

The State Board of Regents met electronically on Wednesday, August 26, 1992.
The following were in attendance:

Members of State Board of Regents

Mr. Pomerantz, President
Mr. Berenstein
Mr. Dorr
Mr. Fitzgibbon
Ms. Furgerson (Excused)
Ms. Hatch (Excused at 10:18 a.m.)
Ms. Johnson
Dr. Tyrrell
Mrs. Williams

Office of the State Board of Regents

Executive Director Richey
Deputy Executive Director Barak
Director Kominski
Director Smith
Director Volm
Assistant Director Volm
Minutes Secretary Briggie

Iowa Braille and Sight Saving School

Superintendent Thurman
Director Hauser

State University of Iowa

President Rawlings
Vice President Nathan
Vice President Rhodes
Vice President Skorton
Interim Vice President True
Associate Vice President Davis
Associate Vice President Small
Director Yanecek
Associate Director Staley
Professor Lawler

Others

Luther Anderson, Springsted, Inc.
Ken Haynie, Ahlers Law Firm
Sue Lerdal, Legis. Fiscal Bureau

Iowa State University

President Jischke
Provost Kozak
Vice Provost Swan
Assoc. to the President Adams
Exec. Ass't. to Pres. Mack
Ass't. to President Bradley
Assistant Vice President Pickett
Director Jensen
Associate Director Sieler

University of Northern Iowa

President Curris
Provost Marlin
Vice President Conner
Vice President Follon
Executive Assistant to the
President Stinchfield
Assistant to President Gadelmann
Director Chilcott

Iowa School for the Deaf

Superintendent Johnson
Business Manager Nelson

GENERAL

The State Board of Regents held an electronic Board meeting on Wednesday, August 26, 1992, commencing at 9:00 a.m., in accordance with Section 21.8 of the Code of Iowa. The meeting was not held in person because it was not practical to have the Regents assemble in one location for this brief meeting. Each Regent in attendance was at a separate remote location. Public access was provided at the following locations:

Board of Regents Office, Old Historical Building, Des Moines
University of Iowa, Old Public Library Conference Room, Iowa City
Iowa State University, President's Office Conference Room, Ames
University of Northern Iowa, Board Room, Gilchrist Hall, Cedar Falls
Iowa School for the Deaf, Superintendent's Office, Council Bluffs
Iowa Braille and Sight Saving School, Superintendent's Area, Vinton

The conference operator called the roll, as follows:

Marvin Pomerantz
Marvin Berenstein
Thomas Dorr
John Fitzgibbon
Elizabeth Hatch
Melissa Johnson
John Tyrrell
Mary Williams

Betty Jean Furgerson was excused.

The following business pertaining to general or miscellaneous business was transacted on Wednesday, August 26, 1992.

APPROVAL OF MINUTES OF BOARD MEETING, JULY 15-16, 1992. President Pomerantz asked for corrections, if any, to the Minutes.

ACTION: President Pomerantz stated the Board approved the Minutes of the July 15-16, 1992, meeting, as presented, by general consent.

FINAL OPERATING BUDGETS FOR FISCAL YEAR 1993. The Board Office recommended the Board approve the report on final budgets for fiscal year 1993 as requested by the institutions.

The general fund budgets for fiscal year 1993 total \$1,024,127,207 for all five of the Regent institutions (excludes special purpose appropriations of \$4.4 million). This represents an increase of \$87.4 million or 9.3 percent over the fiscal year 1992 revised budget.

The total budget of the Regent institutions is \$1.713 billion from all funds.

State appropriations for all Regent institutions total \$492.2 million for fiscal year 1993, an increase of \$41.8 million or 9.3 percent compared to the fiscal year 1992 revised appropriation.

Allocations from the salary adjustment fund by the Department of Management constitute \$42.9 million of the total increase.

Tuition revenue is projected to be \$177.9 million for fiscal year 1993, an increase of \$14.2 million or 8.7 percent over the fiscal year 1992 revised level. Tuition revenue increases will be used for instructional and student services as well as for additional student aid.

The University of Iowa projects a fall 1992 enrollment of 27,400 students; Iowa State University an enrollment of 25,554; and the University of Northern Iowa an enrollment of 13,200 students.

Revenues from sales and services are projected to increase by \$30.9 million (11.0 percent) in fiscal year 1993. The majority of this increase is attributable to the University of Iowa Hospital and Clinics which projects sales and services income to increase by \$29.9 million in fiscal year 1993.

The hospital units at the University of Iowa proposed rate increases for paying patient charges as follows:

Hospitals and Clinics	5.0%
Psychiatric Hospital	7.0%
Hospital School	7.0%

The only other major revenue increase is in federal support which is projected to increase by \$699,000 (6.0 percent) over the fiscal year 1992 revised level. The majority of this increase is attributable to Iowa State University Cooperative Extension Service which is projecting an increase of \$621,000.

The Regent institutions used Regent goals and their own strategic plans for fiscal year 1993 budget preparations.

The Regent universities each stated that undergraduate education remains a top goal for fiscal year 1993. Each of the institutions will allocate extensive resources to improve undergraduate course offerings for entering freshmen.

The University of Northern Iowa received \$800,000 for enrollment growth. It will use these funds to add faculty positions for high demand courses throughout the university and to restore positions lost due to the 3.25 percent across-the-board cut in State appropriations in fiscal year 1992.

Each of the Regent universities increased its allocation to the Iowa Minority Academic Grants for Economic Success Program in fiscal year 1993. The increases by institution are as follows:

University of Iowa	\$150,000
Iowa State University	\$150,000
University of Northern Iowa	\$ 35,000

The Regent institutions have increased library acquisitions in fiscal year 1993 by \$423,572 or 4.2 percent over the fiscal year 1992 revised budget amount. The Board of Regents' request for fiscal year 1993 was based on a 12.0 percent increase for library acquisitions. Because of inflationary increases, the libraries at the Regent institutions must continue to review journals for possible elimination and undertake cost saving measures which may adversely affect library services.

The student aid expenditure line item for fiscal year 1993 will increase by \$2.6 million (10.3 percent). The increase is due to the tuition set aside from the rate increase approved by the Board of Regents for fiscal year 1993. These funds will be used to provide increased financial support to students choosing to attend Iowa Regent universities.

The Regent institutions received no additional funding for inflationary increases in the areas of professional/scientific supplies, library acquisitions, or utilities.

The Regent institutions will increase their utility budgets by \$2.3 million (6.0 percent) to cover increased load factors and to absorb new building costs for fiscal year 1993.

An area of great concern to the Regent institutions surrounds building repairs and equipment purchases.

Major new funding initiatives appropriated for the fiscal year 1993 budget include:

University of Iowa

Driving Simulator (Special Purpose)	\$ 266,560
Advanced Drug Development (Special Purpose)	\$ 490,000
Center for Biocatalysis and Bioprocessing (Special Purpose)	\$ 991,090

Iowa State University

Agricultural Research	\$2,784,906
Institute for Physical Research & Technology	\$2,928,046

University of Northern Iowa

Enrollment Growth	\$ 800,000
Reuse and Recycling Technology Transfer Center	\$ 239,745

The salary policy contained within Senate File 2393 required complying with contracts negotiated with AFSCME contract employees and members of the United Faculty of Iowa. In addition to these groups, the legislation stated that professional and scientific staff, non-organized faculty and non-organized merit employees receive a salary increase of 7.5 percent but provided inadequate funding.

The salary policy being implemented by each of the institutions by class of employee is as follows:

A. Faculty (United Faculty of Iowa)

The University of Northern Iowa will provide a 10.5 percent cost of living adjustment to this employee group (10.775 compounded)

B. Faculty (Non-organized)

- The University of Iowa will provide this group an average salary increase of 5.5 percent. Faculty in the College of Medicine will receive an 8.5 percent increase with the 3 percent differential being paid from practice earnings and sponsored research grants.
- Iowa State University will provide an average salary increase of between 6.0 and 6.5 percent.
- The University of Northern Iowa will provide its non-organized faculty an average salary increase of 9 percent.
- The Iowa School for the Deaf will provide a 6.0 percent increase to the faculty salary schedule and an average 7.7 percent salary increase for individual faculty.

- The Iowa Braille and Sight Saving School will provide an increase of 6.0 percent to the faculty salary schedule and an average 6.5 percent salary increase for individual faculty.

C. Professional and Scientific Staff

- The University of Iowa will provide an average salary increase of 5.5 percent for professional and scientific staff. In addition, professional and scientific staff will be eligible for meritorious pay increases based on extraordinary performance to be determined on an individual basis.
- Iowa State University will provide professional and scientific staff an average increase of 6.0 to 6.5 percent.
- The University of Northern Iowa will provide professional and scientific staff an average increase of 9 percent.
- The Iowa School for the Deaf will increase the professional and scientific range by 7.5 percent and provide professional and scientific employees an average salary increase of 7.4 percent based on merit.
- The Iowa Braille and Sight Saving School will increase the professional and scientific range by 7.5 percent and provide professional and scientific employees an average salary increase of 7.5 percent based on merit.

