



**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
October 16-17, 2013
Lewis-Clark State College
Williams Conference Center
Lewiston, Idaho**

A regularly scheduled meeting of the State Board of Education was held October 16-17, 2013 at Lewis-Clark State College in Lewiston, Idaho.

Present:

Don Soltman, President
Emma Atchley, Vice President
Richard Westerberg

Milford Terrell
Bill Goesling
Ken Edmunds

Absent:

Rod Lewis, Secretary
Tom Luna, State Superintendent

Wednesday, October 16, 2013

The Board met in the Williams Conference Center at Lewis-Clark State College in Lewiston, Idaho. Board President Don Soltman called the meeting to order at 1:00 pm. President Soltman took a moment to acknowledge the students who worked on the poster presentation in the lobby of the Williams Conference Center and thanked them for their time and engagement.

BOARDWORK

1. Agenda Review / Approval

BOARD ACTION

M/S (Atchley/Terrell): By unanimous consent to approve the agenda as submitted. There motion carried six to zero.

2. Minutes Review / Approval

BOARD ACTION

M/S (Atchley/Westerberg): To approve the minutes from the August 14-15, 2013 regular Board meeting and the August 26, 2013 special Board meeting as submitted. The motion carried six to zero.

3. Rolling Calendar

BOARD ACTION

M/S (Atchley/Goesling): To set October 15-16, 2014 as the date and Lewis-Clark State College as the location for the October 2014 regularly scheduled Board meeting. The motion carried six to zero.

WORKSESSION – Planning, Policy & Governmental Affairs

A. Annual Performance Measure Presentation

Mr. Edmunds turned the time over to Mr. Howell and Mr. Grothe from the Board office to present the data on the performance measures. The institution representatives were invited to the table for discussion during the presentation.

Mr. Howell indicated this report would be in two segments which are related to statewide measures and selected institutional measures, indicating the data was collected from data submitted by the institutions to the State Board of Education, the Integrated Postsecondary Education Data System (IPEDS), and the US Census Bureau reports. Mr. Howell started with the Board statewide measures that included the 60% goal, dual credit, college readiness, go-on rate, remediation, and STEM degrees. He reported the latest Census Bureau data shows Idaho holding steady at about 35% for an associate's degree or higher, compared to the nationwide level of about 40.9%. Dual credit data numbers show an increase in total credits and total credit hours earned by students. The 10th graders are at 18.4% and 11th and 12th graders are at 28%. He provided details of the percent of SAT and ACT college readiness scores at or above benchmarks, and explained the drop in scores on the SAT chart. Mr. Terrell asked about the downward trend in reading. Mr. Howell also pointed out that the number of SAT takers declined and the number of ACT takers has increased which may explain some of the trend. Mr. Howell reviewed a chart showing the percent of high school graduates who enroll in postsecondary public education in Idaho within 12 months of graduation which showed about 32% of students going on. He indicated that more data is currently being collected for this information. Mr. Terrell continued to express concern on how to achieve our goals when the data we have doesn't provide an accurate picture of the current situation.

Mr. Howell moved on to speak about the percent of high school students needing remediation at Idaho four-year postsecondary institutions. This chart showed roughly 28% of students in need of remediation. Measures of remediation are institution specific. Mr. Howell also provided detail of the remediation needs at Idaho two-year postsecondary institutions, which showed progress. STEM and non-STEM credentials show an upward trend and presently have exceeded the existing benchmark of above 2,200. Mr. Edmunds asked for a recommendation of a revised STEM benchmark based on workforce needs. Mr. Howell responded that he does not have a recommendation at this time, but would look at Department of Labor data on workforce needs and make a recommendation to adjust the benchmark.

Mr. Howell reviewed the Board-selected institution measures which include retention, cost per credit hour, credential completed per \$100K in education and related spending, and undergraduate credentials conferred per 100 FTE. He reviewed the retention rates of 2-year and 4-year institutions. The benchmark is at 60% for 2-year institutions and we currently are at 54% for full time students and 39.5% for part time students. For the College of Southern Idaho (CSI), their retention rates are at 57% for full time students and 40% for part time students. For the College of Western Idaho (CWI), their retention rates were 49% for full time and 37% for part time students. For North Idaho College (NIC) their retention rates were 51% for full time and 38% for part time. For Eastern Idaho Technical College (EITC), they are at 59% for full time and 40% for part time.

There was discussion about the retention rates and Mr. Westerberg pointed out the two year institutions showed a reduction in retention rates between 2011 and 2013, suggesting it was related to the economy. Dr. Glandon from CWI added that the change in federal financial aid played a significant role during that time as well. Dr. Goesling asked about what actions are being taken at the two year institutions to find out why students are not returning. Dr. Dunlap indicated they do both formal and informal information surveys with the students, indicating students come and go for a very wide variety of life reasons that they cannot put their finger on one specifically. Ms. Atchley commented on the relationship between the number of students retained from year to year and their future accomplishment as completers. Generally the more students that are retained past the first year, the more students there are who achieve degrees or certificates. Such data is an indicator for retention rates. Mr. Westerberg echoed the comments on retention as one of the measures of whether our students are succeeding, and the importance of reviewing this kind of data.

Mr. Howell moved on to review the 4-year retention rates which showed Idaho hovering just below the benchmark of 70%. Tracie Bent from the Board office clarified that the benchmark for 4-year institutions is 85%. Boise State University (BSU) was at 71% for full time and 47% for part time. For peer comparison, they are about in the middle of their peers. There was discussion about the measures and the data being collected, and the need for refining the data collected from the Census Bureau and the data needed for measuring the 60% performance measure. There needs to be an indicator of growth toward the goal. Ms. Bent added that the Complete College Idaho (CCI) plan includes strategies for reaching the Boards goals.

