

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
DECEMBER 10, 2015**

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<b>TAB</b>	<b>DESCRIPTION</b>	<b>ACTION</b>
<b>1</b>	<b>AMENDMENT TO BOARD POLICY</b> Section V.B. – Budget Policies – Second Reading	Motion to approve
<b>2</b>	<b>AMENDMENT TO BOARD POLICY</b> Section V.R. – Establishment of Fees – Second Reading	Motion to approve
<b>3</b>	<b>UNIVERSITY of IDAHO</b> Capital Project - Renovation and Modernization of the Wallace Residence Center, Construction Phase	Motion to approve
<b>4</b>	<b>UNIVERSITY of IDAHO</b> Self-support Fee Request for Education Ph.D. Specialization of Higher Education Leadership	Motion to approve
<b>5</b>	<b>IDAHO STATE UNIVERSITY FOUNDATION</b> Expansion of Bengal Pharmacy Operations	Motion to approve

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**SUBJECT**

Budget Policies – Second Reading

**REFERENCE**

October 2012	Idaho State Board of Education (Board) approved revisions to the Occupancy Costs policy.
October 2015	Board approved First Reading to the Board Policy V.B. amended Occupancy Costs provisions.

**APPLICABLE STATUTES, RULE OR POLICY**

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

**BACKGROUND / DISCUSSION**

The current policy on occupancy costs provides certain deadlines by which notification of facilities eligible for occupancy costs must be provided to the Division of Financial Management (DFM) and the Legislative Services Office (LSO). The policy is silent on what happens if the deadline is missed. The policy is also in need of clarification with respect to occupancy cost funding which can be requested for remodeled or expanded facilities. The proposed amendments would simplify the occupancy cost notification requirement by aligning it with the statutory deadline for the submission of annual budget requests. If, by error or oversight, an institution misses the deadline, it would have one year in which to correct the omission. The amendments would also clarify that when remodeled or expanded space is involved, only the new, incremental square footage would be eligible for occupancy costs and the term “remodel” is defined using industry standards.

In addition to clarifying occupancy cost procedures, the proposed policy amendment also provides a brief description of the Program Prioritization process, directs that it shall be an integral part of the institutions’ annual budgeting and program review process, and that annual Program Prioritization updates are to be provided by the institutions to the Board in accordance with schedules and formats established by the Executive Director.

The amendments related to Program Prioritization will codify the informal reporting process which is already in place.

**IMPACT**

Approval of the proposed amendments would clarify occupancy costs procedures and formalize the ongoing program prioritization process.

**ATTACHMENTS**

Attachment 1 – Board policy V.B. – second reading

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**STAFF COMMENTS AND RECOMMENDATIONS**

There were no changes to the proposed policy amendments subsequent to the first reading. DFM and LSO staff have been consulted and are supportive of the proposed amendments with respect to occupancy costs. Staff recommends approval.

**BOARD ACTION**

I move to approve the second reading of proposed amendments to Board policy V.B., Budget Policies, as presented in Attachment 1.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

Idaho State Board of Education  
**GOVERNING POLICIES AND PROCEDURES**

SECTION: V. FINANCIAL AFFAIRS

Subsection: B. Budget Policies

~~June-December 2013~~42015

1. Budget Requests

For purposes of Items 1. and 10., the community colleges (CSI, CWI and NIC) are included.

a. Submission of Budget Requests

The Board is responsible for submission of budget request for the institutions and agencies under its governance to the executive and legislative branches of government. Only those budget requests which have been formally approved by the Board will be submitted by the office to the executive and legislative branches.

b. Direction by the Office of the State Board of Education

The preparation of all annual budget requests is to be directed by the Office of the State Board of Education which designates forms to be used in the process. The procedures for the preparation and submission of budget requests apply to operational and capital improvements budgets.

c. Preparation and Submission of Annual Budget Requests

Annual budget requests to be submitted to the Board by the institutions and agencies under Board governance are due in the Office of the State Board of Education on the date established by the Executive Director.

d. Presentation to the Board

Annual budget requests are formally presented to the designated committee by the chief executive officer of each institution or agency or his or her designee. The designated committee will review the requests and provide recommendations to the Board for ~~their~~ it's action.

2. Budget Requests and Expenditure Authority

- a. Budget requests must include projected student tuition and fee revenue based on the enrollment of the fiscal year just completed (e.g., the FY 2003 budget request, prepared in the summer of 2001, projected student tuition and fee revenue based on academic year 2001 enrollments which ended with the Spring 2001 semester).

- b. Approval by the Executive Director, or his or her designee, as authorized, for all increases and decreases of spending authority caused by changes in student tuition and fee revenue is required.
- c. Student tuition and fee revenue collected by an institution will not be allocated to another institution. The lump sum appropriation will not be affected by changes in student tuition and fee revenue.

### 3. Operating Budgets (Appropriated)

#### a. Availability of Appropriated Funds

- i. Funds appropriated by the legislature from the State General Fund for the operation of the institutions and agencies (exclusive of funds for construction appropriated to the Permanent Building Fund) become available at the beginning of the fiscal year following the session of the legislature during which the funds are appropriated, except when the appropriation contains an emergency clause.

#### b. Approval of Operating Budgets

- i. The appropriated funds operating budgets for the institutions and agencies under Board supervision are based on a fiscal year, beginning July 1 and ending on June 30 of the following year.
- ii. During the spring of each year, the chief executive officer of each institution or agency prepares an operating budget for the next fiscal year based upon guidelines adopted by the Board. Each budget is then submitted to the Board in a summary format prescribed by the Executive Director for review and formal approval before the beginning of the fiscal year.

#### c. Appropriation Transactions

##### i. Chief Executive Officer Approval

The chief executive officer of each institution, agency, office, or department is responsible for approving all appropriation transactions. Appropriation transactions include original yearly set up, object and program transfers, receipt to appropriation and non-cognizable funds.

##### ii. Institution Requests

Requests for appropriation transactions are submitted by the institutions to the Division of Financial Management and copies provided concurrently to the Office of the State Board of Education.

**4. Operating Budgets (Non-appropriated -- Auxiliary Enterprises)**

**a. Auxiliary Enterprises Defined**

An auxiliary enterprise directly or indirectly provides a service to students, faculty, or staff and charges a fee related to but not necessarily equal to the cost of services. The distinguishing characteristic of most auxiliary enterprises is that they are managed essentially as self-supporting activities, whose services are provided primarily to individuals in the institutional community rather than to departments of the institution, although a portion of student fees or other support is sometimes allocated to them. Auxiliary enterprises should contribute and relate directly to the mission, goals, and objectives of the college or university. Intercollegiate athletics and student health services should be included in the category of auxiliary enterprises if the activities are essentially self-supporting.

All operating costs, including personnel, utilities, maintenance, etc., for auxiliary enterprises are to be paid out of income from fees, charges, and sales of goods or services. No state appropriated funds may be allocated to cover any portion of the operating costs. However, rental charges for uses of the facilities or services provided by auxiliary enterprises may be assessed to departments or programs supported by state-appropriated funds.

**b. Operating Budgets**

Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.

**5. Operating Budgets (Non-appropriated -- Local Service Operations)**

**a. Local Service Operations Defined**

Local service operations provide a specific type of service to various institutional entities and are supported by charges for such services to the user. Such a service might be purchased from commercial sources, but for reasons of convenience, cost, or control, is provided more effectively through a unit of the institution. Examples are mailing services, duplicating services, office machine maintenance, motor pools, and central stores.

b. The policies and practices used for appropriated funds are used in the employment of personnel, use of facilities, and accounting for all expenditures and receipts.

c. Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.

**6. Operating Budgets (Non-appropriated -- Other)**

- a. The policies and practices used for appropriated funds are used in the employment of personnel, use of facilities, and accounting for all expenditures and receipts.
- b. Reports of revenues and expenditures must be submitted to the State Board of Education at the request of the Board.