D. Merit Contract

All Regent institutions will provide salary policy based on the collective bargaining agreement. The provisions of the contract include:

- * provide a cost of living adjustment of 9.26 percent (compounded)
- * provide for merit step increases in fiscal year 1992 and fiscal year 1993
- * provide a \$400 bonus in December of 1992

E. Merit Confidential

All Regent institutions will provide a consistent salary policy to this group. The policy includes:

- * provide a cost of living adjustment of 9.26 percent (compounded)

- * provide appropriate merit step increases in fiscal year 1992 and fiscal year 1993
- * provide a \$400 bonus in December of 1992

F. Merit Supervisory

A 7.5 percent increase to the supervisory pay scale and eligible employees will be awarded merit step increases for fiscal year 1992 and fiscal year 1993. Also, merit supervisory staff will be eligible for meritorious pay increases as provided in Board policy.

Iowa State University received \$2.8 million for agricultural research. The university will use these funds to meet continuing challenges that face Iowa's agricultural sector, including increased international competition in agricultural markets, changing government programs, protecting the environment and human health, and job creation and increasing economic activity in rural as well as urban centers.

The Regent universities received a number of special purpose appropriations in line item appropriations for technology transfer in fiscal year 1993. These appropriations were received at the University of Iowa for a substance abuse center, a center for agriculture for health and safety, the Iowa Driving Simulator, a center for advanced drug development, and the Center for Biocatalysis and Bioprocessing.

The appropriations to Iowa State University and the University of Northern Iowa are for technology transfer initiatives contained in the operating budgets. Iowa State University received increased funding for the Institute for Physical Research and Technology. The University of Northern Iowa received funding for its Reuse and Recycling Technology Transfer Center.

Mr. Richey reviewed with the Regents the information contained in the docket memorandum regarding overall budget policy for fiscal year 1993. Combined budgets total over \$1 billion. He noted that due to a provision in the appropriations bill, the Regents experienced a \$6 million (48 percent) cut in the equipment and travel line items of the institutions. He said the good side was that the Regents received an increase in appropriations in the amount of \$42.9 million. He stated that, given the prospects for State funding a year ago, this was an excellent budget. The salary policy was a good one, although it was not adequately funded by the legislature.

Regent Dorr asked for the estimated total enrollment for this fall, and the total number of employees and budget amounts over the last 3 years.

Mr. Richey responded that on the bottom of page 1 of the G.D. 2 docket memorandum was enrollment information for each of the universities. Budget

expenditures for fiscal years 1990 and 1991 would have to be obtained from files in the Board Office.

Regent Dorr clarified that he would like a comparison of the number of employees, students and budget amounts for the last 3 to 4 years.

President Pomerantz asked that the 10-year history be reviewed. He stated that they would find that over the last 10 years the number of general fund-funded employees has been reduced at the state universities. He said that the areas of the budgets which did not receive emphasis this fiscal year need to be top priorities for the coming year.

Regent Hatch said she echoed that. Deferred maintenance and library funding have been de-emphasized in these budgets. She suggested they should go on record that the Regents feel very strongly that the areas of the budgets that are taking big cuts this year must be top priorities for next year.

Regent Tyrrell referred to a recent article in the Chronicle of Higher Education. The wave of the future is for university libraries to not subscribe to every journal available but to have access to the journals. At the present time library acquisitions are very expensive. University libraries will not have shelves of journals; it will all be on computers.

Regent Dorr asked for an overview of the status of library automation, computerization and the statewide computer network.

Mr. Richey stated that automation is one of the top items on the Regents' agenda. Automation was addressed to some degree in the Peat Marwick review of 5 years ago. He hopes to tie all that together including the budget information the Board needs.

President Jischke stated that Iowa State University, particularly through Nancy Eaton, has played a national leadership role in the last month. The university received a \$2.5 million grant from the federal government to study automation of libraries in the biotechnology area. He emphasized that Dean Eaton is a national leader in this area.

President Pomerantz congratulated Iowa State University officials on the award. He noted that over the last several years the Regents have done considerable work coordinating libraries through a computer network.

Director Barak noted that the annual report for the Library Coordinating Committee is due this fall.

President Rawlings asked Vice President Nathan to comment on the efforts of the Big 10 universities in this area.

Vice President Nathan stated that the provosts and academic vice presidents of the Big 10 universities are very concerned about increasing library efficiency by using information technology. The conference has invited all of its library directors to a meeting in Chicago in October to discuss changes in library acquisition policies so every institution does not have to subscribe to an overabundance of literature.

Regent Dorr said his concern was that the Regent universities coordinate information dissemination. He said it was excellent that all of the efforts mentioned are taking place.

ACTION: President Pomerantz stated the Board approved the report on final budgets for fiscal year 1993 as requested by the institutions, by general consent.

(a) University of Iowa. The Board Office recommended the Board review the summary of budgets for the University of Iowa and approve budgets as recommended in individual unit memoranda.

University of Iowa officials proposed a fiscal year 1993 budget for all units combined of \$1,025.9 million. The general fund portion of the budget is \$641.8 million.

The fiscal year 1993 budget is an increase over the revised fiscal year 1992 budget of \$51.5 million (8.7 percent).

Total State appropriations for fiscal year 1993 are \$227,371,134, an increase of \$14.1 million (6.7 percent).

The general fund budgets for each major unit are as follows in millions of dollars:

General University	\$279.0
Oakdale Campus	3.5
Family Practice Program	1.8
Hospitals and Clinics	330.4
Psychiatric Hospital	14.5
Hospital School	7.1
Hygienic Laboratory	4.8
SCHS Cancer, Hemophilia	.7

The university has a restricted budget for fiscal year 1993 of \$384,125,000. This represent an increase of \$49.4 million (14.7 percent) over the fiscal year 1992 restricted funds budgeted.

State appropriations comprise 35.4 percent of the total university operating budget and 22.2 percent of the total university budget including restricted funds.

ACTION: President Pomerantz stated the Board reviewed the summary of budgets for the University of Iowa, by general consent.

(a) (1) General Education Fund. The Board Office recommended that the Board approve University of Iowa final operating budgets for fiscal year 1993 as follows:

- a. General Education in the amount of \$279,017,275;
- b. Athletics in the amount of \$17,014,022; and
- c. Residence System in the amount of \$23,705,256.

University of Iowa officials proposed a fiscal year 1993 general fund operating budget of \$279,017,275. The university's strategic plan and the Regent goals guided fiscal year 1993 budget development.

The total budget for all general fund units is \$3.45 million (1.2 percent) less than the preliminary budget presented at the July Board meeting. State appropriations for salary increases were reduced and a mandated reduction in the amount normally allocated to equipment and out-of-state travel was applied during the past month.

Expenditures for salaries were reduced from the preliminary budget by \$1.7 million (.7 percent).

The proposed fiscal year 1993 budget for the general university represents an increase of \$17.8 million (6.8 percent) over the 1992 revised budget and an increase of 13.7 million (5.2 percent) over the fiscal year 1991 actual expenditures.

The 1993 budget includes a State appropriation of \$178,694,345, an increase of 11.8 million (7.1 percent) over the revised fiscal year 1992 appropriation and an increase of \$1.5 million (.8 percent) over the actual fiscal year 1991 appropriation.

Revenue from tuition and fees will go up from \$75.7 million to \$81.7 million (7.9 percent). More than 15 percent of the revenue increase is budgeted for student aid.

A drop of 323 resident and 158 non-resident students is budgeted for fall 1992.

Projected fiscal year 1993 expenditures for salaries and wages show an increase over 1992 of \$17.6 million (8.5 percent).

The university's salary policy was modified from that proposed in July by reducing the average salary increases for faculty, professional and scientific staff, and graduate assistants from 6.5 percent to 5.5 percent.

The fiscal year 1993 budget projects a \$190,000 (0.4 percent) increase in all non-salary items combined.

Compared to fiscal year 1992, student aid shows an increase of \$1.1 million (9.0 percent), professional and scientific supplies are budgeted at \$16.9 million, a decrease of \$1.0 million (5.4 percent).

Some major programmatic changes include the following:

- General Education requirement courses will be provided for all incoming students;
- Tenure and tenure-track faculty will be redeployed from low to high enrollment courses;
- Career Information Services in the College of Business will be shifted to Student Services;
- The phase-out of Dental Hygiene will begin;
- An Office of Student Outcomes Assessment will be created in the College of Education;
- Lecturers will be eliminated in the College of Nursing;
- Low enrollment courses will be eliminated in the summer session;
- A minority student recruiter has been employed in the Graduate School;
- An Office of General Counsel will be established to coordinate the university's legal issues;
- Increased student aid from tuition set aside, tuition surcharge set aside, and IMAGES appropriation will be applied;
- Support will be increased for child care services for students; and
- Reallocations will take place to partially restore the building renewal budget.

The athletic budget for fiscal year 1993 is \$17.0 million, a 3.1 percent increase over the 1992 revised budget. Of the total 1993 athletic budget, \$140,000 (.8 percent) is from general fund revenues and \$675,000 (4.0 percent) from student activity fees. The university estimates that football will bring in \$6.7 million (39.5 percent of total athletic budget) and basketball \$2.1 million (12.3 percent of total budget) during fiscal year 1993.

Projected fiscal year 1993 direct expenditures are \$5.2 million for men's sports and \$2.8 million for women's sports. Direct expenditures do not include student assistance and other non-specific sports items.

The totally self-supporting residence system budget for fiscal year 1993 is \$23.7 million, identical to the preliminary fiscal year 1993 budget.