Mr. Howell moved on to review Idaho State University's (ISU) retention data which showed 62% for full time and 40% for part time. Their peer comparison showed them below that of their peer institutions in full time retention. Dr. Woodworth-Ney indicated the peer groups have vast differences and that they are addressing the problems related to the peer comparison. Mr. Edmunds questioned whether they are using the right set of peers and suggested the Board re-evaluate the Board approved peer groups. Mr. Westerberg recommended using just the full time student trend line for comparison.

Mr. Howell reviewed the retention rates for the University of Idaho (UI) which showed 77% for full time and 33% for part time. UI is below the rates of their peer institutions. Interim President Burnett pointed out that the environmental factors where an institution operates also has an impact on retention. In reviewing Lewis-Clark State College (LCSC), their full time retention rate was 50%, and 29% for part time, and they appeared to be below the ranking of their peers.

Mr. Howell went on to discuss the cost per undergraduate credit statewide and at the institution level. He pointed out that there is some discrepancy in how that data is reported by the institutions. Four-year institutions used weighted credit hours, and *The Cost of College* report. Two-year institutions do not complete the *Cost of College* report, and used IPEDS data instead. IPEDS does not use weighted credit hours. To summarize, the two-year institutions are using the same data and the four-year institutions are using the same data, but should not be compared against each other. The cost per credit hour is the cost for delivery to the student. CSI's cost per credit hour is down from 2010, both CWI's and NIC's have increased slightly from 2010. EITC's cost per credit hour has increased a considerable amount more since 2010. However, for EITC, the costs to deliver technical programs is vastly different and hence, the dramatic swing on their chart. President Albiston commented that their costs are spread over a smaller number of students. Mr. Freeman reminded the Board that many of those programs are professional-technical programs and are capped in enrollment, supporting Dr. Albiston's comments. Dr. Dunlap and Dr. Glandon also provided feedback on the specialized costs of professional technical programs adding that the cost structure for faculty for these types of programs is also higher.

For the four-year institutions, BSU and ISU showed a very slight increase since 2010. Both the UI and LCSC showed a decrease in cost. Mr. Howell provided data on the public institution undergraduate credentials per \$100K of instructional cost and reviewed that detail on a per institution basis. Both two-year and four-year institutions showed an increase since 2010; more so for the two-year institutions.

Mr. Westerberg reminded the group that we are looking at trends and an improvement in numbers. Mr. Howell reviewed undergraduate certificates and degrees conferred per 100 undergraduate FTE by institution since 2010. For the two-year institutions, CSI showed a 19.4% increase, CWI showed a 19.4% increase, NIC showed a 31.3% increase, and EITC showed a 16.7% increase. Similar trends are evident at the four-

year institutions. BSU showed a 12% increase, ISU showed a 5.9% increase, UI showed an 18.1% increase, and LCSC showed a 15.8% increase.

Mr. Howell reviewed the 2-year full-time first-time graduation rates by institution. He indicated he would provide the Board with data of what percent of the student population these numbers represent. Mr. Westerberg recommended removing the graduation rates as part of the criteria for measurement. Mr. Howell indicated that CCA data would have detail and information that would be a good substitute. He indicated there are better measurements to use than the graduation rate data and would work on that recommendation. Mr. Westerberg indicated a replacement rate which would be more meaningful and encouraged suggestions.

Dr. Schimpf asked about the Board measure of degrees conferred by institution and the data supporting that query. Mr. Grothe indicated he had that info available by degree but not at the institutional level. Mr. Grothe reviewed public institution degrees and certificates that fit within the Board's 60% performance measure definition. Since 2007, in general all credentials have been increasing with the exception of one-year certificates. All but the one-year certificates showed progress ahead of the curve toward the 60% measure. Mr. Grothe pointed out that this information is derived from one year's worth of data. The second year data is recently available and will be added to the information. He added that the data used from the Census Bureau includes bachelor's level and above. Dr. Rush remarked the Board may want to consider a recommendation from the President's Council to have a measure for master's and doctoral level credential in addition to the 60% goal that shows economic development or specific industry need as a target.

Mr. Terrell requested looking at Idaho as a whole. Mr. Westerberg suggested bringing in goal attainment as one of the measures. Mr. Edmunds supported those remarks. Dr. Goesling was concerned with including masters and doctoral level credentials in the count. He recommended expanding the data to include 25-34 year olds who come to Idaho to attain their masters or doctorate credentials and stay in Idaho as part of the economic picture. Dr. Woodworth-Ney remarked that in regard to economic development, we need to ramp up the number of graduate students we are producing to create the workforce we need for the undergraduates.

Dr. Rush commented that staff did some initial per-institution calculations based on the statewide measure, but have been reluctant to publish that information because it does not take into account where the production needs to be. There was continued discussion related to refining the data. Mr. Edmunds suggested refining portions of the reporting data and performance measures. Mr. Soltman commented that there is a need for solid projections from the Department of Labor on what the job market needs are 3-5 years down the road. Mr. Edmunds asked for feedback from the institutions on whether the Board sets top level goals and pushes that on to the institutions or whether to let the institutions tell the Board where they think they can get to and how they will get there.

Dr. Fernandez commented that in around 2011, the Board gave the institutions goals and numbers to work on, and each institution responded with what they thought was a reasonable expectation and what their contribution could be. Mr. Westerberg asked whether there should be an aspirational goal for the state of Idaho and not just a generic goal, such as to what disciplines are important to the state. Dr. Burnett indicated the institutions are addressing that work already and that type of assessment. Dr. Dunlap commented on labor data and that it is made up of projected growth within an industry and projected retirements within that industry. It is based largely on historical data and is not accurate in accounting for factors like emerging markets, entrepreneurs, and businesses that create a large number of jobs in an area. He requested, from the community college perspective, the latitude to be responsive to their respective community needs.

