

**BUSINESS AFFAIRS AND HUMAN RESOURCES  
FEBRUARY 16, 2018**

---

<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.E. – Gifts and Affiliated Foundations – Second Reading	Motion to approve
<b>3</b>	<b>UNIVERSITY of IDAHO</b> WWAMI Medical Education Building Renovations Project	Motion to approve

---

**THIS PAGE INTENTIONALLY LEFT BLANK**

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**FEBRUARY 15, 2018**

---

**SUBJECT**

Policy V.B.—Second Reading

**REFERENCE**

October 2012	Idaho State Board of Education (Board) approved revisions to Occupancy Cost policy in Policy V.B.
December 2015	Board approved second reading of amendment to Policy V.B., revising Occupancy Cost request notification procedures
December 2017	Board approved first reading of amendment to Policy V.B.

**APPLICABLE STATUTES, RULE OR POLICY**

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

**ALIGNMENT WITH STRATEGIC PLAN**

Goal 4 (“Effective and Efficient Educational System”) Objective C (“Productivity and Efficiency: Apply the principles of program prioritization for resource allocation and reallocation”).

**BACKGROUND / DISCUSSION**

This proposed amendment to Board Policy V.B. revises and clarifies the process for notification and verification of Occupancy Cost requests. The amendment also incorporates a new paragraph to place the Board’s earlier-approved guidelines on minimum institutional financial reserve targets within Board policy.

The proposed revisions to Paragraph 10 of the policy clarify that the Occupancy Cost formula for the custodial costs of newly eligible space is a linear formula based on one custodian per each 26,000 square feet. A hypothetical example is provided, illustrating the computation for an incremental increase of 13,000 square feet. This wording aligns the text of the policy with current practice and does not increase or decrease the computed costs for custodial support. Custodial cost computations may change from one year to another if the State’s pay grade for classified staff custodians are adjusted. The policy recognizes that eligible new space, regardless of size, requires custodial support, and this requires allocation of custodians’ time, regardless of whether new custodians are hired or if the incremental workload is distributed among an institution’s pool of custodial employees.

An additional revision is proposed to Paragraph 10 to provide guidance to institutions to facilitate timely and accurate “verification” reports on Occupancy Costs, once an institution occupies a facility. This change complements the recent initiative to standardize Occupancy Cost request “notification” reports to the Division of Financial Management (DFM) and the Legislative Services Office (LSO). The streamlined process should significantly improve verification reporting. A link is provided to a standardized data sheet (Attachment 2), developed by Board

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**FEBRUARY 15, 2018**

---

Staff in coordination with the institutions, for consistent reporting of both initial notification and final verification for Occupancy Cost requests.

A new Paragraph 12 on “Target Reserves” is proposed which captures the Board’s previous guidance (that affected institutions maintain at least 5% financial reserve levels, as computed by dividing available unrestricted funds by annual operating expenses) which is relocated from its previous location in an earlier version of the Board’s Strategic Plan.

**IMPACT**

Approval of the proposed amendments will clarify and streamline Occupancy Cost request procedures and will improve the associated notification and verification reports submitted to DFM and LSO. There should be no fiscal impact to current budgets as a result of the proposed changes, beyond improving the accuracy of estimates and final computations of Occupancy Costs. The amendments also incorporate the Board’s guidance on minimum financial reserve levels into Board policy, thereby documenting the earlier-established minimum reserve level for use by institutions as they develop and implement their strategic plans.

**ATTACHMENTS**

Attachment 1 – Amendment to Board policy V.B. – second reading	Page 3
Attachment 2 – Occupancy Cost notification/verification data sheet	Page 11

**STAFF COMMENTS AND RECOMMENDATIONS**

The proposed revisions to Board Policy V.B. were reviewed by the Business Affairs and Human Resources Committee and Financial Vice Presidents on December 8, 2017, and on February 2, 2018. The revisions will improve the Occupancy Cost request process and assist the institutions as they manage financial reserves. There have been no changes to the documents since the Board approved the first reading of the proposed amendment on December 21, 2017.

Staff recommends approval.

**BOARD ACTION**

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

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

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**FEBRUARY 15, 2018**

---

**SUBJECT**

Policy V.E. – Second Reading

**REFERENCE**

February 2006	Idaho State Board of Education (Board) approved the second reading of amendment to Board policy V.E.
December 2017	Board approved first reading of proposed amendment to Board policy V.E.

**APPLICABLE STATUTE, RULE, OR POLICY**

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

**ALIGNMENT WITH STRATEGIC PLAN**

Goal 4 (“Effective and Efficient Educational System”) Objective C (“Productivity and Efficiency: Apply the principles of program prioritization for resource allocation and reallocation”).

