/Atchley): To approve the request by the State Department of Education to join the CCSSO’s consortium on Educator Effectiveness. The motion carried unanimously.

Mr. Luna reported that with the adoption of more rigorous Common Core standards, it is the responsibility of chief state school officers to keep the promise to students of a better education. To accomplish this, states must examine and transform how they prepare teachers and principals so that they can provide instruction and organize learning environments to help students reach these heightened expectations. Superintendent Luna was a member of the Council of Chief State School Officers (CCSSO) and provided a summary of the CCSSO consortium for Board members. Dr. Rush added that SHEEO endorsed the standards of this consortium and commented it fits well.

Mr. Terrell asked about the cost and travel time in relation to joining. Mr. Luna responded we are already members so there is no cost to take this step. In the future there may be costs associated with licensure or data gathering. Mr. Terrell asked about the cost of taking Mr. Luna away from his duties as Superintendent for this effort. Mr. Luna responded that if anything this is now at the state level and is where the work begins.

INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS

1. Boise State University – Self-Support Educational Specialist (Ed.S.) in Educational Leadership with Superintendent Endorsement

BOARD ACTION

M/S (Westerberg/Luna): To approve the request by Boise State University to create a new self-support Educational Specialist degree in Educational Leadership. Motion carried 6-2. Ms. Atchley and Dr. Goesling voted nay on the motion.

M/S (Westerberg/Goesling): To approve the request by Boise State University to designate a self-support fee for the Ed.S. in Educational Leadership in conformance with the program budget submitted to the Board in Attachment 1. The motion carried unanimously.

Mr. Westerberg recognized Doug Baker and Carmen Simone for their contributions to the IRSA Committee. They are both moving on to other institutions.

Mr. Westerberg introduced Dr. Schimpf from BSU who provided background on the item. Dr. Roger Quarles was also present for comment. Dr. Schimpf indicated that BSU is proposing to create a new Education Specialist (Ed.S.) degree in Educational Leadership which is a self-support program. He discussed the program and indicated it was created in response to an increasing national call for a new approach to educational leadership in preparation at both the district and school level. The program will be delivered face-to-face using a cohort model. It will target and recruit educators who have demonstrated leadership capacity or potential. They expect the program to enhance leadership preparation in the state's rural school districts. The university of Idaho has objected to the proposed program, citing duplication with its own Ed.S. in Leadership program offered face-to-face and on-line from its Boise Center. There was discussion regarding the program and Board Policy III.Z. Both the CAAP and IRSA committees discussed the item and voted generally in support of it.

Dr. Goesling recommended that IRSA's request to provide clarity to III.Z. take priority over approving this program at this time. Ms. Atchley asked if these programs will exist in the same area. The response was that they will both exist in the same area.

Mr. Edmunds asked if there is a demand for two programs. Mr. Luna commented there is a need for this program and responded there is a demand for what this course is going to provide in the way of training which does not exist today.

Dr. Schimpf reiterated they are not asking for new resources or reallocation and that there is sufficient market to support both programs. They believe that together the programs offer more options and variety tailored to students' needs. Mr. Edmunds asked if the demand is not there later if they would withdraw it. Dr. Schimpf responded they would shut the program down as it is a self support program. Dr. Goesling asked about what guarantee there is for those students who expended resources for this program if it fails. Dr. Schimpf responded that the response rate was between 15% and 17% and they feel the numbers reinforce the student support for this program. Dr. Quarles commented that there is an opportunity for both programs to coexist, adding there is room to improve in the state by offering a unique program such as this.

Dr. Goesling expressed further reservations about the program. He recommended moving the item back to the IRSA committee for further discussion and clarity. Corinne Mantle-Bromley commented that the proposal is a strong one and that the UI program has been in Boise for 31 years. Mr. Luna commented that there are examples of what will be taught and delivered (Idaho Leads) and it would be good to have this kind of development for administrators. Dr. Quarles shared some information on Idaho Leads and that it is grounded in practical research.

Mr. Soltman commented that of the superintendents he had talked to, they responded this is the best program they had seen. Dr. Goesling continued to express a desire to look at III.Z. before moving forward. He recommended having the CAAP Committee look at the item in more detail, regarding clarity.

2. Lewis-Clark State College – Student Health Insurance Waiver

BOARD ACTION

M/S (Westerberg/Goesling): To waive Board policy III.P.16. for Lewis-Clark State College, only with respect to mandatory student health insurance coverage, for FY2014 only, and to direct LCSC to evaluate student health insurance options for subsequent years and report findings and recommendations to the Board by no later than the February 2014 regular Board meeting. The motion was returned to the committee for additional work.