Ms. Atchley suggested reminding the state of the importance of higher education and to ask state stakeholders what they want from higher education for Idaho. She felt that would help inform some of the decisions made by the Board and institutions, and also to encourage more partnerships. Mr. Edmunds suggested having university presidents take to the road again to tour the state with a message about higher education. He felt it was increasingly important to band together to promote higher education in general, and not just on an individual institution basis. Ms. Atchley reminded the Board members that those original tours were initiated by the University of Idaho Alumni Foundation in the 1980's because of the same concerns. Dr. Goesling asked whose responsibility it is to travel throughout the state to promote higher education and felt it would be a responsibility of the Board. The remarks surrounding this discussion were in full support of having the presidents promote higher education through visiting different regions and communities in the state.

Returning to the original discussion on performance measures, Mr. Edmunds recommended Ms. Bent and Mr. Howell compile the recommendations discussed during the work session, and reminded the Board members those measures would be back before the Board in December for approval. Dr. Schimpf asked about the key performance indicators related to the number of degrees granted. He pointed out the difference in the number of degrees granted versus the number of students getting degrees. Ms. Bent also asked for additional clarification on peer comparison measures, trend lines, etc., and that the measures in the Board's plan are system wide measures and what they have directed the institutions to report on are institution measures. Mr. Westerberg remarked that both peer comparisons and trends are helpful and there should be a balance of both in the Board and institution strategic plans. Mr. Edmunds echoed those remarks.

EXECUTIVE SESSION (Closed to the Public)

Boise State University

BOARD ACTION

M/S (Atchley/Goesling): To go into Executive Session pursuant to Idaho Code §67-2345(1)(c) – “to conduct deliberations . . . to acquire an interest in real property which is not owned by a public agency”. A roll call vote was taken and the motion carried six to zero.

M/S (Atchley/Westerberg): To go out of Executive Session at 4:50 p.m. The motion carried unanimously.

Thursday October 17, 2013, 8:00 a.m., Lewis-Clark State College, Williams Conference Center, Lewiston, Idaho.

The Board convened at Lewis-Clark State College in the Williams Conference Center for regular business. Board President Don Soltman called the meeting to order at 8:00 a.m.

OPEN FORUM

There were three individuals who requested to speak during open forum.

Max Cowan, Student Body President from the University of Idaho provided a summary update from the student governments of the Idaho institutions. He indicated the student governments have been meeting with each other to discuss ways to work together to better advocate for students in Idaho and on the federal level. He talked about the expansion of programs during Higher Education week, and how to better represent students to the state legislature and communicate the importance of the programs they support. He also reported on his trip to Washington DC as a student representative from Idaho wherein he met Secretary of Education Arne Duncan. He was able to discuss unique challenges students in Idaho face and hoped to get support from the federal government in support of federal financial aid policies for students. He reported that student governments from 35 different states have been working on looking at the federal financial aid policy to see what is coming up with the Higher Education Act reauthorization in December. He indicated they are working on a white paper that should be sent within the next couple of months.

Ms. Liz Chavez, former legislator and co-chair of the Region II Children’s Mental Health Coalition based in Lewiston addressed the Board. She reported on a curriculum project that has been a work in progress for about four years and has had a successful pilot program that moved to yearly implementation in 2012 at Jenifer Junior High School in Lewiston. She indicated that for grades 6-8 a curriculum has been found that is in alignment with the Idaho Content Standards and meets the criteria established for use at the middle school level. She discussed the benefit of a long term cultural shift for students that would in part create a culture of kids advocating for kids which would carry over to advocacy as an adult. Ms. Chavez encouraged the Board to review the potential new curriculum, indicating it represents a piece of the solution to a serious

need in the community, state, and nation. She remarked she has met with a member of the Department's staff and has provided a packet of information to both the Department and the Board.

Mr. Jim Downy, Chairman of the local Democratic Party for his county as well as a concerned citizen, commented on the Education Task Force recommendations. He indicated he was not speaking on the party's behalf, but urged the Board to make strong recommendations to the Legislature to increase the funding for both K-12 and higher education.

PLANNING, POLICY & GOVERNMENTAL AFFAIRS

1. Lewis-Clark State College (LCSC) – Annual Progress Report

LCSC President Dr. Tony Fernandez provided the Board with a progress report on the college's strategic plan. President Fernandez invited Faculty Senate President Ed Miller, President of the Associated Students of Lewis-Clark State College (ASLCSC) Sam Carlson, and Vice President of ASLCSC Jennifer Howlett to join him for comment. President Fernandez recapped the college's mission statement and reviewed their goals for FY13. He indicated they continue to bring faculty and staff salaries further in line with accepted standards and with their peers. He remarked on several of the goals that they are making good progress on such as expanding credentials that will contribute to the Board's 60% goal, collaborating with other institutions, and expanding opportunities for students. He indicated that nearly 6,000 students are served each year by the college. Student credit hours totaled about 90,000 per year, which is down slightly from FY12. Degrees and certificates awarded are near 700 annually, which is also down slightly from just over 700 in FY12. Dr. Fernandez indicated the retention rate is estimated at nearly 60% for FY14, and they have experienced nearly a 10% increase in retention. The graduation rate is holding steady at around 30% despite Fall enrollments and FTE being slightly down.