President Rawlings stated that the main challenge of University of Iowa officials has been to reconcile budgets to the latest cuts in appropriations. The university received a \$1.8 million reduction in appropriations for equipment, out-of-state travel and salary allocation. The primary priority for this year was to meet the demand for classes by freshmen and sophomores. He noted that progress made 2 years ago has now been lost.

Vice President Nathan discussed anticipated enrollment numbers for the University of Iowa for this fall. He said it looks as though the 27,400 students estimated will be underestimated for fall enrollment. The 3,300 freshmen enrolled to date is an increase of 400 over last fall. He noted that the number of transfer students is up significantly. Students are more able to graduate in 4 years due to the increased emphasis on adequate class availability for students. Considerable progress is being made in that area. He then said that overall enrollment projections are for 27,600 to 27,700 despite the continuing decline of Iowa high school graduates.

President Pomerantz summarized by stating that the total State appropriations for fiscal year 1993 are \$227.4 million which is an increase of 6.7 percent over the adjusted appropriations level of last fiscal year.

MOTION:

Regent Hatch moved to approve University of Iowa final operating budgets for fiscal year 1993 as follows: General Education in the amount of \$279,017,275; Athletics in the amount of \$17,014,022; and Residence System in the amount of \$23,705,256. Regent Tyrrell seconded the motion.

Regent Dorr referred to page 4 of the docket memorandum for G.D. 2(a)(1). He asked if it was correct to assume that by passage of the motion the Regents would be approving the proposed change in fringe benefits to permit faculty and staff members who have assumed joint economic responsibility for a partner

whom they cannot marry to cover that partner (at their expense) under the high deductible health insurance program.

Mr. Richey responded affirmatively.

The Regents then discussed the content of the motion on the floor.

Regent Dorr stated that he was in opposition to this particular policy item. He asked if it would be appropriate to make an amendment to the motion to delete that policy from inclusion in the motion. He was concerned about the additional nebulous fringe benefit. In visiting with some university personnel about this policy he was told that the high deductibility program was \$2,600 a year. Approval of the policy would set a precedent which becomes fairly open ended regarding economic exposure. It was his understanding that these people would be actually absorbed into existing "pools" of the university. He reiterated that it is a nebulous area when talking about assuming joint economic responsibility. He was concerned about the legal parameters.

President Pomerantz asked for the budget implications of the proposed policy. Interim Vice President True stated that this issue was examined rigorously by the university's committee which advises the university administration. He noted that he had spoken with Regent Dorr at some length about the policy but stated that he would be happy to provide the Regents with additional information next month. With regard to the cost, he said university officials have looked at it very carefully. It does not appear to represent a budgetary cost or risk in terms of the group based on an examination of other groups that have adopted similar policies around the country.

President Pomerantz suggested the Regents go forward with the budget and request a complete report on the proposed policy statement.

Regent Dorr stated that he wanted to see some "bare bones" budget implication information.

President Pomerantz requested that the Board Office and University of Iowa officials place this policy on the docket for next month for a full report.

Regent Hatch stated that it was her intent to exclude that policy from the motion, subject to a report next month.

AMENDMENT TO MOTION:

Regent Hatch stated that she amended her motion to remove the proposed policy under discussion subject to further study. Regent Tyrrell said he seconded the amended motion.

VOTE ON THE AMENDED MOTION:

The motion carried unanimously.

Regent Dorr stated that he would be interested in receiving information from all the institutions regarding deferred maintenance and the costs of addressing the Americans with Disabilities Act.

Director Smith stated that officials of each of the institutions are in the process of studying programmatic and facilities impact of the Act. At this time he did not have those numbers but he noted that the impact did not appear to be as dramatic as the Handicapped Act of 1984. Each of the institutions is underway in studying the impact.

Regent Dorr asked when the Regents could expect to receive some indication of the cost. Mr. Richey responded that the information would be provided with the report on deferred maintenance later this fall.

(a) (2) Statewide Health Service Units. The Board Office recommended the Board approve the fiscal year 1993 budgets for the University of Iowa Statewide Health Service units as follows:

University of Iowa Hospitals and Clinics	\$330,369,300
Psychiatric Hospital	\$ 14,532,200
University Hospital School	\$ 7,063,500
University Hygienic Laboratory	\$ 4,786,500
Specialized Child Health Care Services	<u>\$ 646,700</u>
Total	\$357,398,200

The combined final budgets for fiscal year 1993 for the University of Iowa Statewide Health Service units total \$357,398,200. The increases in the fiscal year 1993 budget over the fiscal year 1992 revised budgets and the fiscal year 1991 actual budgets are shown below:

<u>Budget Unit</u>	<u>Increase Over Revised FY 92 Budget</u>		<u>Increase Over Actual FY 91 Budget</u>	
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
UIHC	\$31,020,700	10.4%	\$53,808,825	19.5%
Psychiatric Hosp.	\$ 1,429,400	10.9%	\$ 2,155,836	17.4%
Hospital School	\$ 472,010	7.2%	\$ 237,088	3.5%
Hygienic Lab.	\$ 337,400	7.6%	\$ 522,760	12.3%
SCHS	\$ 39,167	6.4%	\$ 14,728	2.3%

The fiscal year 1993 budgets at the Hospitals and Clinics and the Psychiatric Hospital give a higher priority to funding for special salary adjustments for staff nurses, pharmacists, occupational and physical therapists, social workers, and other health care professionals who are in short supply and whose salaries are significantly below those of their counterparts at other hospitals.

The University Hospitals and Clinics fiscal year 1993 budget reflects additional costs associated with opening the following new facilities: Pediatric Catheterization Laboratory, the John and Mary Pappajohn Clinical Cancer Center, the Material Distribution Center, the new 22-room Surgical Operating Room Suite with its supporting facilities for the Department of Anesthesia and the perioperative nursing divisions, and the conversion of a vacated area in the University Hospitals for the development of a Day Care Center to serve University Hospitals staff.

Total State appropriations in the final fiscal year 1993 budget are \$339,200 less than in the preliminary budgets presented last month due to revisions in the appropriations for salary increases (-\$307,300), which affect all units; and revisions in other appropriations (-\$31,900) equivalent to a 48.87 percent reduction in equipment and travel expenses, which affect only the Hospital School and the Hygienic Laboratory.

State appropriations to the Statewide Health Service units in fiscal year 1993 total \$44,103,203 distributed as follows:

	<u>FY 1993 State Appropriation</u>	<u>% Increase Over FY 1992</u>
University of Iowa Hospitals and Clinics	\$ 28,295,767	4.1%
Psychiatric Hospital	\$ 6,841,286	5.7%
University Hospital School	\$ 5,497,373	7.8%
University Hygienic Laboratory	\$ 3,046,111	8.5%
Specialized Child Health Care Services	<u>\$ 422,666</u>	<u>5.5%</u>
Total	\$ 44,103,203	5.1%

These reductions in appropriations have been accommodated in the final budgets through a combination of salary reductions, reductions in equipment and supply expenditures, and deferred hiring for vacant positions.

The percentage of each Statewide Health Service unit's total fiscal year 1993 budgeted income that is expected to be provided by State appropriations and sales and services is shown below:

<u>Budget Unit</u>	<u>State Appropriations</u>	<u>Sales and Services</u>
UIHC	8.6%	91.2%
Psychiatric Hospital	47.1%	49.6%
Hospital School	77.8%	21.5%
Hygienic Laboratory	63.6%	33.0%
SCHS	65.4%	0

The Board approved the following rate increases for three of the Statewide Health Service units in July: (1) University of Iowa Hospitals and Clinics, 5%; (2) Psychiatric Hospital, 7%; and, (3) Hospital School, 7%.

These rate increases, along with increases/decreases in the number of patients served, are expected to result in growth in sales and services income over the revised fiscal year 1992 budget as follows:

	<u>% Increase</u>	<u>% Increase</u>
University Hospitals and Clinics	\$29,863,862	11.0%
Psychiatric Hospital	\$ 1,038,668	16.8%
Hospital School	\$ 73,980	5.1%

Increases in total budgeted salary expenditures in fiscal year 1993 and the amount of the State appropriations for salary increases is shown below:

<u>Budget Unit</u>	<u>Increase in Salary Expend.</u> \$	<u>%</u>	<u>State Appropriation for Salary Increases</u>
UIHC	\$19,130,200	10.3%	\$1,483,947
Psych. Hosp.	\$ 1,059,100	9.8%	\$ 454,626
Hosp. School	\$ 434,810	7.8%	\$ 481,533
Hygienic Lab.	\$ 310,300	7.2%	\$ 299,911
SCHS	\$ 37,667	4.2%	\$ 28,706

The University Hospitals and Clinics' fiscal year 1993 budget incorporates 9.5 FTE additional general service staff positions associated with the opening of the following new facilities: Pediatric Catheterization Laboratory, the John and Mary Pappajohn Clinical Cancer Center, the Material Distribution Center, and the Operating Room Suite and Support Facilities.