**7. Agency Funds**

- a. Agency funds are assets received and held by an institution or agency, as custodian or fiscal agent for other individuals or organizations, but over which the institution or agency exercises no fiscal control.
- b. Agency funds may be expended for any legal purpose prescribed by the individual or organization depositing the funds with the institution or agency following established institutional disbursement procedures.

**8. Major Capital Improvement Project -- Budget Requests**

For purposes of Item 8., the community colleges (CSI, CWI and NIC) are included, except as noted in V.B.8.b.ii.

**a. Definition**

A major capital improvement is defined as the acquisition of an existing building, construction of a new building or an addition to an existing building, or a major renovation of an existing building. A major renovation provides for a substantial change to a building. The change may include a remodeled wing or floor of a building, or the remodeling of the majority of the building's net assignable square feet. An extensive upgrade of one (1) or more of the major building systems is generally considered to be a major renovation.

**b. Preparation and Submission of Major Capital Improvement Requests**

**i. Permanent Building Fund Requests**

Requests for approval of major capital improvement projects to be funded from the Permanent Building Fund are to be submitted to the Office of the State Board of Education on a date and in a format established by the Executive Director. Only technical revisions may be made to the request for a given fiscal year after the Board has made its recommendation for that fiscal year. Technical revisions must be made prior to November 1.

**ii. Other Requests**

Requests for approval of major capital improvement projects from other fund sources are to be submitted in a format established by the Executive Director. Substantive and fiscal revisions to a requested project are resubmitted to the

Board for approval. This subsection shall not apply to the community colleges.

c. Submission of Approved Major Capital Budget Requests

The Board is responsible for the submission of major capital budget requests for the institutions and agencies under this subsection to the Division of Public Works. Only those budget requests which have been formally approved by the Board will be submitted by the office to the executive and legislative branches.

9. Approval by the Board

Requests for approval of major capital improvement projects must be submitted for Board action. Major capital improvement projects, which are approved by the Board and for which funds from the Permanent Building Fund are requested, are placed in priority order prior to the submission of major capital budget requests to the Division of Public Works.

10. Occupancy Costs.

a. Definitions.

- i. "Auxiliary Enterprise" is an entity that exists to furnish goods or services to students, faculty, or staff, and that charges a fee directly related to the cost of the goods or services.
- ii. "Eligible Space" means all owner-occupied space other than auxiliary enterprise space. Space owned by an institution but leased to another entity is not eligible space. Occupancy costs for "common use" space (i.e. space which shares eligible and auxiliary enterprise space) will be prorated based on its use. When funds are used to expand, remodel, or convert existing space, the eligible space shall be limited to the new, incremental square footage of the expanded, remodeled or converted space, only.
- iii. "Gross Square Feet" (GSF) means the sum of all areas on all floors of a building included within the outside faces of its exterior walls.
- iv. "Occupancy costs" means those costs associated with occupying eligible space including custodial, utility, maintenance and other costs as outlined in the occupancy costs formula.
- v. "Remodel" means the improvement, addition, or expansion of facilities by work performed to change the interior alignment of space or the physical characteristics of an existing facility.

b. Notification of ~~New~~ Eligible Space

- ~~i. No institution shall acquire, build, take possession of, expand, remodel, or convert any eligible space for which occupancy costs will be requested unless prior written notification has been provided to the Division of Financial Management (DFM) and the Legislative Services Office, Budget and Policy Analysis Division (LSO-BPA). Written notification shall be provided to DFM and LSO-BPA by the approving entity or institution within thirty (30) calendar days of final project by:~~
- ~~1) the State Board of Education or its executive director;~~
  - ~~2) the vice-president for finance and administration (or functional equivalent) — in the case of a locally approved project, or~~
  - ~~3) a community college board of trustees.~~

~~Written notification shall include:~~

- ~~1) description of the eligible space, its intended use, and how it relates to the mission of the institution;~~
- ~~2) estimated cost of the building or facility, and source(s) of funds;~~
- ~~3) estimated occupancy costs; and~~
- ~~4) estimated date of completion.~~

- ~~i. A facility or project specifically identified by name and approved by the Legislature and the Governor in the capital projects category of the Permanent Building Fund appropriation bill satisfies the notice requirement for purposes of requesting occupancy costs. All other facilities and projects for which occupancy costs may be requested shall follow the notification requirements of this policy.~~ Prior written notification must be provided to the Division of Financial Management (DFM) and the Legislative Services Office Budget and Policy Analysis Division (LSO-BPA) before an institution requests funding for occupancy costs for eligible space in a capital improvement project in which the institution acquires, builds, takes possession of, expands, remodels, or converts facility space. This written notification to DFM and LSO-BPA will be provided following final approval of the project and not later than the first business day of September for occupancy cost requests which would take effect in the subsequent fiscal year. Written notification will be by:

- 1) the State Board of Education or its executive director for projects approved by the Board;
- 2) the community college board of trustees for projects approved under their authority; or
- 3) the institution's financial vice president (or functional equivalent) for projects for which, by virtue of their smaller scope, approval authority has been delegated to the institution's chief executive.

~~ii.~~

- ii. Written notification shall include:

- a) description of the eligible space, its intended use, and how it relates to the mission of the institution;

- b) estimated cost of the building or facility, and source(s) of funds;
- c) estimated occupancy costs; and
- d) estimated date of completion.

iii. If an approving authority approves a project after the first business day of September, the notification and/or funding request shall be submitted the following September. If by error or oversight the approving authority fails to submit notification by the September deadline, there is a one-time, one-year grace period such that the approving authority may submit the notification as soon as possible, to be followed by a funding request not later than the first business day of the following September.

- c. Sources of Funds: Institutions may request occupancy costs regardless of the source(s) of funds used to acquire or construct eligible space.
- d. Required Information: Requests for occupancy costs shall include the following information: (i) projected date of occupancy of the eligible space; (ii) gross square feet of eligible space; and (iii) number of months of the fiscal year the eligible space will be occupied (i.e. identify occupancy of eligible space for a full or partial fiscal year).
- e. Once an institution has taken occupancy of a facility, or the remodeled or expanded area of a facility, the institution shall provide verification to DFM and LSO-BPA of the gross square footage, construction costs, current replacement value, and, if applicable, current or proposed lease space.
- f. Occupancy Costs Formula
  - i. Custodial: For the first 13,000 GSF and in 13,000 GSF increments thereafter, one-half (.50) custodial FTE. In addition, 10¢ per GSF may be requested for custodial supplies.
  - ii. Utility Costs: \$1.75 per GSF.
  - iii. Building Maintenance: 1.5% of the construction costs, excluding pre-construction costs (e.g. architectural/engineering fees, site work, etc.) and moveable equipment.
  - iv. Other Costs:
    - 1) 77¢ per GSF for information technology maintenance, security, general safety, and research and scientific safety;
    - 2) .0005 current replacement value for insurance; and
    - 3) .0003 current replacement value for landscape maintenance.
  - v. The formula rates may be periodically reviewed against inflation.

vi. Reversions:

- 1) If eligible space which received occupancy costs is later:
  - a) razed and replaced with non-eligible space; or
  - b) converted to non-eligible space,then the institution shall revert back to the state the occupancy cost funding at the base level originally funded.
- 2) If eligible space is razed and replaced with new eligible space, then the institution may retain the base occupancy costs, net the funded GSF against any additional GSF, and request funding for the difference.

- g. Unfunded Occupancy Costs: If occupancy costs for eligible space have been requested but not funded due to budgetary reasons, institutions may request occupancy costs again in the following year. If, however, occupancy costs are denied for non-budgetary reasons, no further requests for occupancy costs related to the space in question will be considered.