Dr. Fernandez recapped instructional programs which showed, with few exceptions, 90% or more of their students passed their program industry certification assessments. Regarding community outreach, Dr. Fernandez mentioned they have several programs that show clear collaboration and support for economic development throughout the region. He reported on their new comprehensive 5-year strategic plan, recapping the five goals of the plan and highlighting a few of the objectives of those goals. To sustain and enhance excellence in teaching in learning, they are focusing on program prioritization, general education assessment, tech based course delivery and a faculty and staff change in compensation. Dr. Fernandez showed a recap of LCSC faculty salaries which are lower than other institutions in the state, and indicated it has had a direct effect on retention and recruitment of faculty and staff at the college.

Dr. Fernandez indicated they intend to strengthen and expand collaborative relationships and partnerships, and increase participation in intercollegiate athletics and

the NAIA Champions of Character program. They intend to leverage resources to maximize institutional strength and efficiency, supporting priorities and programs central to the mission of LCSC. He recapped their legislative requests for FY14-15 which included a change in employee compensation, enrollment workload adjustment (EWA), inflation, and capital equipment replacement. Dr. Fernandez recapped remarked on several capital projects and alteration repair projects. Additionally, he discussed research, grants and contracts, and remarked on their access for students, the student success retention and completions rates, and the colleges work toward career readiness for students. Dr. Fernandez concluded by stating that advancement in assets and endowments show an upward trend and they have a good chance of reaching their goal of \$12 million.

At this time Mr. Edmunds requested to move to item number four on the agenda for the Idaho Regional Optical Network (IRON) update. There were no objections.

2. President's Council Report

Interim President Don Burnett, current chair of the Presidents' Council provided a report on the recent President's Council meetings. The President's Council last met on September 25th where their discussion focused on a framework and the process of analyzing program proposals where overlaps in missions and roles exist. They discussed relationship to institutions with land grant missions to the missions of other institutions, procedural matters including distribution of newsletters, progress in developing a web portal for Idaho higher education, and performance measures. The President's Council also talked with Rod Grammer, Director of Idaho Business for Education (IBE), and discussed the three initiatives IBE is pursuing, including a workforce needs study for both soft skills and hard skills. The results of that study will be forthcoming. IBE has also expressed support of the Idaho Core Standards and expressed a need for Idaho's colleges and universities to align their curriculum with the outcomes that are implied by the Idaho core content standards. They also discussed anticipating the needs of entry level college students.

Interim President Burnett indicated the Council discussed implementation of the Governor's Task Force on Education recommendations. They discussed reconciling data reporting and the balance that needs to be achieved there. They also discussed cooperating with each other in making public appearances and speaking engagements, and how powerful it is in making the case for higher education to the public and communities. The Council also discussed the need for better data tracking across higher education in an effort to see where graduates go.

President Kustra remarked on employer surveys for assessing the needs of the workplace. He felt that some of them seem to be short sighted by only looking at what he referred to as the first job skills – or skills one would have upon leaving the university. He recommended a focus on post-baccalaureate study and reporting.

Mr. Terrell reminded the presidents of the seriousness of the institution alcohol policies. He also encouraged the institutions to involve the public more in their councils and advisory groups, and to look at the recommendations of constituents and the public from the regions of each of the institutions.

Mr. Soltman recognized the passing of Idaho Alumni Malcom Renfrew. Dr. Burnett offered some heartfelt comments about Dr. Renfrew and highlighted some of his outstanding accomplishments, commenting that he was an polymer chemist, inventor, and professor emeritus at the University of Idaho, and had a major contribution to the development of Teflon. The university's chemistry building, Renfrew Hall, was named for him in 1985.

3. Idaho Division of Vocational Rehabilitation – Annual Report

Don Alveshere, Administrator of the Idaho Division of Vocational Rehabilitation (IDVR), provided a report to the Board on the progress of the agency's strategic plan. He thanked the Board for their support and guidance contributing to the success of IDVR. He highlighted several of IDVR's 2013 accomplishments which included 38 WorkStrides programs throughout the state, reaching 260 IDVR customers, and several training programs that assist IDVR customers. Mr. Alveshere reported on the number of successful rehabilitations which were approximately 1,827 for FY13. The federal standard for rehabilitation is 55.8%, and IDVR is at 60%. This indicator shows individuals who exit the program after receiving services who are confirmed to have achieved an employment outcome.

Mr. Alveshere indicated they focus not only on the quantity of outcomes, but on the quality of outcomes. The IDVR customer average hourly wage has increased to \$11.30 for FY13 which is up \$.50 per hour. An ongoing project of IDVR is in working with adult corrections that emphasizes continued support and commitment by working with customers on probation or parole. He indicated they have met or exceeded all required federal indicators for FY13. Mr. Alveshere highlighted the Coeur d'Alene Regional rehab recipient of the year who was an individual who started his own business in the taxi cab industry.

Mr. Alveshere reported on the six legislative audit findings, all of which have been addressed. He also highlighted the Twin Falls regional rehab of the year who received her associate's degree from CSI, and then went on to earn her baccalaureate degree in social work, and now works for the Filer School District. These rehab students have physical limitations or sensory limitations and often have no work history or transferable skills. Mr. Alveshere reported there was an increase in supported employment rehabilitations in FY13, showing a 31% increase from FY12 to FY13. They have also realized success in their extended employment services. The benchmark is 53% and they realized 58% for FY13, and there has been an increased emphasis on high school transition services to community integrated settings. Mr. Alveshere reported on fiscal activity and the recapture of social security monies which showed a 20% increase in FY13.

4. Idaho Regional Optical Network (IRON) Update

Mr. Edmunds introduced Ms. Stacey Carson, Idaho Regional Optical Network (IRON) President and CEO for today's presentation and update. Ms. Carson announced they would be recognizing and celebrating the founders of IRON to mark their five year anniversary. She showed a short video from Governor C.L. "Butch" Otter that gave some history on IRON since its launch in 2009, and applauded its efforts and achievements as a high-speed fiber optic research network. IRON connects state government, research institutions, education, and health care facilities across Idaho, enabling researchers to collaborate on regional, national, and international research projects. IRON partners include state and regional universities, the State of Idaho, the Idaho Hospital Association (IHA), and the Idaho National Laboratory (INL).