Professional and Scientific Supplies accounts for approximately 90 percent of non-salary expenditures at the Statewide Health Service units. The increases in budgeted fiscal year 1993 amounts for Professional and Scientific Supplies over fiscal year 1992 revised totals are shown below:

<u>Budget Unit</u>	<u>Increase in Total Professional and Scientific Supply Expenditures</u>	
	<u>\$</u>	<u>%</u>
UIHC	\$11,053,000	8.8%
Psychiatric Hospital	\$ 210,200	10.5%
Hospital School	\$ 24,480	3.5%
Hygienic Laboratory	\$ 39,400	4.8%
SCHS	\$ 1,500	4.9%

The University Hospitals and Clinics' fiscal year 1993 budget reflects increased costs for Professional and Scientific Supplies and Services

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associated with opening of new facilities, the increasing medical complexity of patients, increased number of patients, and rapidly evolving new medical technology and clinical services.

Associate Director Staley stated that the Board Office docket memorandum provided a good summary of the Statewide Health Service units. He noted that the budget included the special salary adjustment discussed with the Regents during the June Board meeting for hands-on health care professionals.

MOTION: Regent Williams moved to approve the fiscal year 1993 budgets for the University of Iowa Statewide Health Service units, as presented. Regent Tyrrell seconded the motion.

Regent Dorr stated that last month University Hospitals officials indicated that patient charges would be increased 5 percent to 7 percent. Overall revenues will be up approximately 11 percent and the budgets are up 10-1/2 percent to 11 percent. He was under the impression that the length of patient stays and total quality management were to reduce costs and limit patient stays. He could not figure out where the differentiations between the 5-1/2 percent and 10-1/2 percent came from. Was it due to increased patient load? Where do the reductions due to decreased length of patient stays and total quality management come into play in the budget?

Associate Director Staley said there is an increase in the services provided to patients because they are serving an increasingly ill population. They are seeing more patients with multiple ailments that require more services.

Regent Dorr asked when it would be proper to assume that Hospitals officials will get these cost increases down to the level of inflation. Was it possible that could happen any time in the next 5 years?

Associate Director Staley responded that there are several factors. University of Iowa Hospitals and Clinics is part of a statewide health care system. They should look at cost on a statewide basis. As University Hospitals assumes more responsibility for patients across the state, it takes the load from other hospitals that may have been serving that patient which reduces the cost around the state. University Hospitals is contributing over the entire state in holding down costs.

President Pomerantz stated that one of the issues deals with the way salaries have been handled on the health science campus. The fact is that there were no salary increases for 2 years. Part of the differential Regent Dorr referred to is caught up in the significant line item for salary improvement. In order to be totally fair they should take the 2 year increase and average it. Clearly, escalating medical costs are a terrific problem for the state and the nation. In terms of presenting the facts here today part of the high number is reflected in the "catch-up" on salaries.

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The fiscal year 1993 State appropriation of \$2,809,860 is an increase of \$157,138 (5.9 percent) over the revised fiscal year 1992 budget. Revenue from all other sources is expected to decrease \$73,047 (-10 percent).

Salary increases for professional and scientific staff of 5.5 percent are included in the fiscal year 1993 budget. Salary increases for merit staff are per the collective bargaining agreement.

Total budgeted salary expenditures for fiscal year 1993 are \$234,912 (13.4 percent) higher than the revised fiscal year 1992 budget. This \$234,912 increase will be covered by a combination of internal reallocations and a specific State appropriation of \$210,720 for salary increases.

The fiscal year 1993 budget contains an overall decrease of \$150,821 (-9.25 percent) in non-salary expenditures compared to the revised fiscal year 1992 budget. All non-salary expenditure categories but rentals have been reduced.

Appropriations are approximately 81 percent of all fiscal year 1993 revenues while salaries are approximately 57 percent of all fiscal year 1993 expenditures.

The Oakdale Campus mission is to provide a working environment to stimulate research and convert research activities to private use. The Oakdale Campus is the site of the University Hygienic Laboratory, the Center for Advanced Studies, and the Technology Innovation and Small Business Development Centers.

Interim Vice President True stated that the budget had been reconciled to the reductions in appropriations the same as the other budgets.

MOTION: Regent Hatch moved to approve the fiscal year 1993 budget of \$3,465,860 for the University of Iowa Oakdale Campus. Regent Dorr seconded the motion, and it carried unanimously.

(a) (4) Family Practice Program. The Board Office recommended the Board approve the fiscal year 1993 budget of \$1,792,726 for the University of Iowa Family Practice Program.

University of Iowa officials proposed a fiscal year 1993 budget for the Family Practice Program of \$1,792,726, including State appropriations of \$1,763,726.

Total State appropriations in the final fiscal year 1993 budget have been reduced from the preliminary budget presented last month due to a \$11,760 reduction in the appropriation for salary increases.

Expenditures for salaries and professional and scientific supplies in the final fiscal year 1993 budget have been reduced from the preliminary budget by \$10,502 and \$1,258 respectively.

The final fiscal year 1993 budget represents an increase of \$77,086 (4.5 percent) over the fiscal year 1992 revised budget and a decrease of \$41,879 (-2.3 percent) over the fiscal year 1991 actual budget.

The fiscal year 1993 State appropriation of \$1,763,726 is an increase of \$77,086 (4.6 percent) over the revised fiscal year 1992 budget. Revenue from other sources totals \$29,000, the same amount as in the revised fiscal year 1992 budget.

Total budgeted salary expenditures for fiscal year 1993 are \$81,560 (4.9 percent) higher than the revised fiscal year 1992 budget. This increase will be more than covered by a specific State appropriation of \$103,606 for salary increases.

The only non-salary expenditures in the Family Practice Program are for professional and scientific supplies which will decrease \$4,474 (-7.9 percent) from the revised fiscal year 1992 budget.

Appropriations are approximately 98 percent of all fiscal year 1993 revenues while salaries are approximately 97 percent of all fiscal year 1993 expenditures.

The Family Practice Program's mission is to provide community-based training for family practice residency programs.

MOTION: Regent Dorr moved to approve the fiscal year 1993 budget of \$1,792,726 for the University of Iowa Family Practice Program. Regent Williams seconded the motion, and it carried unanimously.

(b) Iowa State University. The Board Office recommended that the Board approve Iowa State University final operating budgets for fiscal year 1993 as follows:

- (a) General University in the amount of \$224,609,270;
- (b) Agriculture and Home Economics Experiment Station in the amount of \$28,631,948;
- (c) Cooperative Extension Service in the amount of \$25,314,437;
- (d) Special Purpose in the amount of \$1,962,945;

- (e) Institute for Physical Research and Technology in the amount of \$3,215,733;
- (f) Athletics in the amount of \$11,450,300; and
- (g) Residence System in the amount of \$29,935,840.

Iowa State University officials proposed a fiscal year 1993 general fund (unrestricted) budget of \$283,734,333. The proposed general fund budget is designed specifically to carry out the five major goals of the university's strategic plan.

Major budget units proposed the following amounts for fiscal year 1993:

<u>Budget Unit</u>	<u>1993 Budget</u>
General University	\$224,609,270
Agricultural and Home Economics Experiment Station	28,631,948
Cooperative Extension Service	25,314,437
Special Purpose	1,962,945
Institute for Physical Research and Technology	3,215,733

The total budget for all general fund units is \$3.2 million (1.13 percent) less than the preliminary budget presented at the July Board meeting. State appropriations for salary increases were reduced and a mandated reduction in the amount normally allocated to equipment and out-of-state travel was applied during the past month.

Expenditures for salaries were reduced from the preliminary budget by \$4.1 million (1.8 percent).

The proposed fiscal year 1993 budget for all units represents an increase of \$24.4 million (9.4 percent) over the 1992 revised budget and an increase of \$16.8 million (6.3 percent) over the fiscal year 1991 actual budget.

The 1993 budget includes a State appropriation of \$192,433,631, an increase of 9.8 percent over the revised fiscal year 1992 appropriation and 3.2 percent over the actual fiscal year 1991 appropriation.

Projected fiscal year 1993 expenditures for salaries and wages show an increase over 1992 of \$14.9 million (7.2 percent).

The university's salary policy was modified from that proposed in July as follows:

- reduce the increase at the minimum salary for each range of the salary schedule from 4 percent to 3 percent and retain a 7 percent increase at the maximum

- reduce from 6.8 percent to 5.8 percent the percentage of base salaries allocated to all operating units for salary increases
- reduce the average faculty and professional and scientific employee increase from approximately 7 percent to between 6.0 percent and 6.5 percent

The fiscal year 1993 budget projects a \$9.5 million (18.5 percent) increase over the revised fiscal year 1992 budget in all non-salary items combined.

Professional and scientific supplies are budgeted for \$24.1 million (an increase of \$7.1 million, 41.5 percent), equipment is allocated \$4.5 million (increase of \$.7 million, 17.3 percent), and student aid will receive \$10.4 million (an increase of \$1.2 million, 13.1 percent) over the previous year. Building repairs are budgeted for \$2.1 million, a \$1.1 million (34.2 percent) reduction.

A total of \$6.5 million in funds deriving from increases in tuition revenues and reallocations will be devoted to accomplishing specific objectives of the strategic plan. Seventy-five percent of these monies will go to activities related to fostering undergraduate and graduate education.

University officials predict an enrollment increase of 570 students for fall of 1992.

Some major new program allocations for fiscal year 1993 include an undergraduate scholarship program (\$1.2 million), building repairs for undergraduate and graduate facilities (\$900,000), and a diversity plan (\$500,000).