11. Program Prioritization

- a. “Program Prioritization” is a process adopted by the Board in setting priorities and allocating resources among programs and services with a specific focus on Mission, Core Themes and Strategic Plans.
- b. Program Prioritization shall be incorporated in the colleges and universities’ annual budgeting and program review process.
- c. Annual Program Prioritization updates are to be submitted to the Board by the colleges and universities on the date and in a format established by the Executive Director.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**DECEMBER 10, 2015**

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**SUBJECT**

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

**REFERENCE**

December 2014	Idaho State Board of Education (Board) approved amendments to revise special course fees, and to authorize summer bridge program and online program fees.
May 2015	Board authorized BSU to offer professional development credits at a discounted rate to Idaho and non-Idaho teachers.
June 2015	Board approved new fee rates of Independent Study in Idaho.
October 2015	Board approved first reading of Policy V.R. Establishment of Fees

**APPLICABLE STATUTES, RULE OR POLICY**

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

**BACKGROUND / DISCUSSION**

In-service Teacher Education Fee

At the May 2015 Special Board meeting the Board approved a request from Boise State University (BSU) to allow it to provide professional development opportunities for teachers nationally and apply the in-service teacher fee rather than the applicable tuition rate for these teachers. Staff indicated at the time that if the Board approved BSU's request, then staff would incorporate the necessary changes into Board policy V.R. and bring back the amendments to the Board for approval.

Sections 33-3717A and 33-3717C, Idaho Code, jointly allow the Board to grant a full or partial waiver of fees or tuition charged to nonresident students through policy guidelines. Board policy V.R.3.a.viii.a) establishes a fee for Idaho teacher in-service courses that may not exceed one-third of the average part-time undergraduate credit hour fee or one-third of the average graduate credit hour fee; however, this policy currently only applies to teachers that are employed in Idaho schools.

For courses for which the costs for providing the instruction are paid by a teacher or an entity other than the credit-granting institution, the proposed policy amendment would allow non-Idaho teachers to take in-service courses on a cost recovery basis. For courses for which the costs for providing the in-service instruction are paid fully or in part by the credit-granting institution, an added amount may be charged to recoup instructional costs.

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Independent Study in Idaho (ISI) Fee

ISI was created in 1973 by the Idaho State Board of Education as a cooperative of four regionally accredited Idaho institutions led by the University of Idaho (UI). Other cooperating members include Lewis-Clark State College (LCSC), Idaho State University (ISU) and Boise State University (BSU).

Due to changes to Board policy, ISI fees no longer qualify as Special Lab and Course Fees under Board policy V.R, so a new policy must be created to provide a process for submitting requests to adjust ISI fees. In June 2015 the Board took independent action to increase the per-credit fee to \$160 for undergraduate-level courses and \$200 for graduate-level courses. ISI receives no state or institutional funding and operates on revenue generated through student enrollment fees.

As of spring 2015, the total number of ISI courses, students, and course instructors per cooperative institution were as follows:

Institution Totals					Percentages by Institution				
	COURSES	CREDITS	INSTRUCTORS	STUDENTS		COURSES	CREDITS	INSTRUCTORS	STUDENTS
BSU	0	0	0	0	BSU	0%	0%	0%	0%
ISU	6	17	5	193	ISU	6%	6%	8%	12%
LCSC	18	39	11	258	LCSC	17%	13%	19%	16%
UI	80	251	43	1130	UI	77%	82%	73%	71%
Total	104	307	59	1581					

Online Program Fee

In December the Board approved an amendment to Board policy to authorize an Online Program fee. Since that time, there has been some confusion at the institution level with respect to interpretation of the policy as it relates to application and implementation of the fee. The proposed amendment would clarify that limited on-campus meetings maybe be required if necessary for accreditation purposes or to ensure the program is pedagogically sound. The program approval process through the Council on Academic Affairs and Programs (CAAP) and the Instruction, Research and Student Affairs (IRSA) committee will ensure on-campus meetings, if any, will be appropriately limited for programs requesting use of the online program fee.

**IMPACT**

These amendments will clarify Board fees to enhance accessibility to educational opportunities.

**ATTACHMENTS**

Attachment 1 – Board policy V.R. – second reading

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**STAFF COMMENTS AND RECOMMENDATIONS**

There have been no changes to the proposed policy amendment subsequent to the first reading. Staff recommends approval.

**BOARD ACTION**

I move to approve the second reading of proposed amendments to Board policy V.R., Establishment of Fees, as presented in Attachment 1.

Moved by\_\_\_\_\_ Seconded by\_\_\_\_\_ Carried Yes\_\_\_\_\_ No\_\_\_\_\_

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## Idaho State Board of Education

**GOVERNING POLICIES AND PROCEDURES****SECTION: V. FINANCIAL AFFAIRS****Subsection: R. Establishment of Fees**~~December 2014~~ December 2015**1. Board Policy on Student Tuition and Fees**

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

**2. Tuition and Fee Setting Process – Board Approved Tuition and Fees****a. Initial Notice**

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

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

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

**b. Board Approval**

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

**c. Effective Date**

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

### 3. Definitions and Types of Tuition and Fees

The following definitions are applicable to tuition and fees charged to students at all of the state colleges and universities under the governance of the Board (the community colleges are included only as specified).

#### a. General and Professional-Technical Education Tuition and Fees

Tuition and fees approved by the State Board of Education. Revenues from these fees are deposited in the unrestricted fund.

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

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

##### ii. Professional-Technical Education Fee

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

##### iii. Part-time Credit Hour Fee

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

##### iv. Graduate Fee

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

##### v. Western Undergraduate Exchange (WUE) Fee

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

##### vi. Employee/Spouse/Dependent Fee

The fee for eligible participants shall be set by each institution, subject to Board approval. Eligibility shall be determined by each institution. Employees, spouses and dependents at institutions and agencies under the jurisdiction of the Board may be eligible for this fee. Employees of the Office of the State Board of Education and the Division of Professional-Technical Education shall be treated as institution employees for purposes of eligibility. Special course fees may also be charged.

vii. Senior Citizen Fee

The fee for eligible participants shall be set by each institution, subject to Board approval. Eligibility shall be determined by each institution.

viii. In-Service Teacher Education Fee

This fee shall be applicable only to teacher education courses offered as teacher professional development. This fee is not intended for courses which count toward an institution's degree programs. Courses must be approved by the appropriate academic unit(s) at the institution. For purposes of this special fee only, "teacher" means any certificated staff (i.e. pupil services, instructional and administrative).

a) The fee shall not exceed one-third of the ~~average~~ part-time undergraduate credit hour fee or one-third of the ~~average~~ graduate credit hour fee for Idaho teachers employed at an Idaho elementary or secondary school;

b) The credit-granting institution may set a course fee up to the regular undergraduate or graduate credit hour fee for non-Idaho teachers, for teachers who are not employed at an Idaho elementary or secondary school, or in cases where the credit-granting institution bears all or part of the costs of delivering the course.

