President Miles called the meeting to order at 4:15 p.m. on October 14, 2009.

Roll Call:

<table>
<thead>
<tr>
<th>Regent</th>
<th>Campbell</th>
<th>Downer</th>
<th>Evans</th>
<th>Gartner</th>
<th>Harkin</th>
<th>Johnson</th>
<th>Lang</th>
<th>Miles</th>
<th>Vasquez</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connected</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Absent</td>
<td>x</td>
<td>x</td>
<td></td>
<td>x*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Regent Harkin was absent for the Roll Call; she joined the call later during the meeting.
Statement from President Miles:

“This special meeting of the Board has been called to ratify two actions that I announced on Thursday, October 8th, and to discuss with our institution heads actions that will be taken to respond to the Governor’s 10% budget reversion.

As we meet today, Iowa’s public universities and special schools face one of the most difficult financial environments in our history. The 10% budget cut announced on October 8th, reduces state funding by $8.8 million from the University of Northern Iowa; $24.5 million from Iowa State University; and $24.7 million from the University of Iowa. The cumulative cuts of $59.8 million mean that state appropriations to the Regent institutions have declined to levels not seen since 1998. And on a real dollar basis that is adjusted for inflation, state funding of Iowa’s public universities and special schools has been rolled back at least 18 years to 1990 or before.

As I have noted on numerous occasions over the last 18 months, the state of Iowa has been reducing its investment in public higher education over many years. In 1982, more than 77 cents of every dollar in the general education budget came from state appropriations. With this latest budget cut, state appropriations now total only 41 cents of every dollar in our general education budget.

Our institutions have done a remarkable job of doing more with less. In just the past year, our institutions have initiated efficiency in productivity improvements, consolidated or downsized academic programs, improved facility utilization, adjusted teaching and research loads, strictly limited salary increases, deferred open positions, implemented furloughs, and eliminated positions.

The Presidents of Iowa’s public universities and the Superintendents of our special schools have undertaken comprehensive reviews of their very complex operations, developed new ideas and approaches, and made difficult choices. And I want to commend and thank the faculty, staff, and students of our institutions for their unwavering support during this challenging time.

Our universities have also grown and diversified their revenue sources. Since 2001, funded research is up 50%. And revenues from non-resident undergraduates, through a combination of significant growth in the number of out-of-state students and tuition increases have risen 235%. Regrettably, however, resident undergraduate tuition has roughly doubled over this same period.

This latest cut creates an extreme hardship for our universities, but it is truly devastating for the Iowa School for the Deaf and the Iowa Braille and Sight Saving School. While our universities have alternative sources of funding, our special schools do not. The recent cuts will strain the ability of the Iowa School for the Deaf and the Iowa Braille and Sight Saving School to maintain vital services to some of our most vulnerable young people.

In this environment, it is essential for the Board of Regents and the Regent institutions to move swiftly and decisively to close this $60 million budget gap. To signal clearly the seriousness of this situation, on October 8th, I announced a hiring freeze on all general education funded positions and a moratorium on all new building construction projects.

On this Monday, October 12th, I met for several hours with our Executive Director and our institution heads to evaluate or situation. Based upon those discussions, I am asking this Board to do the following: As to the hiring freeze, I ask this Board to approve its continuation until such time as the Board receives and approves action plans from each institution head for reducing their budgets by the required amount in FY 2010. I am asking the institution heads to submit their plans for our October 29th meeting.”
Regent Gartner asked if the hiring freeze is just for positions that are funded through the general fund. President Miles said yes. He added that it is extended until the comprehensive plans are submitted and approved.

Regent Vasquez asked when the action plans are due. President Miles said the plan is to have them as soon as possible and certainly by the October 29th Board meeting.

- MOVED by GARTNER, SECONDED by EVANS, to:
  - Approve the continuation of the hiring freeze until the Board receives and approves action plans from each institution head for reducing their budgets by the required amount in FY 2010; and
  - Direct the institution heads to submit their plans for the October 29, 2009, Board meeting.

<table>
<thead>
<tr>
<th>Regent</th>
<th>Campbell</th>
<th>Downer</th>
<th>Evans</th>
<th>Gartner</th>
<th>Harkin</th>
<th>Johnson</th>
<th>Lang</th>
<th>Miles</th>
<th>Vasquez</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aye</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nay</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absent</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

MOTION APPROVED UNANIMOUSLY.

**Proposal for Moratorium on New Building Construction Projects**

President Miles stated that the moratorium was always intended to apply solely to new projects, not to projects in process. He said that construction projects in process should not be discontinued; the cost to the Regent enterprise in unrecoverable expenses and bidder uncertainty would be too great.

Since each new proposed construction project must be approved by the Board prior to the commitment of funds, President Miles withdrew the construction moratorium effective immediately. He added that the Board will scrutinize the impact of proposed new construction projects on the ongoing operating budgets more than ever.

**Open Discussion**

President Miles invited discussion on actions to address the $60 million budget cut. He began by suggesting that whatever steps are taken need to: (1) ensure continued access to the Regent institutions for qualified Iowans, regardless of financial ability or need; and (2) protect the outstanding quality of education, research, and service.