The athletic budget for fiscal year 1993 is \$11.45 million, a \$200,000 (1.8 percent) increase over the fiscal year 1992 budget. Of the total 1993 athletic budget, \$1.2 million (10.3 percent) is from university general fund revenues and \$530,000 (4.6 percent) is from student activity fees. The university estimates that football will bring in \$3.4 million (29.6 percent of total budget) and basketball \$1.8 million (15.6 percent) during fiscal year 1993. Projected 1993 expenditures are \$5.2 million for men's and \$1.9 million for women's sports. Direct expenditures do not include student assistance and other non-specific sports programs.

The totally self-supporting residence system budget for fiscal year 1993 is \$29.9 million, an increase of \$1.5 million (5.3 percent) over the fiscal year 1992 budget.

Total residence system operating expenses for 1993 are estimated to be \$26 million (87 percent of revenues) and bond requirements and reserves are expected to be \$3.9 million (13 percent of revenues).

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The restricted fund budget for fiscal year 1993 is \$244 million. This represents a \$.5 million (2.0 percent) increase over 1992 and a \$1.5 million (6.7 percent) increase over 1991.

Overall State appropriations represent 67.8 percent of the general fund budget and 36.5 percent of the total university budget including restricted funds.

Total university fiscal year 1993 revenues including all units and restricted as well as unrestricted funds are projected to be \$536.8 million.

President Jischke stated that the Iowa State University budget included adjustments made at the last minute due to appropriation decreases which included the university's share of the decrease in equipment and travel funds. Those 2 items required over \$3 million in reallocation. He said a lot of hard work was done toward the end of July. With regard to the salary increase dollars that were appropriated, he said those dollars have been applied to continuing employees as agreed. He noted that the strategic plan drove all of the allocations made for increases in tuition and fee income. He called the Board's attention to the fact that 75 percent of the money was devoted to strengthening undergraduate education. There were no across-the-board adjustments. Budgeting was done as individual decisions.

Regent Dorr stated that it appeared that restricted and non-restricted funds totaled \$536 million and salary expenditures were approximately \$223 million. Are salaries then 41 percent to 42 percent of the total budget?

President Pomerantz said that was not correct.

Regent Williams noted that some of the restricted funds go toward salaries.

President Jischke stated that the university's general fund budget totals \$260 million. Of that amount, \$207 million is for salaries which is more like 80 percent.

President Pomerantz stated that the bottom line on the universities' budgets is that "people" costs will be in the 70 percent to 80 percent range.

President Jischke said that was precisely correct.

Regent Dorr asked if the total budget was \$536 million. President Jischke responded affirmatively.

Regent Dorr questioned what the \$223 million figure represented. Mr. Richey said that was the general fund budget. President Jischke stated that the general fund budget included state, federal and grants and contracts funds.

President Jischke referred the Regents to ISU B-5 table A, page 8. He said total revenues are just under \$537 million. The total salary expenditures

from that total budget are just under \$306 million which includes faculty, Professional and Scientific, General Services, and hourly employees. He said 75 percent to 80 percent of those general university funds are expended for salaries.

Regent Dorr asked, of the \$536 million, are there funds that involve capital expenditures? President Jischke responded that there were capital funds but only to the extent that those funds are used for repair and renovation. Mr. Richey noted that capital funds amounted to \$3.2 million.

MOTION:

Regent Berenstein moved to approve Iowa State University final operating budgets for fiscal year 1993 as follows: General University in the amount of \$224,609,270; Agriculture and Home Economics Experiment Station in the amount of \$28,631,948; Cooperative Extension Service in the amount of \$25,314,437; Special Purpose in the amount of \$1,962,945; Institute for Physical Research and Technology in the amount of \$3,215,733; Athletics in the amount of \$11,450,300; and Residence System in the amount of \$29,935,840. Regent Hatch seconded the motion, and it carried unanimously.

(2) (c) University of Northern Iowa. The Board Office recommended the Board (1) approve the fiscal year 1993 general university operating budget of \$90,736,206 for the University of Northern Iowa, (2) approve the Athletic budget of \$3,828,381, and (3) approve the Residence System budget of \$15,421,337.

University of Northern Iowa officials proposed a fiscal year 1993 general fund university operating budget of \$90,736,206, including State appropriations of \$64,886,206. The budget is \$1,059,930 less than the preliminary budget presented last month. Reductions in State appropriations for salary increases and in the amount allocated for equipment and travel expenses were not known in time to be reflected in the preliminary fiscal year 1993 budget.

The fiscal year 1993 budget represents an increase of \$10,389,007 (12.9 percent) over the fiscal year 1992 revised budget and \$9,071,344 (11.1 percent) over the fiscal year 1991 actual budget.

State appropriations, which increased by \$9,001,568 over the 1992 revised budget, include \$240,000 for the university's Recycling and Reuse Technology Transfer Center and \$800,000 to fund enrollment growth.

Revenue from tuition and fees is projected to increase by \$1,456,032 over fiscal year 1992 as a result of the tuition rate increase and higher enrollment.

Expenditures for salaries and wages in FY 1993 are projected to grow by \$9,752,891 million (14.9 percent) over FY 1992 expenditures. The increase includes salaries for 19 additional faculty positions as well as for increases in wages and fringe benefits. Expenditures for non-salary items are projected to increase overall by \$636,116 (4 percent), although allocations for equipment are \$360,000 (53 percent) less than in fiscal year 1992.

University officials proposed to use enrollment growth funding of \$800,000 and proceeds from tuition rate increases for the addition of 19 faculty in high demand courses and improvement of student services.

Increases of \$100,000 or more were proposed for the Departments of Accounting, Marketing, Economics, Psychology, History, Sociology/Anthropology, Social Work, Educational Psychology/Foundations, Curriculum/Instruction, Art, School of Music, Chemistry, Physics, and Computer Science. The Department of Theatre will receive initial funding of \$663,041.

Undergraduate scholarships were projected to increase from \$2,984,500 to \$3,261,500 (9.81 percent) reflecting the tuition rate increase and \$35,000 additional funding for IMAGES. Graduate scholarships will increase from \$407,100 to \$440,550.

A review of the University of Northern Iowa Strategic Plan reveals that the final operating budget proposed by university officials includes recommendations for use of increased funding made by its Strategic Planning Committee:

- * Use enrollment growth funding to hire critically-needed faculty
- * Use IMAGES funding for recruiting/retaining minorities
- * Strengthen work in Environmental Studies through funding of Recycling and Reuse Center

Salary policy proposed by the university in July remains essentially unchanged. University officials reported that they reviewed salary lines for all non-contract personnel subsequent to the reduction in State appropriations for salary increases and adjusted them to accommodate the reduction in appropriations.

- * United Faculty members will receive an average 10.775 percent increase over salaries received in FY 1991.
- * Academic Administrators and Institutional Officials not covered by a collective bargaining contract will receive an average salary increase of slightly less than 9 percent over FY 1991.

- * The average salary increase for Professional and Scientific staff will be approximately 9 percent above the FY 1991 average salary, with individual decisions made based on meritorious performance.
- * General Service staff received a 4 percent cost-of-living salary adjustment effective July 1, 1992, and will receive merit step increases during the year on performance review dates, and a bonus of \$400 in December 1992.
- * Supervisory employees not covered by the collective bargaining agreement received a cost-of-living salary increase of 7.5 percent effective July 1, 1992, with the potential for a merit step increase based on performance.

Funds to pay for increasing health insurance premiums are being covered by internal reallocations.

Appropriations are 71.5 percent of fiscal year 1993 general fund revenues and salaries are 82.6 percent of fiscal year 1993 expenditures.

Income in the total 1993 Athletic budget of \$3,828,381 includes:

University General Support	\$1,838,332	(48 percent)
Sports Income	1,009,050	(26 percent)
Student Activity Fees	536,000	(14 percent)
Alumni/Foundation support	455,000	(12 percent)

Projected 1993 Athletic expenditures of \$3,749,723 include:

Men's Sports	\$2,144,329
Women's sports	781,915
Other Expenses (training rooms & adm.)	823,479

Projected Athletic expenditures of \$3.7 million are \$221,905 more than those presented in July 1991. The gain reflects salary increases and increases in scholarship amounts to reflect tuition rates.

The totally self-supporting residence system budget for fiscal year 1993 is \$15,421,337, an increase of 6 percent over the fiscal 1992 budget. Total residence system operating expenses for 1993 are estimated to be \$13,379,180 (86.8 percent of revenues) and bond requirements and reserves are expected to be \$2,042,157 (13.2 percent).

The restricted budget for fiscal year 1993 is \$49,050,000. This represents a 28 percent reduction from the estimated 1992 budget of \$67,733,030. The 1992 amount included \$16.2 million from a bond sale.

Fiscal year 1993 general and restricted budgets of the University of Northern Iowa total \$139,786,206.

President Curris stated that the budget presented at this meeting was consistent with the preliminary budget of the July meeting. Significant in that budget was the decision to commit all new resources from enrollment growth in the area of strengthening undergraduate education through new faculty positions. Differences between the budget presented in July and the one presented at this meeting included the shortfall in funding for implementation of the salary policy and the university was forced by legislation to make significant reductions in the area of equipment and out-of-state travel which amounted to \$500,000. Therefore, the final budget is short in the area of equipment. He said that was disturbing but university officials had no choice.