**BACKGROUND/DISCUSSION**

Board Policy V.E. provides guidance on institutions’ relationships with their affiliated foundations and the Board’s role in approving institution-foundation operating agreements. Affiliated foundations operate as Idaho nonprofit organizations that are legally separate from the institutions and are recognized as 501(c)(3) public charities by the Internal Revenue Service. The institution is required to enter into a written operating agreement with each of its affiliated foundations.

Current practice, in place since the main provisions of Policy V.E. were established, is that in cases where an affiliated foundation routes all donations, gifts, monies, properties, etc., to the host institution through another recognized foundation (e.g., if a booster organization routes all funds to the institution through the institution’s primary foundation), the Board must periodically approve the institution-operating agreement only for the foundation which transfers funds directly to the institution. The proposed amendment clarifies policy to conform to current practice, and provides a template for use by institutions and the Board in developing and updating operating agreements submitted to the Board for approval.

**IMPACT**

Under the proposed amendment, institutions and their affiliated foundations will continue to have the option to provide foundation-raised funding directly to the institution, on the basis of Board-approved operating agreements. Affiliated foundations that prefer to route all funds/gifts to the institution through another Board-approved foundation, could do so, and recurring approval of their operating agreements would not be required. This arrangement ensures continued Board oversight over resources provided to institutions under its authority, while

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**FEBRUARY 15, 2018**

---

maintaining a degree of flexibility in the operation of various foundations which support the institutions. This clarification to policy should have no direct financial impact on the institution's finances/budget.

**ATTACHMENTS**

Attachment 1: V.E. Gifts and Affiliated Foundations	Page 3
Attachment 2: Affiliated Foundation Agreement Template	Page 15

**STAFF COMMENTS AND RECOMMENDATIONS**

The proposed amendment brings the text of the policy into conformance with current practice and the stated intent of the Board at the time the applicable sections of policy V.E. were established in 2006. The updated policy enables continued close oversight of funds/gifts/properties being conveyed between an institution and an affiliated foundation. The amendment also incorporates a number of minor technical revisions and a reorganization of material to improve clarity and user-friendliness. A standard template for foundation operating agreements has been developed in order to streamline the current review and approval process, and is provided as Attachment 2.

The Business Affairs and Human Resources Committee reviewed the proposed amendment on December 8, 2017 and February 2, 2018. There have been no changes to the associated documents since the Board approved the first reading of the proposed amendment on December 21, 2017.

Staff recommends approval.

**BOARD ACTION**

I move to approve the second reading of the revisions to Board policy V.E. and use of the associated affiliated foundation agreement template, as presented in Attachments 1 and 2, respectively.

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

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**FEBRUARY 15, 2018**

---

**UNIVERSITY OF IDAHO**

**SUBJECT**

Request for authorization to enter bidding and construction phases for the Washington, Wyoming, Alaska, Montana and Idaho (WWAMI) medical education building expansion project

**REFERENCE**

August 2016	Idaho State Board of Education (Board) approved Capital Budget request in University of Idaho (UI) six-year plan
April 2017	Board approved lease agreement with Gritman Medical Park
August 2017	Board authorized Planning and Design Phases for WWAMI facility expansion project

**APPLICABLE STATUTE, RULE, OR POLICY**

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

**ALIGNMENT WITH STRATEGIC PLAN**

This item aligns with the following goals and objectives of the State Board of Education Strategic Plan:

- Goal 1, Objectives A, C, and D: The WWAMI Medical Education Program provides access to high quality medical education opportunities for the citizens of Idaho. WWAMI has served the State in this capacity since 1971. The program recently expanded the number of seats available, thus providing greater access to Idahoans seeking to further their education and serve the State as medical professionals.
- Goal 2, Objectives A, C, and D: The WWAMI Medical Education Program supports workforce readiness by providing the educational foundation requisite to develop the medical professionals necessary to serve Idaho's expanding population and workforce, key to the State's economic growth and prosperity.

**BACKGROUND/DISCUSSION**

This agenda item requests Board authorization for UI to proceed with the bidding and construction phases of a capital project to renovate and expand an existing building on the Moscow, Idaho campus—the former Business Technology Incubator (BTI) building—and to convert it for uses supporting the WWAMI Medical Education program at UI. This agenda item also requests Board approval for a cumulative increase of \$1,720,000 in the originally-approved cost for the project. This cost increase is the result of refinement of the scope, design detail, and project estimates developed through the course of planning and design. The revised total project cost is \$4,120,000.

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**FEBRUARY 15, 2018**

---

**Planning Background**

Idaho's WWAMI Medical Education Program is a partnership with the University of Washington School of Medicine and the states of Washington, Wyoming, Alaska, Montana, and Idaho. Students who enter the program are dual enrolled at UI and the University of Washington School of Medicine and complete their foundations phase of medical school at UI. Begun in 1971, WWAMI is a nationally accredited medical school program, not a premedical program. Through WWAMI, Idaho medical students complete their first and second year of medical training in Idaho.