~~This special fee shall be applicable only to approved teacher education courses.~~

~~The following guidelines will determine if a course or individual qualifies for this special fee.~~

~~a) The student must be an Idaho certified teacher or other professional employed at an Idaho elementary or secondary school.~~

~~b) The costs of instruction are paid by an entity other than an institution.~~

~~c) The course must be approved by the appropriate academic unit(s) at the institution.~~

~~d) The credit awarded is for professional development and cannot be applied towards a degree program.~~

ix. Transcription Fee

A fee may be charged for processing and transcribing credits. The fee shall be \$10.00 per credit for academic year 2014-15 only, and set annually by the Board thereafter. This fee may be charged to students enrolled in a qualified Workforce Training course where the student elects to receive credit. The cost of delivering Workforce Training courses, which typically are for noncredit, is an additional fee since Workforce Training courses are self-supporting. The fees for delivering the courses are retained by the technical colleges. This fee may also be charged for transcribing demonstrable technical competencies.

x. Online Program Fee

- a) An online program fee ~~is defined as a fee~~ may be charged for any fully online undergraduate, graduate, and certificate programs. An online program fee shall be in lieu of resident or non-resident tuition (as defined in Idaho Code §33-3717B) and all other Board-approved fees. An online program is one in which all courses are offered and delivered via distance learning modalities (e.g. campus-supported learning management system, videoconferencing, etc.); provided however, that limited on-campus meetings may be allowed if necessary for accreditation purposes or to ensure the program is pedagogically sound.
- b) Nothing in this policy shall preclude pricing online programs at a market competitive rate which may be less or more than the current resident or non-resident per credit hour rates.

b. Institutional Local Fees – Approved by the Board

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

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

i. Facilities Fee

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

ii. Activity Fee

Activity fee is defined as the fee charged for such activities as intercollegiate athletics, student health center, student union operations, the associated student body, financial aid, intramural and recreation, and other activities

which directly benefit and involve students. The activity fee shall not be charged for educational costs or major capital improvement or building projects. Each institution shall develop a detailed definition and allocation proposal for each activity for internal management purposes.

iii. Technology Fee

Technology fee is defined as the fee charged for campus technology enhancements and operations directly related to services for student use and benefit (e.g., internet and web access, general computer facilities, electronic or online testing, and online media).

iv. Professional Fees

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

a) Credential or Licensure Requirement:

- 1) A professional fee may be charged for an academic professional program if graduates of the program obtain a specialized higher education degree that qualifies them to practice a professional service involving expert and specialized knowledge for which credentialing or licensing is required. For purposes of this fee, "academic" means a systematic, usually sequential, grouping of courses that provide the student with the knowledge and competencies required for a baccalaureate, master's, specialist or doctoral degree as defined in policy III.E.1.
- 2) The program leads to a degree where the degree is at least the minimum required for entry to the practice of a profession.

b) Accreditation Requirement: The program:

- 1) is accredited,
- 2) is actively seeking accreditation if a new program, or
- 3) will be actively seeking accreditation after the first full year of existence if a new program by a regional or specialized accrediting agency.

c) Extraordinary Program Costs: Institutions will propose professional fees for Board approval based on the costs to deliver the program. An institution must provide clear and convincing documentation that the cost of the professional program significantly exceeds the cost to deliver non-professional programs at the institution. A reduction in appropriated funding in support of an existing program is not a sufficient basis alone upon which to make a claim of extraordinary program costs.

d) The program may include support from appropriated funds.

- e) The program is consistent with traditional academic offerings of the institution serving a population that accesses the same activities, services, and features as regular full-time, tuition-paying students.
  - f) Upon the approval and establishment of a professional fee, course fees associated with the same program shall be prohibited.
  - g) Once a professional fee is initially approved by the Board, any subsequent increase in a professional fee shall require prior approval by the Board at the same meeting institutions submit proposals for tuition and fees.
- v. Self-Support Academic Program Fees
- a) Self-support programs are academic degrees or certificates for which students are charged program fees, in lieu of tuition. For purposes of this fee, “academic” means a systematic, usually sequential, grouping of courses that provide the student with the knowledge and competencies required for an academic certificate, baccalaureate, master’s, specialist or doctoral degree. To bring a Self-support program fee to the Board for approval, the following criteria must be met:
    - 1) An institution shall follow the program approval guidelines set forth in policy III.G.
    - 2) The Self-support program shall be a defined set of specific courses that once successfully completed result in the awarding of an academic certificate or degree.
    - 3) The Self-support program shall be distinct from the traditional offerings of the institution by serving a population that does not access the same activities, services and features as full-time, tuition paying students, such as programs designed specifically for working professionals, programs offered off-campus, or programs delivered completely online.
    - 4) No appropriated funds may be used in support of Self-support programs. Self-support program fee revenue shall cover all direct costs of the program. In addition, Self-support program fee revenue shall cover all indirect costs of the program within two years of program start-up.
    - 5) Self-support program fees shall be segregated, tracked and accounted for separately from all other programs of the institution.
  - b) If a Self-support program fee is requested for a new program, an institution may fund program start-up costs with appropriated or local funds, but all such funding shall be repaid to the institution from program revenue within a period not to exceed three years from program start-up.

- c) Once a Self-support program fee is initially approved by the Board, any subsequent increase in a Self-support program fee shall require prior approval by the Board.
- d) Institutions shall review Self-support academic programs every three (3) years to ensure that program revenue is paying for all program costs, direct and indirect, and that no appropriated funds are supporting the program.
- e) Students enrolled in self-support programs may take courses outside of the program so long as they pay the required tuition and fees for those courses.

vi. Contracts and Grants

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

vii. Student Health Insurance Premiums or Room and Board Rates

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

viii. New Student Orientation Fee

This fee is defined as a mandatory fee charged to all first-time, full-time students who are registered and enrolled at an institution. The fee may only be used for costs of on-campus orientation programs such as materials, housing, food and student leader stipends, not otherwise covered in Board-approved tuition and fees.

ix. Dual Credit Fee

High school students who enroll in one or more dual credit courses delivered by high schools (including Idaho Digital Learning Academy), either face-to-face or online, are eligible to pay a reduced cost per credit which is approved at the Board's annual tuition and fee setting meeting. The term "dual credit" as used in this section is defined in Board Policy III.Y.

x. Summer Bridge Program Fee

This fee is defined as a fee charged to students recently graduated from high school, who are admitted into a summer bridge program at an institution the

summer immediately following graduation from high school, and who will be enrolling in pre-determined college-level courses at the same institution the fall semester of the same year for the express purpose of acquiring knowledge and skills necessary to be successful in college. The bridge program fee shall be \$65 per credit for academic year 2014-15 only, and set annually by the Board thereafter.

xi. Independent Study in Idaho

A fee may be charged for courses offered through the Independent Study in Idaho (ISI) cooperative program. Complete degree programs shall not be offered through the ISI. Credits earned upon course completion shall transfer to any Idaho public college or university. The ISI program shall receive no appropriated or institutional funding, and shall operate alone on revenue generated through ISI student registration fees.

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

The following local fees and charges are charged to support specific activities and are only charged to students that engage in these particular activities. Local fees and charges are deposited into local institutional accounts or the unrestricted fund and shall only be expended for the purposes for which they were collected. All local fees or changes to such local fees are established and become effective in the amount and at the time specified by the chief executive officer or provost of the institution. The chief executive officer is responsible for reporting these local fees to the Board upon request.

i. Continuing Education

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

ii. Course Overload Fee

This fee may be charged to full-time students with excessive course loads as determined by each institution. Revenue from this fee is deposited in the unrestricted fund.

iii. Special Course Fees

A special course fee is an additive fee on top of the standard per credit hour fee which may be charged to students enrolled in a specific course for materials and/or activities required for that course. Special course fees, or changes to such fees, are established and become effective in the amount and at the time specified by the chief executive officer or provost, and must be prominently posted so as to be readily accessible and transparent to

students, along with other required course cost information. These fees shall be reported to the Board upon request.

- a) Special course fees shall be directly related to academic programming. Likewise, special course fees for professional-technical courses shall be directly related to the skill or trade being taught.
- b) Special course fees may only be charged to cover the direct costs of the additional and necessary expenses that are unique to the course. This includes the costs for lab materials and supplies, specialized software, cost for distance and/or online delivery, and personnel costs for a lab manager. A special course fee shall not subsidize other courses, programs or institution operations.
- c) A special course fee shall not be used to pay a cost for which the institution would ordinarily budget including faculty, administrative support and supplies.
- d) Special course fees shall be separately accounted for and shall not be commingled with other funds; provided however, multiple course fees supporting a common special cost (e.g. language lab, science lab equipment, computer equipment/software, etc.) may be combined. The institution is responsible for managing these fees to ensure appropriate use (i.e. directly attributable to the associated courses) and that reserve balances are justified to ensure that fees charged are not excessive.
- e) The institution shall maintain a system of procedures and controls providing reasonable assurance that special course fees are properly approved and used in accordance with this policy, including an annual rolling review of one-third of the fees over a 3-year cycle.

iv. Processing Fees, Permits and Fines

- a) Processing fees may be charged for the provision of academic products or services to students (e.g. undergraduate application fee, graduate application fee, program application fee, graduation/diploma fee, and transcripts). Fees for permits (e.g. parking permit) may also be charged.
- b) Fines may be charged for the infraction of an institution policy (e.g., late fee, late drop, library fine, parking fine, lost card, returned check, or stop payment).