Regent Williams asked for the difference between United Faculty faculty and non-union faculty. President Curris responded that non-organized faculty are primarily department heads and selected individuals with administrative functions such as directors of centers.

Regent Williams directed the following comments to all three universities. As she reviewed athletic budgets she found there were terrific differentials between men's and women's outlays. She wondered what ever happened to Title IX. At the University of Iowa \$5.2 million was devoted to men's athletics while only \$2.8 million was devoted to women's. At Iowa State University \$5.2 million was budgeted for men's athletics while \$1.9 million was budgeted for women's. At University of Northern Iowa \$2.1 million was budgeted for men's athletics and \$781,000 for women's.

MOTION: Regent Fitzgibbon moved to (1) approve the fiscal year 1993 general university operating budget of \$90,736,206 for the University of Northern Iowa, (2) approve the Athletic budget of \$3,828,381, and (3) approve the Residence System budget of \$15,421,337. Regent Dorr seconded the motion, and it carried unanimously.

(2) (d) Iowa School for the Deaf. The Board Office recommended the Board approve the fiscal year 1993 final budget of \$6,321,013 for the Iowa School for the Deaf.

Iowa School for the Deaf officials proposed a fiscal year 1993 budget of \$6,321,013, including State appropriations of \$6,068,550.

The proposed fiscal year 1993 budget of the Iowa School for the Deaf was developed in conjunction with the annual review of the school's Strategic Plan.

Total State appropriations in the final fiscal year 1993 budget are \$75,482 less than in the preliminary budget presented last month due to a revision in the appropriation for salary increases (-\$51,047) and a revision in other appropriations (-\$24,435) equivalent to a 48.87 percent reduction in equipment purchases and out-of-state travel expenses.

Expenditures for salaries and equipment in the final fiscal year 1993 budget were reduced from the preliminary budget by \$51,623 and \$21,731 respectively. The reduction in salary expenditures in the final budget was accomplished by modifying the school's proposed salary policy as follows:

- reducing the increase in the faculty salary schedule from 6.5 percent to 6 percent
- reducing the average faculty salary increase from 9 percent to 7.7 percent
- reducing the average professional and scientific salary increase from 8.5 percent to 7.4 percent
- reducing the average institutional official salary increase from 8.5 percent to 7.6 percent.

The proposed fiscal year 1993 budget represents an increase of \$359,844 (6.04 percent) over the fiscal year 1992 revised budget, and \$33,258 (.5 percent) increase over the fiscal year 1991 actual budget.

The fiscal year 1993 State appropriation of \$6,068,550 is an increase of \$364,123 (6.38 percent) over the revised fiscal year 1992 budget. Revenue from all other sources is expected to decrease \$4,279 (-1.7 percent).

School officials indicated that the fiscal year 1993 budget incorporates the following salary increases for each employee group:

<u>Employee Group</u>	<u>Salary Range/ Schedule Increase</u>	<u>Average Individual Salary Increase</u>
Faculty	6.0%	7.7%
Professional & Scientific	7.5%	7.4%
Institutional Officials	NA	7.6%
Merit Employees (contract)		
- per collective bargaining agreement	9.26%	15.3%
Merit Employees (Supervisory)	7.5%	13.8%

NA=Not Applicable

These compensation increases lead to a \$539,844 increase in budgeted salary expenditures over the revised fiscal year 1992 budget. This \$539,660 increase will be covered by a combination of internal reallocations and a specific State appropriation of \$463,865 for salary increases.

The fiscal year 1993 budget contains decreases in non-salary expenditures totaling \$179,816 compared to the fiscal year 1992 revised budget. Reductions will occur mainly in equipment purchases (\$102,495) and building repairs (\$93,125). These decreases are offset by slight increases in library acquisitions, utilities, and auditor of state reimbursements.

Appropriations are approximately 96 percent of all fiscal year 1993 revenues while salaries are approximately 82 percent of all fiscal year 1993 expenditures.

Superintendent Johnson stated that Iowa School for the Deaf officials had to make similar adjustments to their budget that the universities have made in the non-salary areas of equipment and repair and maintenance. The strategic goal of improvement in facilities and equipment will be affected. He noted that school officials have a difficult time recruiting in certain areas. He noted that the school has no resources other than appropriations on which to rely.

Regent Hatch noted that Iowa School for the Deaf's staffing provided for a school psychologist. She asked why they could not get those services from the local Area Education Agency. Superintendent Johnson responded that the AEA's psychologist has no background in deafness. Therefore, students get a very superficial evaluation.

Regent Williams noted that the services of the AEA, then, are inadequate. The AEA's psychologist cannot deal with the special needs of deaf students.

Regent Hatch said she just wanted to make the point that it is not state mandated that the school provided its own psychologist. She said the AEA should train or hire someone who can work in that area and in the public school system, as well.

MOTION: Regent Williams moved to approve the fiscal year 1993 final budget of \$6,321,013 for the Iowa School for the Deaf. Regent Hatch seconded the motion, and it carried unanimously.

(2) (e) Iowa Braille and Sight Saving School. The Board Office recommended the Board approve the fiscal year 1993 final budget of \$3,624,539 for the Iowa Braille and Sight Saving School.

Iowa Braille and Sight Saving School officials proposed a fiscal year 1993 budget of \$3,624,539, including State appropriations of \$3,440,747. The proposed fiscal year 1993 budget was developed in conjunction with a review of the school's Strategic Plan. Parts of the school's Strategic Plan have been implemented, but budget constraints have caused some parts to be delayed while other parts have been removed from the plan altogether.

The final budget reflects the extensive reorganization which the school has undertaken during the 1992 fiscal year. The goals of the reorganization were:

- * To provide superior educational programs for the visually impaired and blind students of the state of Iowa,
- * To ensure a safe school environment,
- * To balance the budget under the severe budgetary constraints.

Total State appropriations in the final fiscal year 1993 budget are \$44,756 less than in the preliminary budget presented last month due to a revision in the appropriation for salary increases (-\$32,865) and a revision in other appropriations (-\$11,891) equivalent to a 48.87 percent reduction in equipment purchases and out-of-state travel expenses.

Expenditures for salaries and equipment in the final fiscal year 1993 budget were reduced from the preliminary budget by \$121,976 and \$11,891 respectively.

The reduction in salary expenditures came about as a result of efficiency gains resulting from the school's reorganization. Efficiency gains stemmed mainly from:

- * Consolidating two administrative positions into one,
- * Implementation of the Board-approved plan to bus students home every weekend during the 1992-93 academic year. The busing plan allows:
 - * Some overall reduction in positions, and
 - * Refocusing of staff resources toward weekday activities, which has the additional benefit of raising the staff/student ratio to a level considered more appropriate to the educational needs of the school's students.

The proposed fiscal year 1993 budget represents an increase of \$300,324 (9.03 percent) over the fiscal year 1992 revised budget, and \$27,041 (.75 percent) over the fiscal year 1991 actual budget.

The fiscal year 1993 State appropriation of \$3,440,747 is an increase of \$294,177 (9.35 percent) over the revised fiscal year 1992 budget. Revenue from all other sources is expected to increase \$6,147 (3.5 percent).

The fiscal year 1993 State appropriation for salary increases is \$315,658.

School officials indicated that the fiscal year 1993 budget incorporates the following compensation increase for each employee group:

<u>Employee Group</u>	<u>Salary Range/ Schedule Increase</u>	<u>Average Individual Salary Increase</u>
Faculty	6.0%	6.5%
Professional & Scientific	7.5%	7.5%
Institutional Officials	NA	7.5%
Merit Employees (contract) - per the collective bargaining agreement	9.26%	15.3%
Merit Employees (Supervisory)	7.5%	7.5%

NA=Not Applicable

The increase in budgeted salary expenditures for fiscal year 1993 is \$226,547 (8.01 percent) over the revised fiscal year 1992 budget.

The fiscal year 1993 budget contains increases in non-salary expenditures totaling \$73,777 compared to the 1992 revised budget. Increases will occur in professional and scientific supplies (\$100,008), library acquisitions (\$1,014), and utilities (\$18,000). These increases are offset by decreases in building repairs (-\$14,991), auditor of state reimbursements (-\$7,100), and equipment (-\$23,154).

Appropriations are approximately 95 percent of all fiscal year 1993 revenues while salaries are approximately 84 percent of all fiscal year 1993 expenditures.

Superintendent Thurman discussed some of the information on page 4 of Iowa Braille and Sight Saving School's exhibit which listed 9 separate actions school officials have taken this year to meet the demands of budget difficulties. Most important is the modification to bus students home every weekend. He noted that up to this point school officials have had a great deal of understanding from parents. School officials have looked at the types of routes to get students home. The average student is home in a 2-hour period. A very small number of students will be on the bus for 6 to 6-1/2 hours. He is very concerned about those students and may come back to the Board with a modification for the students who live very far away.

MOTION: Regent Dorr moved to approve the fiscal year 1993 final budget of \$3,624,539 for the Iowa Braille and Sight Saving School. Regent Williams seconded the motion, and it carried unanimously.

Regent Hatch asked if the school has any buses over 10 years old. Superintendent Thurman responded that the oldest was built in 1977. Their buses are fine.