The state of Idaho has supported the growth of the program over the last few years, doubling the annual student pipeline from 20 seats to 40 seats. The new curriculum now requires each cohort to spend 18 months on campus (previously 12 months), resulting in an overlap of student cohorts from one year to the next. Changing pedagogy and accreditation requirements result in the need for more collaborative, active learning spaces. Thus, program space needs are growing rapidly, with a need to accommodate 80 students at a time, compared to only 20 students previously.

The WWAMI program has operated out of the third floor of the UI Student Health Center for many years supported by anatomy lab space at nearby Washington State University (WSU) and a dedicated classroom elsewhere on the UI campus. The standup of WSU's new medical school will reduce access to anatomy lab space for UI WWAMI students. This construction project is part of a UI plan to meet all of these space needs for the expanded medical student cohorts, and to leverage collaborative operations with the medical community in Moscow.

UI has identified an opportunity to lease space in a new medical office building recently constructed by Gritman Medical Center of Moscow. UI received authorization to commission Gritman Medical Center to construct a Morgue and Anatomy Lab facility in the leased space via a tenant improvement process funded as part of the lease expenses. This will place the WWAMI Anatomy Lab and an associated Active Learning Classroom within the Gritman Medical Center Campus in downtown Moscow, and it will provide WWAMI the opportunity take part in collaborative learning efforts and programs in conjunction with the resources and staff of the Gritman Medical Center. Construction of the Gritman facility began in late September 2017, and is due to be complete in April 2018.

In parallel, UI has identified the existing Business and Technology Incubator (BTI) facility to be reconfigured to serve as the new home base for the WWAMI program. The existing, one story building is located on the east edge of campus and is adjacent to, and within visual and walking distance of, the city's medical complex and the Gritman Medical Center. This location is ideal and supports opportunities for further collaboration with the local medical community.



**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**FEBRUARY 15, 2018**

---

**Project Description**

Fully converting the existing floor space of the BTI building will still fall short of fully meeting WWAMI's space needs, so this project includes an addition of approximately 4,000 square feet on the north side of the existing building. Small exam rooms will be provided to support the existing active learning classrooms, enabling interactive group instruction for the students in conducting medical examinations, patient interview skills, and in developing 'bedside' manners. The expanded space will provide both private and group student study spaces required under medical instruction accreditation requirements. The new facility will also house faculty office and administrative support functions. The project is on schedule to go out to bid in March 2018 with a completion date the following spring.

FLAD Architects have designed the project. The firm's current construction cost estimate is \$3,075,000 which falls within the revised project construction budget of \$3,100,000. The total project effort is currently estimated at \$4,120,000, including design and construction costs and contingency allowances.

**IMPACT**

The fiscal impact of this effort will be \$4,120,000 in total expenditures, broken out as follows:

***Overall Project***

**Funding**

State	\$ 2,400,000
Federal (Grant):	
Other (UI)	
Central University	1,720,000
Gifted Funds	<u>                    </u>

Total	\$ 4,120,000
-------	--------------

**Estimate Budget**

A/E & Consultant Fees	\$ 375,100
Construction	3,100,000
Construction Cont.	310,000
Misc. Owner Costs	57,410
Project Cont.	<u>277,490</u>

Total	\$ 4,120,000
-------	--------------

**ATTACHMENTS**

Attachment 1 – Capital Project Tracking Sheet

Page 5

**STAFF COMMENTS AND RECOMMENDATIONS**

The Board originally approved the project with an estimated cost of \$2.4 million, sourced from the Permanent Building Fund (PBF). In August 2017, following preliminary design work, the Board approved a cost increase of \$1.22 million for the project. The new cost estimate for the expanded project has increased by an additional \$500,000 to a total of \$4.12 million. Per Board Policy V.K.1., Board approval is required when a project's cumulative cost increases by more than \$1,000,000. The University will cover the increased cost of the project with \$1.72 million in institutional funds.

The University has worked closely with the Division of Public Works to develop the expanded design for the project. This project leverages the institution's resources

**BUSINESS AFFAIRS AND HUMAN RESOURCES**  
**FEBRUARY 15, 2018**

---

with funding already provided by the Governor and Legislature to address a critical need for Idaho's medical education capabilities and to provide access to high quality health services to Idahoans. The project will also enhance collaboration and synergy with community healthcare providers.

Staff recommends approval.

**BOARD ACTION**

I move to approve the request by the University of Idaho to implement the bidding and construction phases of the capital project to improve and expand the former Business Technology Incubator facility in support of the WWAMI Medical Education Program, for a total cost of \$4,120,000 as described in the materials presented. Approval includes the authority for the Vice President for Finance and Administration to execute all necessary and requisite consulting and vendor contracts to implement the project.

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