All processing fees, permit fees and fines are established and become effective in the amount and at the time specified by the chief executive officer, and shall be reported to the Board upon request.

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**UNIVERSITY OF IDAHO**

**SUBJECT**

Capital Project Authorization Request, Renovation and Modernization of the Wallace Residence Center, Construction Phase

**REFERENCE**

June 18, 2015                      Approval by the Board of Regents for design and planning phase expenditures up to \$250,000.

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Sections V.K.1 and V.K.3.b, V.K.3.c., and V.K.4

**BACKGROUND/ DISCUSSION**

***Request Summary***

The University of Idaho (UI) requests authorization to proceed with the finance plan and construction phase of a Capital Project to implement the construction phase for renovation and modernization of twelve floors in various wings of the Wallace Residence Center. It is the intent of the UI to pursue this project effort via the Design-Build delivery methodology.

***General Background***

The Wallace Residence Center was originally built in the mid-1960's, serving as one of the primary residential complexes for students over the last fifty years. The facility has twenty floors, arrayed in four wings, with each floor providing up to fourteen suites consisting of two rooms sharing a private bath. The facility has suffered from receiving only limited renovations over the many decades, and is in a declining state. Student needs and expectations have changed drastically over the years, and the facility is long past due for modernization and improvements. The facility includes beds for roughly 800 – 900 students, depending on occupant arrangements. This represents over one third of the UI's total residential capacity. The dated finishes and declining state of the facility are significant detractors in our enrollment efforts and must be improved.

Over the last several years, the UI has undertaken small-scale improvements on a number of floors of Wallace, with much of the work performed in-house. Improvements include abatement of asbestos containing flooring materials, demolition and construction of a new vanity cabinet and sink, replacement of numerous finishes including desktops, room doors, locks and hardware, bathroom hardware and vents, all carpet in rooms, lounges, hallways, refinishing of built-in casework, replacement of lighting with LED fixtures, floor and wall tile refurbishment in the showers, and providing wall repairs and new paint throughout. While a number of floors have been renovated or are in process, yet another twelve floors remain to be addressed.

The UI sought, and received authorization from the Board of Regents to pursue the planning and design phase of a Capital Project aimed at improving the remaining 12 floors. The stated desire is to implement the project via the Design-Build methodology.

***Planning and Design Phase Summary***

Subsequent to receipt of authorization for the planning and design phase, the UI issued a Request for Qualifications (RFQ) seeking interested and qualified Design-Build teams. In response, five (5) teams submitted their qualifications for review and evaluation. The team of Ginno Construction, Cd'A, Idaho, supported by CKA Architects, Lewiston, Idaho, was selected in August, 2015.

Over the course of the late summer and fall, the Design-Build team has worked with the UI to quantify and define scope, identify base bid parameters, develop costs estimates and refine schedules. Given the tight, constrained schedule, Ginno and CKA are currently working to identify and schedule items that might be pre-ordered and pre-fabricated such that they are on-hand and in stock when the construction window first opens in May, 2016.

The work to be contracted will include all the work described above, with some additional, alternate bid item work envisioned to include limited HVAC improvements in the lounges, and floor and wall tile refurbishment in the bathrooms outside the showers.

The planning and design authorization request noted that the Design-Build team and the UI would work to develop options regarding the possibility of completing the work in a single effort over one summer or in phases over two summers. The analysis regarding a single phase or two phases is still on-going as the Design-Build team and the UI continues to study and evaluate the risks and rewards of both options. Regardless of the option selected, it is the intent of the UI to limit the work to summer construction seasons between the spring and fall academic semesters when the Wallace Residence Center is largely unoccupied.

***Authorization Request***

This request is for acceptance of the Finance Plan and Capital Project Authorization to construct the project. This project will provide for the needed and desired renovations and improvements to the UI Wallace Residence Center

As a result of the work of the planning and design phase, the Design-Build team estimates the total project budget and the fiscal impact will be \$5.0M. This is higher than the estimated \$4.2M fiscal impact reported in the planning and design phase authorization request and is the result of the additional information, thought, and expertise brought to bear by the Design-Build team as the scope was studied and refined.

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Initial funding for this project is to be provided through central university strategic reserves. The initial funding will be repaid through revenues generated by the Housing and Residence Life unit of the UI's Auxiliary Services.

The project is consistent with the strategic goals and objectives of the UI, specifically Goal Four, Community and Culture, of the UI's strategic plan. The Wallace Residence Center project is a key component of the UI's strategy to recruit and retain a vibrant, diverse student body by providing attractive, desirable, safe, functional, and supportive living and learning environments, and, it is in broad alignment with the goals of the Complete College Idaho initiative for the very same reasons. The completed project allows the UI to better meet the expectations of future generations of college bound students.

Further, the project is consistent with, and supported by, the UI's campus master plan, the Long Range Capital Development Plan (LRCDP). The LRCDP calls for attractive, clean, functional, updated housing facilities located in a robust and vital residential neighborhood on the north edge of campus anchored by the Wallace Residence Center. It further identifies the Wallace Residence Center as a facility worthy of continued investment.

**IMPACT**

As stated, the total fiscal impact of this project is currently estimated at \$5.0M. The project funding for all phases is provided through UI central reserves.

<u><b>Funding</b></u>		<u><b>Estimate Budget</b></u>	
State	\$ 0	Admin/Plan Review Fee	\$ 14,100
Federal (Grant):	\$ 0	Design Phase Fees	\$ 250,000
Other (UI Reserves)	<u>\$ 5,000,000</u>	Construction	\$ 4,120,000
		Const. Contingency	\$ 437,000
		Support Const. Costs	\$ 50,000
		Project Contingency	<u>\$ 128,900</u>
Total	\$ 5,000,000	Total	\$ 5,000,000

**ATTACHMENTS**

Attachment 1 – Capital Project Tracking Sheet

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**STAFF COMMENTS AND RECOMMENDATIONS**

Staff recommends approval.

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**BOARD ACTION**

I move to approve the request by the University of Idaho to implement the construction phase for the renovation and modernization of the Wallace Residence Center at a cost not to exceed \$5.0M. Project approval includes the authority to execute all necessary and requisite consulting contracts to fully implement the construction phase of the project.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

**Office of the Idaho State Board of Education**  
**Capital Project Tracking Sheet**  
As of December 2015

**History Narrative**

- 1 **Institution/Agency:** University of Idaho      **Project:** Construction Phase and Financing Plan Authorization, Renovation and Modernization of the Wallace Residence Center, Moscow
- 2 **Project Description:** Construction Phase and Finance Plan for a project to renovate and modernize twelve floors in various wings of the Wallace Residence Center. The project will include necessary demolition and replacement of a variety of interior finishes in hallways, lounge spaces, student rooms, and shared restrooms to modernize and improve the functionality of spaces.
- 3 **Project Use:** The Wallace Residence Center is the largest of the dormitories serving residential students at the University of Idaho.
- 4 **Project Size:** roughly 100,000 GSF