To commemorate their fifth anniversary, IRON presented awards to the chief executive officers of its Charter Associates in acknowledgement of their commitment to improving Idaho's research, education, and healthcare. Ms. Carson presented awards to some honorees present at today's meeting. The entire list of honorees included President Kustra from Boise State University, President Kim Clark from Brigham Young University – Idaho, President Steven Millard of the Idaho Hospital Association, Director John Grossenbacher from Idaho National Laboratory, President Arthur Vailas from Idaho State University, Director Teresa Luna from Idaho Department of Administration, Interim President Donald Burnett from University of Idaho, and President Nelson Floyd from Washington State University. Ms. Carson also thanked LCSC for its participation in the IRON network.

5. 2014 Board Legislation

M/S (Edmunds/Terrell): I move to approve the proposed legislation in substantial conformance to the form submitted as attachments 1-7 and to authorize the Executive Director to make additional non-substantive changes as necessary as the legislation moves forward through the Governor's legislative process. The motion carried six to zero.

Mr. Edmunds clarified that staff recommends approval of language for seven legislative ideas and does not recommend moving forward with the legislation regarding Enrollment Workload Adjustment (EWA) at this time. Mr. Westerberg recommended the BAHR committee revisit EWA and provide some recommendations to the Board. Mr. Terrell indicated the BAHR committee would work on that recommendation.

At this time, they moved to item 11 on the agenda to recognize some recipients of the Distinguished Schools Awards.

6. Pending Rules – Docket 08-0105-1301, 08-0106-1301, 08-0112-1301 – Scholarships Repeal

BOARD ACTION

M/S (Edmunds/Westerberg): To approve the pending rules Docket 08-0105-1301, Docket 08-0106-1301, and Docket 08-0112-1301 as submitted. The motion carried six to zero.

7. Pending Rule – Docket 08-0109-1301 – Gear-Up Idaho Scholarship

BOARD ACTION

M/S (Edmunds/Terrell): To approve the pending rule Docket 08-0109-1301 as submitted. The motion carried six to zero.

Mr. Terrell commented on the Gear-Up program and how far it has come. He thanked the presidents and vice presidents for their support of this program and remarked how much it has benefitted the students.

8. Pending Rule – Docket 08-0113-1301 – Opportunity Scholarship

BOARD ACTION

M/S (Edmunds/Westerberg): To approve the pending rule Docket 08-0113-1301 as submitted. The motion carried six to zero.

9. Pending Rules – Docket 08-0204-1301, Rules Governing Charter Schools and Docket 08-0301-1301, Rules of the Public Charter School Commission

BOARD ACTION

M/S (Edmunds/Goesling): To approve the pending rule Docket 08-0204-1301 and Docket 08-0301-1301 as submitted. The motion carried six to zero.

10. Temporary Rule IDAPA 08.02.03.113 – Award Schools

BOARD ACTION

M/S (Edmunds/Westerberg): To approve the temporary rule changes to IDAPA 08.02.03.113 as submitted. The motion carried six to zero.

11. Distinguished Schools Awards

President Soltman indicated that since 2007, the Board has recognized Idaho K-12 schools who meet very rigorous performance requirements. The Distinguished Schools Award is given to the highest performing public schools within the state. He reviewed the criteria the schools were required to meet for this distinction.

Mr. Soltman named the seven schools receiving these awards as follows: Thatcher Elementary, Leadore School, Kennedy Elementary, Prairie Elementary, Ramsey Elementary, Donnelly Elementary, and Nezperce Elementary. Representatives from Ramsey Elementary, Donnelly Elementary and Nezperce Elementary were present to receive the awards today. President Soltman congratulated the schools and their representatives for their good work.

12. Postsecondary Professional Technical Educator Certification Fee

BOARD ACTION

M/S (Edmunds/Terrell): To approve the request by the State Division of Professional-Technical Education to set the postsecondary certification fee at \$0. The motion carried six to zero.

13. Board Policy I.O. Data Management Council – Second Reading

BOARD ACTION

M/S (Edmunds/Goesling): To approve the second reading of Board Policy I.O. Data Management Council as submitted. The motion carried six to zero.

14. Alcohol Permits

Mr. Terrell requested this item be returned to the consent agenda for future meetings. He felt the policies are working and presidents have a good handle on the item going forward.

DEPARTMENT OF EDUCATION

1. Public Schools Budget

Deputy Chief of Staff, Jason Hancock, provided an update on the State Department of Education's (SDE) budget request for the 2014-2015 school year. Mr. Hancock indicated that the Department is requesting a 5.9% increase in state general funds for Idaho's public schools for fiscal year 2015, which will fund the 2014-2015 school year. The increase covers the first year of implementation of the Task Force for Improving Education's recommendations, as well as other key initiatives and programs for Idaho's K-12 public schools. Mr. Hancock commented on each of the line items recapped on the Department's spreadsheet showing revenues and distributions for dedicated revenues.

Mr. Terrell questioned a 10.4% increase in budgeting. Mr. Hancock responded it applies to the subset of dedicated funds and is being driven by the fund balance of the public school income fund. Mr. Terrell continued to question the increase in total dollars. Mr. Hancock responded that it is a considerable increase and is being driven

largely by the recommendations of the Governor's Education Task Force recommendations. Dr. Goesling commented of that he feels it is an inappropriately high request for funding, and that higher education would likely suffer. He encouraged seeking a better balance in their request to benefit both, and to help build higher education, adding that it is the Board's responsibility that all education be fairly funded.