(2) (f) Board of Regents Office. The Board Office recommended the Board:

- (1) Approve the Board Office budget for fiscal year 1993 in the amount of \$1,098,283.
- (2) Authorize the establishment of a Regents Facilities Office to be financed by the institutions to assist in the coordination and governance of Regents facilities including planning, contract administration, energy management, fire and environmental safety, and bond financing, to be financed cooperatively by the Regent institutions as follows:

University of Iowa	
General University	\$19,100
Other Funds	<u>\$20,345</u>
Total	\$39,445
Iowa State University	
General Funds	\$19,660
Other Units and Funds	<u>\$14,890</u>
Total	\$34,550
University of Northern Iowa	
General Funds	\$ 7,120
Other Funds	<u>\$ 4,069</u>
Total	\$11,589
Iowa School for the Deaf	\$ 1,100
Iowa Braille and Sight Savings School	\$ 650
TOTAL	\$87,334

- (3) Authorize the facilities function to be handled administratively in the University of Iowa accounts similar to that now done for the Regents Affirmative Action Officer and authorize creation of a Regents Facilities Officer in pay grade 13.
- (4) Approve the position of Facilities Analyst assigned to pay grade 2.

The proposed budget for fiscal year 1993 is \$1,098,283. It is almost identical in total to the preliminary budget presented to the Board in July. Several components of the budget have changed, however. The amount allocated for the salary adjustment fund has been reduced by \$10,000 and the amount projected for salaries has increased by \$16,000, primarily in fringe benefit cost estimates.

The proposed budget for the Board Office contains one less position than authorized in fiscal year 1992. The legislature cut \$50,000 out of the office budget for a position in the Business and Finance Unit. The position of Assistant Director of Business and Finance is being eliminated as a result of that action. The effect of the action is to leave the Board of Regents without the staff capability to perform its governance functions relative to facilities. The position of Assistant Director of Academic Affairs was eliminated in FY 1992 as was the Director of Human Resources. With the exception of the facilities function, the proposed Board Office budget contains the same number of positions as for fiscal year 1992. It assumes salary savings of approximately three percent.

The budget includes a significant increase in reimbursements through miscellaneous receipts. It is anticipated that costs related to the legislative liaison function, and certain extraordinary expenses for collective bargaining administration and other extraordinary costs would be billed to the institutions. It was recommended that the Regents preserve its governance role relative to facilities by authorizing an interinstitutional program financed by contributions from the institutions with the activities to be located in the Board Office and under the jurisdiction of the Executive Director. It was proposed that the interinstitutional facilities function be budgeted at \$87,334 for fiscal year 1993. It was further proposed that the facilities function be financed by the institutions in proportion to the amount of square feet of space that each has and that the non-general fund units of the universities be billed according to their percentage of the total square feet.

It was proposed that the University of Iowa be the housekeeping agency for the functions similar to its role regarding the Regents Affirmative Action Officer.

The proposed budget of \$87,334 for the facilities function includes the following:

Regent facilities officer salary/fringe benefits	\$73,200
Half-time clerical position	\$ 9,134
Telephone, travel and miscellaneous	<u>\$ 5,000</u>
TOTAL	\$87,334

The funding would be shared by the institutions as contained in the recommended action, based on proportional shares of total square feet under the jurisdiction of each institution and of the Board of Regents.

The Business and Finance Unit requires additional professional level assistance at the entry level to handle the volume of work. This need can best be met by creating the position of Facilities Analyst. An incumbent secretary with the requisite education and experience would be promoted to the position. It was recommended that the position be authorized and assigned to pay grade 2.

The estimated expenditures from the tuition replacement appropriation account are under intensive review by the institutions, Springsted, Inc., and the Board Office. An updated estimate of the cost for fiscal year 1993 of debt service for academic revenue would be presented to the Board in September.

The budget for the Title II program (Dwight Eisenhower Math and Science Program) is estimated to be \$26,262 in fiscal year 1993. The full amount of the cost of the program is financed by the federal grant.

Mr. Richey stated that this was one of the most difficult Board Office budgets he has ever had to face. The budget presented this month was \$10,000 below the one before the Board in July. There was some increase in the fringe benefit cost projection. He said the legislature took \$50,000 for a position in the Board Office which eliminated the entire facilities function. The proposal before the Board would require the facilities function to be handled the same way as Affirmative Action. He is now recruiting for a Director of Business and Finance and will immediately start recruiting for a person at the level indicated. He said the Regents have 26-1/2 million square feet of building space. The facilities position is essential to the Board carrying out its governance effectively.

In September the Board Office will provide the Regents with updated estimates for tuition replacement. With regard to the Dwight D. Eisenhower program, Mr. Richey stated that Iowa State University is the primary housekeeping agency. If the amount of funds for the program increase, the hours of the part-time person who works in this area will be increased.

Regent Fitzgibbon asked for clarification of the reorganization of the Business and Finance Unit functions. Mr. Richey responded that the Director of Business and Finance will be responsible for the overall business and finance operations. Those operations include facilities, budgets, business functions and bonding. A search to fill that position is underway now. The Board Office will be recruiting for a new person in the operating budget and business area. An entirely new Business and Finance Unit will be in place in early fall.

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Regent Fitzgibbon asked about the suggestion that the University of Iowa be the housekeeping agency for the facilities officer position. Mr. Richey said he perhaps should have used the term "fiscal" agent. A special account will be established for the funding of this position. This position would be within the University of Iowa's personnel system but would be supervised and overseen by the Executive Director of the Board and the Director of Business and Finance.

Regent Fitzgibbon stated that control was the issue he was concerned about. He said that should be spelled out very clearly.

Regent Williams asked if administratively the position would be in the Board Office. Mr. Richey said that was correct.

Regent Williams asked if the new facilities office would include the facilities officer and analyst. Mr. Richey responded affirmatively.

Regent Hatch asked if this person would be responsible for monitoring contract administration. Mr. Richey said that was correct.

Regent Hatch asked if the person would review bids and contracts, and other areas such as the purchase of new furniture. Mr. Richey responded affirmatively, stating that any contract related to construction or remodeling would be reviewed by this unit.

Regent Hatch said she was becoming increasingly concerned about the Regent institutions not fulfilling the legislative mandate to do business with Iowa vendors whenever possible. This needs central monitoring.

Mr. Richey reminded the Regents that the Board adopted a policy to address that issue.

Regent Fitzgibbon stated that some of the institutional officials feel they have accomplished a great deal and are addressing the matter properly.

Regent Hatch noted that with the loss of personnel monitoring becomes increasingly difficult to do.

President Pomerantz stated for the record that utilizing institutional funds to address the problem of loss of personnel funding is not the Regents' first choice but is the only option available at the moment. Hopefully in the future the legislature can be more understanding of the need for funding for adequate staff of the Board Office.

Regent Hatch said she supported President Pomerantz' comments wholeheartedly.

President Pomerantz stated that what was going on was ludicrous. The Board of Regents has a need for certain talents that protect the people of this state.

When they get to the point of cutting the Board Office budget to where it cannot function, it is counterproductive. It is absolutely mandatory that the Regents have oversight in a multitude of areas. When the sense of the legislature is to curtail that oversight, the system is in real jeopardy. When the Regents make appropriate representation to the legislature, he expects there will be an appropriate level of understanding.

Regent Dorr said it was necessary for the Regents to make that point because the governance system is too valuable to allow it to be diminished because of lack of Board Office funding. He referred to the percent of the entire Regent budgets that is devoted for the Board Office. He wholeheartedly concurs with what President Pomerantz said.

President Pomerantz said the Regents understand the State budget problems; however, it is not an appropriate policy for the State to undercut the Board Office to the point where it cannot function.

MOTION:

Regent Hatch moved to (1) approve the Board Office budget for fiscal year 1993 in the amount of \$1,098,283; (2) authorize the establishment of a Regents Facilities Office to be financed by the institutions to assist in the coordination and governance of Regents facilities including planning, contract administration, energy management, fire and environmental safety, and bond financing, to be financed cooperatively by the Regent institutions as presented; (3) authorize the facilities function to be handled administratively in the University of Iowa accounts similar to that now done for the Regents Affirmative Action Officer and authorize creation of a Regents Facilities Officer in pay grade 13; and, (4) approve the position of Facilities Analyst assigned to pay grade 2. Regent Williams seconded the motion, and it carried unanimously.

Regent Williams said she hoped it could be conveyed that the Board is unanimous on the issue of adequate funding for the Board Office.

President Pomerantz asked for dissenting votes. There were none.

Regent Hatch then stated that she had a 10:30 a.m. meeting that she must attend. Regent Hatch was excused at 10:18 a.m.

OPERATING BUDGET REQUESTS FOR FISCAL YEARS 1994 AND 1995. The Board Office recommended the Board (1) receive a report describing the fiscal year 1994 and

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fiscal year 1995 budget requests of Regent institutions and preliminary Board Office recommendations and (2) give preliminary consideration to the Board Office budgetary proposals for fiscal years 1994 and 1995.