	Sources of Funds				Use of Funds			
	PBF	ISBA	Other	Total Sources	Planning	Use of Funds Const	Other**	Total Uses
Initial Cost of Project. Planning and Design Phase Only	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 227,000	\$ -	\$ 23,000	\$ 250,000
History of Revisions:								
Refined Cost of Project. Construction Phase and Financing Plan	\$ -	\$ -	\$ 4,750,000	\$ 4,750,000	\$ 23,000	\$ 4,607,000	\$ 120,000	\$ 4,750,000
<b>Total Project Costs</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 250,000</b>	<b>\$ 4,607,000</b>	<b>\$ 143,000</b>	<b>\$ 5,000,000</b>

History of Funding:	* Other Sources of Funds						
	PBF	ISBA	Institutional Funds (Gifts/Grants)	Student Revenue	Other*	Total Other	Total Funding
Initial Authorization Request, Planning and Design Phase Only, June 2015	\$ -				\$ 250,000	\$ 250,000	\$ 250,000
Authorization Request, Construction Phase and Financing Plan, December 2015	\$ -				\$ 4,750,000	\$ 4,750,000	\$ 4,750,000
						-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>

\* Central University Strategic Reserves

\*\* Design Contingency, Administrative Costs, DBS Plan Review Fees, and Project Contingency

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**UNIVERSITY OF IDAHO**

**SUBJECT**

Self-support Fee Request for Education Ph.D. Specialization of Higher Education Leadership

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies and Procedures, Section V.R.3.b.v Self-Support Academic Program Fees

**BACKGROUND/DISCUSSION**

The University of Idaho (UI) began offering a Ph.D. specialization of Higher Education Leadership in the mid-1980s. The specialization was of great interest, especially to upper-level staff and administrators in higher education. Most students in the program were eligible for fee waivers, resulting in a program that was essentially subsidized since very few tuition dollars were brought into the UI for the program's support. During the recession and accompanying budget reductions, we first reduced course offerings and ultimately stopped accepting students into the specialization.

The UI has not admitted new students to this doctoral specialization for more than six years. Inquiries into the program specialization have remained steady, however, and have actually increased in recent years. We have a waiting list of interested students from Brigham Young University-Idaho (BYU-I), various community colleges, and the UI. There is no program in Eastern Washington and we believe we could recruit from there as well. In order to serve this need and interest without additional state resources, we propose to offer the specialization on a self-sustaining budget, relying solely on student fees to deliver the program. While the program is not new, we have redesigned its delivery to better meet potential students' needs. The delivery model includes the following:

- A new cohort of 18-25 students accepted every two years
- Part-time enrollment (5 courses per year), assuming most students will be working professionals
- Program completion, including dissertation, in four years
- Two required summer residency experiences plus one winter experience
- Research internship with a major professor
- Hybrid course delivery (mixture of face-to-face and on-line)
- Fee inclusive of tuition, on-line fees, textbooks, some meals during summer residency, materials, instruction
- Fee does not cover housing, dinners, or travel for residency experiences

**IMPACT**

All of Idaho's post-secondary institutions are working to increase post-secondary education attainment of Idaho's citizens. Increased leadership and research skills

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of those in higher education positions will contribute to new approaches to recruitment, retention, student services, and many other offices on higher education campuses.

Converting this program to a self-support academic program will enable the UI to re-open and deliver this specialization to interested students who are seeking to make a significant impact on the running of post-secondary institutions, while incurring no additional financial impact on appropriated funds. All supporting funds will come from the program fee (\$36,000 per student). No new funds are requested from the state or the UI.

**ATTACHMENTS**

Attachment 1 – Proposed Budget

Page 3

**STAFF COMMENTS AND RECOMMENDATIONS**

This program, although currently dormant, was previously approved by the Board in accordance with the guidelines set forth in policy III.G. Conversion of the program to a self-support academic program adds the requirements, per policy V.R.b.v., that any subsequent increases in the program fee will require Board approval, that the institution shall review the program every three (3) years to ensure that program revenue is paying for all program costs (direct and indirect), and that no appropriated funds may be used to support the program. Staff recommends approval.

**BOARD ACTION**

I move to approve the request by the University of Idaho to establish its Higher Education Leadership Ph.D. specialization as a self-support academic program with a self-support fee set at \$36,000 for the four-year program.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

**Program Resource Requirements.** Indicate all resources needed including the planned FTE enrollment, projected revenues, and estimated expenditures for the first three fiscal years of the program. Include reallocation of existing personnel and resources and anticipated or requested new resources. Second and third year estimates should be in constant dollars. Amounts should reconcile subsequent pages where budget explanations are provided. If the program is contract related, explain the fiscal sources and the year-to-year commitment from the contracting agency(ies) or party(ies). Provide an explanation of the fiscal impact of the proposed discontinuance to include impacts to faculty (i.e., salary savings, re-assignments).

**I. PLANNED STUDENT ENROLLMENT**

	FY	17	FY	18	FY	19	Cumulative Total	
	FTE	Headcount	FTE	Headcount	FTE	Headcount	FTE	Headcount
A. New enrollments	14	18	14	18	28	36	56	72
B. Shifting enrollments	0	0					0	0

**II. REVENUE**

	FY	17	FY	18	FY	19	Cumulative Total	
	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time
1. Appropriated (Reallocation)*		\$10,000.00		\$10,000.00			\$0.00	\$20,000.00
2. Appropriated (New)							\$0.00	\$0.00
3. Federal							\$0.00	\$0.00
4. Tuition							\$0.00	\$0.00
5. Student Fees	\$162,000.00		\$162,000.00		\$324,000.00		\$648,000.00	\$0.00
6. Other (Specify)							\$0.00	\$0.00
<b>Total Revenue</b>	<u>\$162,000.00</u>	<u>\$10,000.00</u>	<u>\$162,000.00</u>	<u>\$10,000.00</u>	<u>\$324,000.00</u>	<u>\$0.00</u>	<u>\$648,000.00</u>	<u>\$20,000.00</u>

\* Allocated only if needed

*Ongoing is defined as ongoing operating budget for the program which will become part of the base.*

*One-time is defined as one-time funding in a fiscal year and not part of the base.*

## III. EXPENDITURES

	FY	<u>17</u>	FY	<u>18</u>	FY	<u>19</u>	Cumulative Total	
	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time
<b>A. Personnel Costs</b>								
1. FTE	1.1		1.1		2.2		4.40	0.00
2. Faculty	\$21,000.00		\$21,000.00		\$42,000.00		\$84,000.00	\$0.00
3. Administrators	14,500		14,500		14,500		\$43,500.00	\$0.00
4. Adjunct Faculty	21,000		\$21,000		42,000		\$84,000.00	\$0.00
5. Instructional Assistants					30,000		\$30,000.00	\$0.00
6. Research Personnel							\$0.00	\$0.00
7. Support Personnel	12,000		12,000		12,000		\$36,000.00	\$0.00
8. Fringe Benefits	23,975		23,975		49,175		\$97,125.00	\$0.00
9. Other:							\$0.00	\$0.00
<b>Total FTE Personnel and Costs</b>	<u>\$92,475.00</u>	<u>\$0.00</u>	<u>\$92,475.00</u>	<u>\$0.00</u>	<u>\$189,675.00</u>	<u>\$0.00</u>	<u>\$374,625.00</u>	<u>\$0.00</u>