Mr. Soltman pointed out that one of the recommendations of the Education Task Force was to restore funding. Mr. Hancock clarified it would be around \$82.5 million to accomplish that. Mr. Westerberg provided remarks on the recommendations of the Education Task Force and also reminded the Board that the Department is far from having its budget restored. He felt the argument would be flawed to say this recommendation is at the cost of higher education. He also reminded the members that K-12 does not have the same flexibility in funding sources as higher education does.

Ms. Atchley asked if this budget was based on a five year plan or a single year. Mr. Hancock responded that some of the recommendations are on a phased in schedule, and others require more development. Ms. Atchley asked then if the Department would be asking for a 10% increase each year over the coming years. Mr. Hancock responded that was a fair assumption, adding that some of the items become part of the base where additional funding is not requested going forward. Adding on to Ms. Atchley's comments, Mr. Edmunds indicated that he is hearing from his region a push for the restoration of funds for education.

There was additional dialogue regarding the budget and funding of education in general. Mr. Westerberg reminded the Board members that this is a budget which has been recommended by the Department and has not yet been considered by the Governor, and that each institution and agency would be making recommendations they feel are the best recommendations for those institutions.

Mr. Hancock added that there is a request for a technical advisory committee and a student advisory committee to continue work on the Task Force recommendations. He also reminded the Board that this is a budget request and reflects the costs associated with recommendations of the Task Force; and that it would be up to the Governor and Legislature to act on the request. Mr. Soltman reminded the Board members that this is an informational item and the Department is not required to submit their budget request to the Board. Mr. Hancock continued his presentation to the Board on the Department's budget request, clarifying each item.

INSTRUCTION, RESEARCH, AND STUDENT AFFAIRS

Mr. Westerberg requested at this time to recognize the work of Ms. Selena Grace, and to wish her the best with her acceptance of a position at Idaho State University. He remarked on her contribution to the work of the Board. Ms. Grace thanked the Board for the opportunity to serve and work with each of them.

1. Repeal III.F. Academic Program Affairs – First Reading and Amendments to III.G. Program Approval and Discontinuance – First Reading

BOARD ACTION

M/S (Westerberg/Goesling): To approve the first reading of amendments to Board Policy III.F., Academic Program and Affairs, repealing the section in its entirety.
The motion carried six to zero.

BOARD ACTION

M/S (Westerberg/): To approve the first reading of proposed amendments to Board Policy III.G., Academic Program and Discontinuance, as submitted in Attachment 2. The motion carried six to zero.

2. Repeal III.K. Prior Learning – First Reading and Amendments to III.L. Continuing Education/Off-Campus Instruction – First Reading

BOARD ACTION

M/S (Westerberg/Goesling): To approve the first reading of amendments to Board Policy III.K., Credit for Prior Learning, repealing the section in its entirety. The motion carried six to zero.

BOARD ACTION

M/S (Westerberg/Goesling): To approve the first reading of proposed amendments to Board Policy III.L., Continuing Education and Credit for Prior Learning, as submitted in Attachment 2. The motion carried six to zero.

3. Program Prioritization – Status Report

Selena Grace and Matt Freeman from the Board office provided a report on program prioritization. Ms. Grace indicated the Business Affairs and Human Resource (BAHR) and Instruction, Research, and Student Affairs (IRSA) committees have this item as a standing item on their committees. The intent is for the institutions to come back to the Board only on an exception reporting basis. The institutions' final reports and recommendations will be presented to the Board at the August 2014 meeting.

Ms. Grace indicated the information on each institution is provided in the agenda materials, and added that each institution is progressing nicely on their program prioritization work. She first highlighted the details for ISU's program prioritization criteria and viability indicators for academic programs, indicating they are using internal and external demand, quality of outcomes and quality of inputs, revenue and costs, and impacts and history as their criteria. She added that for each of the criteria selected, ISU will also indicate how it aligns with their core themes. Mr. Soltman asked if there

are any concerns for ISU in this process. Ms. Grace responded there are none, and added that each institution appears to be progressing appropriately.

Moving on, Ms. Grace highlighted the details for BSU's prioritization criteria of academic programs. They will use four criteria which include relevance, quality, productivity and efficiency. The details of the criteria include alignment with university mission and strategic plan, evidence of success in achieving goals, evidence of assessment and improvement, output production, and operational effectiveness to name a few. Additionally, a fifth criterion will be used in adjusting initial categorizations which is opportunity analysis. They have described this as enhancements that can be made to address unmet needs or better advance the university's goals.

Ms. Grace went on to highlight the details and timeline of UI's prioritization criteria for its programs. She indicated that UI continues to use several criteria based on the Dickeson model for its academic and administrative programs. She added that they have been using this model since 2008. Those criteria have been updated and include centrality to the university's mission, cost effectiveness, external and internal demand, impact, productivity, quality, program size and scope and synergies that contribute to trans-disciplinary teaching, research and outreach.

Ms. Grace then identified the details for LCSC, pointing out that they are using the same criteria for academic and non-academic programs. Those criteria include impact (justification and overall essentiality of the program), quality of program outcomes, external and internal demand, and net revenue.

Mr. Freeman indicated that in September, over 100 of the UI's leaders met to discuss the weighting of their criteria and are making good progress.

Ms. Grace indicated that the institutions would appreciate feedback from the Board on next steps. She indicated that an option for feedback could be channeled through the Board committees. The Board members agreed with that recommendation.

4. North Idaho College – Academic Program Approval

BOARD ACTION

M/S (Westerberg/Terrell): To approve the request from North Idaho College for approval of the academic and professional-technical education programs listed in Attachment 1. The motion carried six to zero.