Mr. Herbst provided a presentation of the LCSC request for a one year waiver of Board policy with respect to the mandatory requirement that all full-fee paying students be covered by health insurance. LCSC would still provide an opportunity for students to purchase health insurance on a voluntary basis. Based on results of that test, LCSC would return to the Board to report on its success or otherwise. Mr. Herbst indicated they have worked hard to keep their costs down and the health insurance mandate has made it more difficult. Mandatory insurance costs have risen to the point that for 2013-14 they would be close to the equivalent of one semester of tuition. The financial pressure is leading some students to reduce their courses loads and enroll part time to get relief from the increasing insurance fees. Mr. Herbst indicated LCSC would continue to participate in the current consortium, but students would be able to pick policies which matched their needs and the college would continue to mandate health insurance for inter-collegiate athletes and for international students. The College would analyze operations under the temporary waiver and submit recommendations for future procedures to the Board at the regular February 2014 meeting.

Mr. Luna asked if the health exchange would be an option for students over 26 who didn't have insurance. Mr. Herbst responded that those students would have that option and still have the option of signing up for the colleges' insurance.

Mr. Lewis asked about student flexibility and why LCSC wants to seek the waiver. Dr. Fernandez responded that with the passing of the Affordable Health Care Act there are minimums they need to meet. They had to increase those minimums which increased the price to the student. Students can purchase a policy through their parents and if they are over 26 they must get a policy that the college deems is comparable to the federal standards. Consequently, the college must administer the insurance programs to students. Mr. Luna commented they would then have students on the campus who are uninsured.

Mr. Freeman clarified that the policy has mandatory health insurance for full time students, not part time students. Mr. Lewis is reluctant to waive the policy as a whole. There was additional discussion on the policy. Dr. Rush suggested taking out the word *mandatory* and inserting the word *comparable* in the motion. Mr. Lewis would like to review the consequences associated with that change.

Dr. Fernandez reiterated that they are asking only for a one year waiver and that if the word *mandatory* is left in, the federal requirements kick in and the insurance becomes more expensive. Mr. Westerberg asked if there time to review it further in committee. Dr. Fernandez responded that there was time to review this, but they would need to know by this Fall. Mr. Westerberg requested unanimous consent that the item be withdrawn and returned to the BAHR committee. There were no objections. Mr. Terrell recommended the BAHR and the IRSA committee work together on the item. Mr. Luna asked if by making insurance requirements optional for students if it is creates a burden for students who want insurance but cannot get financial aid for it. He would like that question addressed by the committee before a decision is made on the motion.

3. Amendment to Board Policy – Section V.M. – Intellectual Property – First Reading

BOARD ACTION

M/S (Westerberg/Atchley): To approve the first reading of proposed amendments to Board Policy Section V.M. Intellectual Property as presented. The motion carried unanimously.

Mr. Westerberg introduced the item and commented that it is a well-crafted policy. The Vice Presidents of Research at Boise State University, Idaho State University, and the University of Idaho, as well as their legal counsel were asked to review Guidelines used by the California system as starting point, and bring back recommended policy amendment and guidelines for Idaho.. Mr. Lewis offered some comments on the policy and indicated that in its development it was recommended to have a mandate that each of the institutions enter into IP assignment agreements with all the employees of the institutions. He also felt that the statement of the institution or the Board having ownership rights is insufficient. He recommended the guideline language be changed from *should* to *shall* follow the incorporated Technology Transfer Guidelines..

Dr. McIver requested deeper review of the guideline language by the vice presidents of research so that it doesn't box anyone in. He felt these guidelines are good but may be built up a bit, and that the guidelines cover all types of intellectual property. There was also a recommendation for the HERC committee to review the policy. Dr. McIver added that the guidelines are consistent with the University Industry Panel and have been vetted through a number of different groups.

OTHER BUSINESS

ELECTION OF OFFICERS OF THE STATE BOARD OF EDUCATION

BOARD ACTION

Ms. Atchley moved to approve Don Soltman as the President of the Idaho State Board of Education. The motion carried unanimously.

Mr. Westerberg moved to approve Emma Atchley as the Vice President of the Idaho State Board of Education. The motion carried unanimously.

Mr. Terrell moved to approve Rod Lewis as the Secretary of the Idaho State Board of Education. The motion carried unanimously.

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

M/S (Edmunds/Lewis): To adjourn the meeting at 6:05 p.m. The motion carried unanimously.