	FY	17	FY	18	FY	19	Cumulative Total	
	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time
<b>B. Operating Expenditures</b>								
1. Travel	\$12,000.00		\$12,000.00		\$15,000.00		\$39,000.00	\$0.00
2. Professional Services							\$0.00	\$0.00
3. Other Services							\$0.00	\$0.00
4. Communications	\$3,000.00		\$3,000.00		\$3,000.00		\$9,000.00	\$0.00
5. Utilities							\$0.00	\$0.00
6. Materials and Supplies	\$5,000.00		\$5,000.00		\$10,000.00		\$20,000.00	\$0.00
7. Rentals	\$1,000.00		\$1,000.00		\$1,000.00		\$3,000.00	\$0.00
8. Repairs & Maintenance							\$0.00	\$0.00
9. Materials & Goods for Manufacture & Resale							\$0.00	\$0.00
10. Textbooks	\$7,200.00		\$7,200.00		\$14,400.00		\$28,800.00	\$0.00
11. On-line course fee	\$11,340.00		\$11,340.00		\$22,680.00		\$45,360.00	\$0.00
12. Technology Support	\$2,000.00		\$2,000.00		\$4,000.00		\$8,000.00	\$0.00
13. Residency Expenses	\$3,000.00		\$3,000.00		\$6,000.00		\$12,000.00	\$0.00
							\$0.00	\$0.00
<b>Total Operating Expenditures</b>	\$44,540.00		\$44,540.00		\$76,080.00		\$165,160.00	\$0.00

	FY	17	FY	18	FY	19	Cumulative Total	
	On-going	One-time	On-going	One-time	On-going	One-time	On-going	One-time
<b>C. Capital Outlay</b>								
1. Library Resources	\$5,000.00		5,000		\$5,000.00		\$15,000.00	\$0.00
2. Equipment	\$2,000.00		\$2,000.00		\$2,000.00		\$6,000.00	\$0.00
<b>Total Capital Outlay</b>	<u>\$7,000.00</u>	<u>\$0.00</u>	<u>\$7,000.00</u>	<u>\$0.00</u>	<u>\$7,000.00</u>	<u>\$0.00</u>	<u>\$21,000.00</u>	<u>\$0.00</u>
<b>D. Capital Facilities Construction or Major Renovation</b>								
<b>E. Indirect Costs (overhead)</b>	\$16,200.00		\$16,200.00		\$32,400.00		\$64,800.00	
<b>TOTAL EXPENDITURES:</b>	<u>\$160,215.00</u>		<u>\$160,215.00</u>		<u>\$305,155.00</u>		<u>\$625,585.00</u>	<u>\$0.00</u>
<b>Net Income (Deficit)</b>	<u>\$1,785.00</u>	<u>\$10,000.00</u>	<u>\$1,785.00</u>	<u>\$10,000.00</u>	<u>\$18,845.00</u>	<u>\$0.00</u>	<u>\$22,415.00</u>	<u>\$20,000.00</u>

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**IDAHO STATE UNIVERSITY FOUNDATION**

**SUBJECT**

Approval of Expansion of Bengal Pharmacy's Telepharmacy Services

**REFERENCE**

February 2013	Implementation of the Bengal Pharmacy, a limited liability company, was presented to the Idaho State Board of Education (Board) as an information item; referred to BAHHR committee for review.
April 2013	Board approved Idaho State University Foundation's (ISU Foundation) request for implementation of the Bengal Pharmacy, a limited liability company, and establish a maximum of two pharmacies and report progress to the Board after the first year of operation.
June 2014	Annual Report of the Bengal Pharmacy reported to the Board.
April 2015	Board approved ISU Foundation's request for expansion of a telepharmacy to Challis.

**APPLICABLE STATUTE, RULE, OR POLICY**

Idaho State Board of Education Governing Policies & Procedures, Sections V.E.2. (Gifts and Affiliated Foundations) and I.J.1.a. (Use of Institutional Facilities and Services with Regard to the Private Sector)

**BACKGROUND/DISCUSSION**

After approval by the Board in April 2013, the ISU Foundation created the Bengal Pharmacy with the intent of enhancing the student educational experience, College of Pharmacy faculty research opportunities, revenue generation, and to provide needed service to the community. All of these goals have been met.

Bengal Pharmacy, located on the Pocatello campus, provides community pharmacy services to faculty, staff, and students as well as the wider local community. In June of 2014, Bengal Pharmacy collaborated with Lost Rivers Medical Center to open a remote dispensing site (telepharmacy) in Arco, Idaho and, in July 2015, in Challis, Idaho. Both towns had lost their only community pharmacy, and Bengal Pharmacy partnered with the communities to re-establish this valuable service. Without the telepharmacy services the next-nearest pharmacy would have been a 120 mile round-trip to Blackfoot or, in the case of Challis, to Salmon (130 miles round-trip). Additionally, the pharmacy enhances the economic viability of critical access hospitals and clinics by allowing for 'one-stop shopping' within the community and keeping care, and business, in town.

The development of Bengal Pharmacy's telepharmacy program required close collaboration with the Idaho Board of Pharmacy. Telepharmacies are only allowed in communities without any other pharmacy services; the Board of Pharmacy has only approved telepharmacy sites greater than 15-20 miles from the next nearest pharmacy. Under this model, the telepharmacies in Arco and Challis are staffed with certified pharmacy technicians, but the supervising pharmacist is located in Pocatello at the Bengal Pharmacy site on campus.

This system serves as an important model for students to learn about pharmacy delivery and business practices in remote locations. In addition, College of Pharmacy faculty members have received several grants to support research on telepharmacy services.

The Board had directed Bengal Pharmacy to request approval when expanding pharmacy operations. Although telepharmacies (or remote dispensing sites) are not technically traditional community pharmacies per Board of Pharmacy rule, we want to provide the Board with clarity during the development of this program.

Bengal Pharmacy has learned a great deal about models for delivering and growing telepharmacy services. Subsequently, several communities in rural Idaho have approached Bengal Pharmacy to develop additional telepharmacy sites. These communities are lacking or at risk of losing pharmacy services. Communities indicating an urgent need for telepharmacy services include Council and Kendrick. These towns are at least 50 miles round trip to the next nearest pharmacy. Council lost its pharmacy services about 2 years ago impacting the viability of medical services delivered at the local clinic, Adams County Health Center. The Idaho Board of Pharmacy approved Council as a third telepharmacy site in the Fall of 2014.

The proposed telepharmacy model in Council differs significantly from the previously developed sites in Challis and Arco.

1. Challis and Arco required significant capital outlays to execute the purchase of the pharmacy. Council will not require the purchase of a pharmacy or building, as was the case in Challis and Arco.
2. In Council, the community health center (Adams County Health Center) will own the pharmacy, Bengal Pharmacy will only provide staffing and pharmacy management services; Adams County Health Center will own the facility and the inventory.

The ISU Foundation, Bengal Pharmacy, and the College of Pharmacy believe the telepharmacy model that has been proposed for Council is advantageous to both the institution and to the partner communities served. In addition, this model does not require the capital outlay that was needed for the Arco and Challis build-outs. We anticipate requesting greater autonomy from the Board in the near future as additional opportunities similar to Council emerge. The addition of Council as a

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telepharmacy site provides economies of scale, making this model profitable (see business plan). Additional staff will be hired to run the program as it expands. The program does not require any financial resources from the State, as it is self-sufficient. Expansion of the telepharmacy service is expected to enhance health in the communities served, increase program profitability, and expand the educational and research opportunities within ISU. No telepharmacy expansion will ever occur in communities with existing pharmacy services.

We are requesting that the Board approve the expansion of Bengal Pharmacy's telepharmacy models, as outlined above, to Council, Idaho. The ISU Foundation and Bengal Pharmacy will provide the Board with an update on these programs in early 2016, including a request to add additional sites as opportunities emerge.

**IMPACT**

Approval would allow for Bengal Pharmacy to expand its telepharmacy services to Council, Idaho.

**ATTACHMENTS**

Council Telepharmacy Business Plan

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**STAFF COMMENTS AND RECOMMENDATIONS**

This proposal falls within the parameters established by the Board for approval of additional telepharmacy sites—it would address mutual needs of the institution and the local community with minimal investment of additional resources. Staff recommends approval.

**BOARD ACTION**

I move to approve the request by the Idaho State University Foundation to establish a Bengal Pharmacy telepharmacy site in Council, Idaho, as described in the materials submitted to the Board.