Mr. Westerberg indicated that in review of the five year plan, and oversight was discovered where many of the NIC programs had not been formally approved by the Board. Idaho code requires all academic programs be approved by the Board. This motion corrects that oversight.

5. Amendment of Five-Year Plan to Include Boise State University's Ph.D. in Ecology, Evolution, and Behavior

BOARD ACTION

M/S (Westerberg/Goesling): To approve the inclusion of Boise State University's Ph.D. in Ecology, Evolution, and Behavior in the Five-Year Plan. The motion carried six to zero.

Mr. Westerberg indicated that approval of the amendment will allow Boise State University (BSU) to add their proposed Ph.D. program to their Five-Year plan and will give BSU the ability to proceed to the program proposal development stage. Staff recommends inclusion of BSU's Ph.D. in Ecology, Evolution, and Behavior in the Five-Year Plan.

6. Intellectual Property Commercialization Update

Mr. Westerberg provided details on this item indicating that during the June Board meeting, staff was requested to look further into the issues raised regarding institutions' ability to transfer intellectual property to the market place, and perceived restrictions created by the state constitution. He indicated there remains some work to be done around this policy. An analyses was done by Board staff and the Board's legal counsel in consultation with the institutions legal counsel and it was determined that there was not a conflict. Board policy allows for the institutions to create research foundations that are separate entities from the institution itself, as the University of Idaho has done. It was noted that Board policy should address research foundations specifically as currently policy regarding the relationship between institutions and institution foundations specifically excluded them. Mr. Edmunds felt it may be an item that should be reviewed by the BAHR committee. President Soltman confirmed that recommendation.

AUDIT

1. Amendment to Board Policy V.Y. – Compliance Programs – Second Reading

BOARD ACTION

M/S (Atchley/Goesling): To approve the second reading of the proposed amendment to Board Policy V.Y., as presented in Attachment 1.

AMMENDED MOTION: M/S (Atchley/Goesling): To approve the second reading of the proposed amendment to Board Policy V.Y., with the striking of the phrase “for purposes of this subsection”, as presented in Attachment 1. The motion carried six to zero.

Mr. Freeman commented that there was a phrase that would help clarify the policy. The change would be to strike from section 3.b. to strike the words “for purposes of this subsection.” Ms. Atchley offered an amended motion which carried unanimously.

BUSINESS AFFAIRS AND HUMAN RESOURCES

Section I – Human Resources

1. Amendment to Board Policy – Section II.H. – Coaching Personnel and Athletic Directors – First Reading

BOARD ACTION

M/S (Terrell/Goesling): To approve the first reading of proposed amendments to Board Policy II.H., Coaches and Athletic Directors, with all revisions as presented. The motion failed with a three-to-three vote. Mr. Westerberg, Mr. Edmunds and Mr. Soltman voted nay on the motion.

Mr. Terrell introduced the item and indicated the proposed policy change would provide head and assistant coaches at the universities 192 hours of annual leave per year up-front and not accrued on a monthly basis as they do currently. The leave would be use-it or lose-it on an annual basis and no cash-out would be allowed for unused leave. He pointed out the proposed 192 hours of leave is equivalent to 24 days or two days per month which is the same amount of leave non-classified employees earn annually pursuant to Board policy.

Mr. Freeman provided some background indicating that the athletic directors (ADs) at the three universities approached staff about revising annual leave accrual for coaches. The ADs identified a concern that coaches are accruing high annual leave balances (capped by law at 240 hours) and then when they leave the university’s employment (either voluntarily or involuntarily) the university has a financial liability, sometimes significant, to payout the coach’s vacation. Secondly, the universities provide that coaches are unique in that they put in significant hours during the season and then off-season their schedule slows down, but depending upon their date of hire they may not have accrued enough leave to take advantage of their off time. Mr. Freeman also pointed out that if this policy is enacted, it does require coordination with the State Controller’s Office who has indicated there would be material programming costs involved related to implementing an alternate leave policy because it is different from any other state structure and would require additional programming of the states

electronic personnel management system. Those costs would be in the range of \$30,000.

Mr. Rob Spear, Athletic Director, indicated this is a financial liability problem for the athletic departments where if a coach leaves with 240 hours, it creates an unbudgeted liability at the end of the year for payout.

Mr. Westerberg expressed concern over changing a policy for a fairly small number of employees. Mr. Spear responded that it goes back to the financial liability, pointing out that the turnover rate for coaches is higher than other staff. He gave an example that this past year at UI they absorbed a \$50,000 expense in payout for the transition of coaches. Ms. Pearson commented on behalf of BSU that they require coaches to take the leave and do not pay them out for accrued annual leave, which may be an alternative for other institutions. Mr. Spear responded this may not be an option for those coaches who terminate their contract or get terminated early, and that the leave still will be paid out.

2. Board-Sponsored Retirement Plan Amendments

M/S (Terrell/Atchley): To approve amendments for the Board's Optional Retirement Plan 401(a), 403(b), supplemental 403(b) and 457(b) plans as set forth in Attachment 1, and to declare said amendments effective August 15, 2013. The motion carried six to zero.

Mr. Freeman indicated that at its August 2013 meeting, the Board approved TIAA-CREF's Share Class Change/Revenue Credit Account proposal for the Board's 401(a), 403(b), supplemental 403(b) and 457(b) retirement plans. These changes must now be incorporated into the corresponding retirement plan documents which is the purpose of this item.