He asked that the institution heads work together with Board Office staff to close the budget gap and offered the following suggestions for consideration:

- Temporary salary reductions;
- Temporary layoffs;
- Benefit revisions of a temporary or permanent nature;
- Tuition surcharge for the spring semester of 2010;
- Postponing non-essential deferred maintenance and repairs;
- Refocus efforts in a significant way and/or potentially eliminate programs; and
- Permanent layoffs.
President Miles said that in reviewing options, the Board must work collaboratively and in good faith with all Regent employees, bargaining representatives of certain employee groups, the Governor and the Legislature, and students to seek to arrive at the best solutions under these most challenging circumstances. He urged, to the extent possible and while protecting the priorities of the Regent institutions, that the pain of the actions required be shared across all employee groups.

Regent Gartner commented on the institutions having less than a full year to cut the $60 million and asked that another suggestion be put on the table – to evaluate non-essential assets as a source of one-time money.

Regent Vasquez asked about furloughs. President Miles said that issue is included in the temporary layoff suggestion.

Regent Lang said he disliked surcharges and asked if those dollars would be dedicated for tuition. President Miles said yes, adding that the surcharge would be one time and would not remain in the base tuition going forward. He confirmed it is just a consideration and no action would be taken today.

Regent Evans asked about FY 2011. President Miles clarified that the suggestions on the table relate to FY 2010 and deal with the $60 million cut. He said that the Board would be asked to consider the initial FY 2011 tuition recommendations in October; Board action is scheduled for December.

President Miles noted that the Board faces challenges for FY 2011 as well. He said that the Board needs to be flexible and consider that a tuition increase in excess of the median of the Higher Education Price Index (HEPI) might well be necessary.

Regent Harkin asked if the Board would vote on proposed spending cuts at the October 29th meeting. President Miles responded affirmatively and said the institution heads will bring plans on how they will address the budget gap relating to their respective institution. If satisfied, the Board will approve the plans at the meeting.

Regent Harkin said that she is against a combination of a surcharge and an additional tuition increase for FY 2011.

Regent Johnson echoed Regent Harkin, saying that she does not support a surcharge as well as a tuition increase.

Regent Gartner reported that there are some issues that require changes in labor contracts and possibly changes in legislation. He asked if the directive to the institution heads is to bring a plan for approval or to bring a series of options for the Board to select.

President Miles said he is looking for the institution heads to exercise their judgment and leadership. He said they should identify options that could exceed the mark if all were to be considered and identify which ones are the best, adding that as the governing body, the Board needs to have the ability to look at alternatives.

Regent Gartner said that layoffs will not result in a lot of savings this fiscal year. President Miles reminded that savings must be this fiscal year and meetings with all employee groups should occur to assure maximum flexibility. Regent Gartner urged that those meetings be done.
President Geoffroy suggested that each institution head propose a recommended plan rather than a menu of items and present other options if the Board does not wish to proceed with the original proposal. Regent Gartner responded and said the Board cannot compare unless all options are known. President Geoffroy clarified that the institution heads could inform the Board during their presentations what they would do if some of the items were not approved.

President Miles expressed confidence in the institution heads and asked that the institution heads present all ideas so that the Regents can discuss and ask questions.

In response to President Allen’s question about negotiations with the unions, President Miles said this is an unprecedented situation and the Regents are going to approach it in good faith; he was certain that the bargaining representatives would do the same. He said it seems unlikely that everything will be resolved by the October 29th Board meeting, and that the Board would need options in the plans.

Regent Gartner asked if the programs earmarked and funded separately by the legislature are subject to the 10% budget cut. Chief Business Officer Sayre said yes. Regent Gartner asked if the university presidents have the flexibility to move the money around since the programs are part of the overall budget. President Miles said no, not the ones that are line items. Regent Gartner asked if programs that are line items are also subject to the 10% state appropriation budget cut. President Miles said yes.

Regent Lang asked if there are employees that would retire if their health care costs were covered for a period of time. President Mason reported that retirements significantly helped in the first round of cuts and the University plans to look at the program again.

President Pro Tem Evans asked if consideration has been given to revenue enhancement as opposed to expense cuts for the special schools. Superintendent Prickett said that there is not a great deal of potential for alternate revenue. She said that there are some limitations on what the special schools can charge. President Miles encouraged ISD and IBSSS to continue to think creatively.

In response to Regent Lang, Chief Business Officer Sayre reported that the special schools cuts include $973,000 for ISD and $547,000 for IBSSS. Superintendents Prickett and Clancy clarified that there are no cash reserves at either school.

In response to Regent Gartner, Chief Business Officer Sayre reported that the IowaCare program is funded from another source and not from the general fund.

Regent Lang commented on competition for state funding during the next legislature next session.

President Pro Tem Evans thanked President Miles for his leadership on this issue.

President Miles thanked everyone for participating and adjourned the meeting at 4:55 p.m.