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_ Carried Yes \_\_\_\_\_ No \_\_\_\_\_

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## **Bengal Pharmacy - Council Business Plan**

### **KEY POINTS**

1. Council lost its pharmacy services about 2 years ago, impacting the viability of medical services delivered at the local clinic, Adams County Health Center (ACHC).
2. ACHC will own the pharmacy and Bengal Pharmacy will provide personnel and management services.
3. No capital outlay from the Wallace Spendable Account is necessary to establish the telepharmacy site in Council.
4. The addition of the management contract for Council to the current prescription volumes in Pocatello, Challis and Arco is economically viable and significantly enhances the profitability of the entire operation of Bengal Pharmacy.

### **COUNCIL**

Council (and Adams County) lost its only pharmacy service about 2 years ago; the nearest pharmacy is a 104 mile round trip to Weiser. This area has a population of about 4,000 people, is socioeconomically disadvantaged, and has very limited access to health care services. Adams County has a large population of elderly residents with 24.0% over 65 years of age (state average: 13.8%) and a median family income of \$35,756, nearly \$12,000 less than state average.

Adams County Health Center (ACHC) operates in Council, providing primary care medical and dental services to the County. These services will be in jeopardy if there are no pharmacy services in town. After hearing of the success of Bengal Pharmacy at Lost Rivers, ACHC inquired with the ISU College of Pharmacy as to whether telepharmacy was an option for Council. The Idaho Board of Pharmacy approved ACHC as a telepharmacy site in the Fall of 2014. Historical data indicate that the Council site may support up to 65 prescriptions per day. The operation in Council will not require the purchase of a pharmacy or building, as was the case in Challis and Arco. In this model, the ACHC will own the pharmacy and Bengal Pharmacy will provide staffing and pharmacy management services. Adams County Health Center will own the facility and the inventory. This model is advantageous to Bengal Pharmacy as it minimizes initial capital outlays while enhancing the staffing model. The projected figures for the Council expansion suggest an enhancement of profitability of Bengal Pharmacy as a whole.

There are several important issues related to pharmacy service delivery in Council:

- In Council, ACHC has remodeled a space in the clinic to house the telepharmacy.
- The development of rural telepharmacy services eliminates the need for patients from Council to travel 104+ miles round trip to fill prescriptions in Weiser or beyond;
- The loss of pharmacy access in this area would have significant consequences to potential 340b revenue streams that help fund the clinic Council. This revenue, enhances the economic viability of healthcare services in these communities;
- Other rural Idaho communities that have lost their pharmacies have experienced significant decreases in quality of life, increases in health care costs, and loss of a community economic engine;
- The telepharmacy model retains the role of the pharmacist as the central provider of rural pharmacy services.

### **A NEED FOR TELEPHARMACY**

The model for maintaining rural access to pharmacy services in Arco was carefully developed and implemented. This model addresses the geographic difficulties of delivering rural pharmacy services, ensures the role of the pharmacist, is financially viable, and provides a secure, legal, and safe remote dispensing option for rural Idaho.

Council, like Arco and Challis, is in a difficult position and desperately need the availability of pharmacy services. Both communities are severely limited in access to primary health care services as such, the counties are listed by the Health Resources and Services Administration (HRSA) as a Medically Underserved Areas (MUA) and a Health Professional Shortage Areas (HPSA).

Numerous citizens, businesses and patients will be adversely affected by the loss of pharmacy services in Adams County. Additionally, the 340B program has the potential to provide an infusion of needed funds to the health efforts in Council; all the clinic needs is a pharmacy partner.

Projected Financial Statement for Bengal Pharmacy without Council

<b>Bengal Pharmacy - Pocatello, Arco, Challis</b>	200 Rx/daily
<b>Revenues</b>	Year 1
Total Rx	52,000
Prescription Sales (\$45.39 per prescription)	2,360,280
Gross Operating Margin	2,360,280
Total COGS (\$33.49 per prescription)	1,741,480
Total Operating Income	618,800
<b>Expenses:</b>	
Pharmacist Salary <b>FTE 1.50</b> @ \$105,000/yr	157,500
Pharmacist Technician Salary (6 @ \$14.00 per hour)	174,720
PR/Taxes/Benefits (20% of payroll)	66,444
Total P/R Expenses	398,664
Rent and Mortgages	23,199
Store Supplies/containers/labels (NCPA .004)	9,441
Advertising	6,000
Insurance (NCPA average)	2,500
Streeper Buy-out	36,637
Village Mart Buy-Out	7,250
Travel Costs	25,000
All other expenses Estimated at 2.0% of Gross Prod.	47,206
Total Other Operating Expenses	157,232
Total Expenses	555,896
Net profit/loss (before taxes, Depreciation, and Amortization)	62,904

Projected Financial Statement for Bengal Pharmacy with Council

	200*
<b>Bengal Pharmacy - Pocatello, Arco, Challis, and Council</b>	260*Rx/daily
Revenues	Year 1
Total Rx	52,000
Prescription Sales (\$45.39 per prescription)	2,360,280
Gross Operating Margin	2,360,280
Total COGS (\$33.49 per prescription)	1,741,480
Total Operating Income	618,800
Council Personnel Contribution**	194,895
Operating Income with Council	813,695
Expenses:	
Pharmacist Salary FTE 2.2 \$105,000/yr	231,000
Pharmacist Technician Salary 7.5 (\$14.00 per hour)	218,400
PR/Taxes/Benefits (20% of payroll)	89,880
Total P/R Expenses	539,280
Rent and Mortgages	23,199
Store Supplies/containers/labels (NCPA .004)	9,441
Advertising	6,000
Insurance (NCPA average)	2,500
Streeper Buy-out	36,637
Village Mart Buy-Out	7,250
Travel Costs	25,000
All other expenses Estimated at 2.5% of Gross Prod.	59,007
Total Other Operating Expenses	169,034
Total Expenses	708,314
Net profit/loss (before taxes, Depreciation, and Amortization)	105,381

\*Projections are for revenue from filling 200 Rx/day. However, Bengal Rx would fill a projected 260 Rx/day but does not capture Rx revenue from sales of the 60 Rxs filled in Council (this revenue stays with ACHC).

\*\*Bengal receives additional revenue for the personnel providing service at the Council site.

The analysis suggests that adding Council to Bengal Pharmacy would have a synergistic effect. Much of the infrastructure to establish telepharmacies has been completed at the central hub site in Pocatello. There are economies of scale with the addition of the management contract at the Council site making the arrangement favorable.

## SUMMARY

Over the past several years, rural communities have been losing vital access to health care, due in part to the disappearance of local community retail pharmacies. Rural pharmacies have become increasingly difficult to sustain economically. Older pharmacists who have lived and worked in these communities for years are retiring and may not be able to find suitable replacements. Mail-order pharmacies have become commonplace and are typically the solution to fill the gap that occurs when a community loses its pharmacy. However, this option has

significant disadvantages, including failure to provide the essential face-to-face interaction with a pharmacist.

An established telepharmacy allows for appropriately regulated remote dispensing services and will provide the equal protection of public health, safety, and welfare for the citizens of Adams County. In addition, Bengal Pharmacy and Idaho State University will use the telepharmacy service as a laboratory to develop evidence-based standards that can be utilized in furthering our understanding of best practices to reach and aid underserved areas of Idaho and beyond.

Innovative, financially viable solutions are needed that provide equal protection of public health, safety, and welfare. The projected financial figures for Council expansion would suggest that the incorporation this new site into Bengal Pharmacy would create a synergistic effect and improve the overall profitability of the operation. We respectfully request your approval of the Council telepharmacy as we work towards finding solutions to provide necessary pharmacy services to thousands of Idahoans in these underserved areas.

Appendix:



Image 1 – Adams County Health Center, October 2015



Image 2 – Pharmacy remodel in progress at Adams County Health Center, October 2015



Image 3 – Pharmacy remodel in progress at Adams County Health Center, October 2015

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