BUSINESS AFFAIRS AND HUMAN RESOURCES

Section II – Finance

1. FY 2014 Sources and Uses Funds

Mr. Freeman indicated this is a standard report for the Board and details were provided in the agenda materials. Mr. Westerberg recognized BSU for several of their uses of funds and asked what attributed to the student services costs number being up. Ms. Pearson responded for BSU that the university has made significant investment in improving student services and have added things such as an orientation program for new students as an example. He asked Idaho State University (ISU) why their student services costs appear to be flat. Mr. Fletcher responded that they have invested significantly in student services over the last several years. Mr. Westerberg pointed out that private gifting is down at UI. Ron Smith from UI responded it could be attributed to more effort going into their campaign, endowment and facilities costs. Mr. Westerberg

requested a follow-up memo from UI for an explanation. Mr. Smith indicated he would provide that information. Mr. Westerberg asked about LCSC's gifting being down also. Mr. Herbst confirmed they are down slightly and also indicated the normal inflation is evident in student services. There was additional discussion about gifting and student services in particular, and Mr. Westerberg clarified that he pointed out those two areas because of the significant source of revenue they provide for the institutions.

Mr. Freeman pointed out that on the revenue side of private gifts, the bulk of those revenue gifts are to the foundations and are not reflected on the report distributed in the Board materials.

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

BOARD ACTION

M/S (Terrell/Atchley): To approve the first reading of proposed amendments to Board policy Section V.F., Bonds and Other Indebtedness, with all revisions as presented. The motion carried six to zero.

Mr. Terrell indicated that for several years the Board has informally considered a debt burden ratio (debt service as a percent of operating budget) of 8% as a debt service ceiling. Mr. Freeman indicated that they have spent considerable time reviewing the proposed policy. He indicated that previously, Board member Edmunds had asked if the 8% cap is still appropriate. In reviewing this issue with the institutions' controllers and vice presidents for finance and administration, a suggestion was made that a comprehensive Board debt policy, to include a debt burden ratio, would be beneficial. To that end, amendments are being proposed to Board policy V.F., *Bonds and Other Indebtedness*, to formalize a Board debt policy.

Mr. Freeman walked through the policy for the benefit of the Board members. The first section under *General Powers* included some clarifying. Sections two and three were struck out. Those included the attorney general's opinion which is already included in statute, and *Private Sale* which is not applicable. Paragraph five, *Expenditure of Excess Revenue*, was also struck in its entirety and was not applicable. A new paragraph three on debt policy was added which contains guiding principles.

Mr. Edmunds indicated a preference for fixed rate over variable rate of debt financing in today's environment. He also asked about the 20% variable rate debt amount and where that number came from in section 3b.v.b. Mr. Freeman indicated the 20% is somewhat of an arbitrary number, but that the language could be tightened up. Mr. Edmunds responded that his first choice would be to change the language to *fixed* unless there was a very logical reason not to. Responses from the vice presidents of finance were in agreement with Mr. Edmunds comments. Mr. Freeman indicated the word "typically" could be replaced with "preferred" in the first paragraph of section 3b.v.

Dr. Goesling commented that there is always a possibility the cash flow coming in may not be able to service the debt at some point. He asked if there were any suggestions of other ratios used by boards to effectively gauge the abilities of institutions to meet their debt – for instance from the Association of Governing Boards (AGB). Mr. Freeman responded that there are four ratios that the Board has tracked historically and uses.

Ms. Pearson reminded the Board that other reports such as Moody's or Standard and Poor's are also used when institutions bring forward a debt issuance, and those have also been addressed in this policy. She added that Moody's typically runs about 27 ratios, and that analysis is available to the Board. Dr. Goesling responded that the Board generally only sees that information when a debt issuance comes before the Board and requested seeing that information more frequently. Mr. Terrell recommended seeing that detail monthly at the financial vice-president meetings.

Mr. Freeman pointed out that the 8% stated on Tab 2, page 8, is not unreasonable for a debt burden ratio. He added that the equation is defined in the policy so the calculation is clearly stated. Mr. Freeman went on to identify the other additions to the policy, and pointed out that section 3.h. addresses Dr. Goesling's concerns about supporting documents for debt issuance. He added that there is also a post issuance monitoring section included in policy now. Mr. Edmunds asked for consideration of a more conservative approach of 7% for a debt burden ratio. Mr. Westerberg echoed those concerns.

3. Boise State University – Amendment to NIKE Contract

BOARD ACTION

M/S (Terrell/Goesling): To approve the request by Boise State University to extend its multi-sport product supply and sponsorship agreement with NIKE, Inc. for an additional two years, as outlined herein. The motion carried six to zero.

4. Boise State University – Purchase of Phoenix Thermal Ionization Mass Spectrometer

BOARD ACTION

M/S (Terrell/Westerberg): To approve Boise State University's request to purchase a thermal ionization mass spectrometer in substantial conformance with Attachment 1. The motion carried six to zero.

5. University of Idaho – Executive Residence Project Update

Ron Smith, VP of finance and Administration, from the UI reported to the Board on the work done to date on the recommendations for the president's house. Mr. Smith pointed out that Interim President Burnett appointed an advisory committee to explore the full extent of options reasonably available to the university. The consensus and

recommendation of that committee is to rebuild the residence and not to attempt remodel of the existing dwelling. They have appointed a subcommittee to evaluate architects and received eleven submissions. They have named an architect for the project and are presently in negotiations with that architect. The project will be built to LEED standards and the timeline is to have the project built by Spring of 2015.

OTHER BUSINESS

Dr. Goesling requested that Mr. Lewis have an opportunity to reconsider BAHHR HR item 1 – Amendment to Board Policy Section II.H. – Coaching, Personnel and Athletic Directors that had previously failed and possibly bring it back for reconsideration.

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

M/S (Terrell/Westerberg): To adjourn the meeting at 3:15 p.m. The motion carried unanimously.