Mr. Richey stated that these were very preliminary recommendations by the Board Office. He noted that the institutional requests were not dissimilar from what was before the Board a year ago at this time. He said the University of Northern Iowa enrollment growth issue was before the Regents squarely. The recommendations were conservative. The Board Office recommended a supplemental appropriation to offset the reduction in equipment in the last special session. With regard to the Auditor of State's audit fees, he said the legislature did not authorize the Regents to contract privately for audit services. Consequently, the budgets are very short in the amount budgeted for audit services. Board Office staff will visit each of the institutions and review the budget requests intensively. Funds were requested for administrative systems and programs for building renewal. The Board Office did not make a recommendation at this time because of the need to study the issues carefully with institutional officials.

President Pomerantz noted that these were preliminary operating budget requests. Revisions will be made and another submission will be presented to the Board next month.

Regent institutions' officials requested total institutional operating budgets for fiscal year 1994 of \$1,070,887,320 exclusive of salary increases, an increase of 4.56 percent over fiscal year 1993. These requests include an appropriation request of \$539.0 million, a 9.5 percent increase over fiscal year 1993. In fiscal year 1995 Regent institutions have requested an appropriation of \$541.2 million, an increase of 4.57 percent over the fiscal year 1994 request.

The main emphases of the budgets for fiscal years 1994 and 1995 include undergraduate education; strengthening research and other creative work; improving access by all Iowans to Regent universities; improving facilities and equipment, and operating budgets basic to strong programs of teaching and research; and improving the flexibility, efficiency and accountability of governance of Regent institutions.

Regent institutions' officials made some requests for funding that were not included in the preliminary Board Office recommendation. Further consultation with the institutions concerning the program implications of these requests is required for the Board Office to finalize recommendations for these initiatives in September.

The recommended increases in appropriations for fiscal year 1994 and fiscal year 1995 are as follows:

Appropriation Increases
(000s Omitted)

	<u>Institutions Requests FY 1994</u>	<u>Board Office Recommendation FY 1994</u>	<u>FY 1995 (Accum.)</u>
<u>University of Iowa</u>			
General University	\$17,870	\$ 7,714	\$12,457
University Hospitals	\$ 1,669	\$ 1,183	\$ 2,245
Psychiatric Hospital	\$ 281	\$ 171	\$ 345
Hospital School	\$ 284	\$ 170	\$ 350
Hygienic Laboratory	\$ 233	\$ 92	\$ 189
SCHS	\$ 7	\$ 7	\$ 16
Oakdale Campus	\$ 281	\$ 219	\$ 347
Family Practice	\$ 116	\$ 116	\$ 122

(000s Omitted)

	<u>Institutions Requests FY 1994</u>	<u>Board Office Recommendation FY 1994</u>	<u>FY 1995 (Accum.)</u>
<u>Iowa State University</u>			
General University	\$12,921	\$ 5,225	\$ 8,621
Experiment Station	\$ 3,175	\$ 3,175	\$ 6,175
Cooperative Extension	\$ 1,200	0	0
Physical Research	\$ 1,450	0	0
<u>Univ. of Northern Iowa</u>	\$ 6,792	\$ 4,116	\$ 7,419
<u>Iowa School for Deaf</u>	\$ 262	\$ 265	\$ 410
<u>Iowa Braille and Sight Saving School</u>	<u>\$ 253</u>	<u>\$ 223</u>	<u>\$ 426</u>
TOTAL	\$46,793 =====	\$22,676 =====	\$37,359 =====

Improving Undergraduate Education. At this time, the Board Office preliminary recommendation does not incorporate a recommendation with respect to the request by University of Iowa and the University of Northern Iowa to support undergraduate education. This program emphasis will receive additional review in consultation with university representatives in the near future.

Enrollment Growth. The University of Northern Iowa's enrollment increases even in the current environment of decreasing numbers of high school graduates. The requested funds will provide for additional faculty in high demand areas in order to maintain the current level of quality. The Board Office recommended funding \$4.2 million of the University of Northern Iowa's request due to enrollment increases. The Board Office recommendation would fund this initiative over a two-year period.

Minority Recruitment and Diversity. The Board Office recommended funding \$200,000 of the University of Iowa's, \$200,000 of the Iowa State University's and \$100,000 of the University of Northern Iowa's requests for each of the fiscal years 1994 and 1995 for diversity. These funds will be used for student aid to improve the diversity of the student population.

Instruction and Research Funding. One of the Board of Regents' goals is to strengthen research and other creative work at the Regent institutions. The institutions requested funding for instruction and research objectives in both fiscal years 1994 and 1995. The Board Office had no recommendation at this time pending additional review.

Access to Higher Education. Pending review, the Board Office made no recommendation to improve access to further higher education with respect to \$4,000,000 in program requests.

Administrative Systems. The three universities' officials requested funding to improve their administrative systems. This funding will address the Board of Regents' goal to improve the flexibility, efficiency, and accountability of governance throughout the Regents system. The Board Office made no recommendation at this time pending additional review.

Operations, New Buildings. The Board's desire to improve facilities is aided in the request for funding to open new buildings. The preliminary Board Office recommendation for opening new buildings is to request \$1.746 million in fiscal year 1994 and an additional \$318,000 in fiscal year 1995. The request for opening new buildings supports the universities' need to secure adequate funding for the operation of new and remodeled facilities.

Board Office Recommendation
(000s omitted)

	<u>FY 1994</u>	<u>FY 1995</u>
University of Iowa	\$1,240	\$ 0
University Hospitals & Clinics	131	260
Iowa State University	175	58
University of Northern Iowa	200	0
TOTAL	<u>\$1,746</u>	<u>\$318</u>

Building Renewal. The preliminary Board Office recommendation for building renewal is usually based on the formula developed by the Board two years ago. This formula is based on requesting funding on two-thirds of the building value supported by the general fund multiplied by--two percent as the amount needed to be funded each year to avoid deferred maintenance costs. However, there was no Board Office recommendation for the category of building renewal pending additional review and application of a consistent formula which expresses requirements in terms of need. The Board Office anticipates additional discussions with the institutions concerning their requests.

Inflation. The institutional budget requests include a 4.9 percent increase for price inflation for supplies, rentals, building repairs, equipment and student aid. A 10.0 percent price inflation increase was requested for library acquisitions. The Board Office preliminary recommendation was to fund price inflation at the level requested by the institutions:

Fiscal Year 1994	\$3,957,000
Fiscal Year 1995	4,124,000

Utilities. The preliminary Board Office recommendation for the utility budgets at the University of Iowa, Iowa State University and the University of Northern Iowa was based on projected inflationary increases and growth and actual contracts, when known, for fiscal year 1994 and projected inflationary increases for fiscal year 1995. Recommended increases were:

Fiscal Year 1994	\$1,868,000
Fiscal Year 1995	1,754,000

Salary Annualization. Salary requests reflected in the institutional budget for fiscal year 1994 and fiscal year 1995 include only annualization of benefits and negotiated merit salary increases. The requests do not include salary increases for faculty and professional and scientific employees.

Fiscal Year 1994	\$3,139,000
Fiscal Year 1995	\$3,216,000

Supplemental Appropriations. The Regent institutions requested supplemental appropriations for fiscal year 1993 of \$5.6 million essentially to hold their budgets at pre-approved reduction levels. The Board Office preliminary recommendation was to request the portion relating to the restoration of equipment reductions and support for cost of the billings by the State Auditor.

University of Iowa officials requested additional funds for a training program expansion in its Family Practice residency education program. The preliminary Board Office recommendation concurred with the University of Iowa Family Practice request of \$110,000 in fiscal year 1994.

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The Iowa State University Agriculture Experiment Station requested funding for a comprehensive agriculture research program. The Board Office preliminary recommendation was to request increased funding of \$3,175,000 in fiscal years 1994 and an additional \$3,000,000 in fiscal year 1995, as originally scheduled by the Board.

Iowa School for the Deaf officials requested \$87,000 to fund the Deaf Educational Summer Program. The Board Office's preliminary recommendation was to support funding.

The tuition replacement requirement for fiscal year 1993 and 1994 is \$22.5 million and \$24.3 million, respectively. The Board Office recommended the tuition replacement request noting that adjustments will be made prior to the final presentation in September.

Regent Dorr stated that he was very pleased with the way in which Iowa State University officials provided their budget numbers for 1993. He suggested that officials of the other institutions perhaps consider different types of formats that are closer to what Iowa State University presented which more clearly gives comparisons and more clearly highlights policy changes that will evolve. He hoped that institutional officials would consider different types of format to make the information a little easier to digest.

Regent Berenstein asked that the Regents be provided with a copy of the budget in "pie shape" that illustrates both appropriated funds and total funds. Such a chart would allow a clear and explicit way to refer to the budget. Such a chart has been provided in the past and was an excellent summary.

Mr. Richey said the Board Office would do that.

Regent Williams noted that the budget numbers would look different next month.

MOTION: Regent Berenstein moved to (1) receive a report describing the fiscal year 1994 and fiscal year 1995 budget requests of Regent institutions and preliminary Board Office recommendations and (2) give preliminary consideration to the Board Office budgetary proposals for fiscal years 1994 and 1995. Regent Dorr seconded the motion, and it carried unanimously.

CAPITAL BUDGET REQUESTS FOR FISCAL YEARS 1994 AND 1995, AND FIVE-YEAR CAPITAL PRIORITY PLAN FOR FISCAL YEARS 1994-1998. The Board Office recommended the Board receive a report on the fiscal year 1994 and fiscal year 1995 capital budget requests and Five-Year Capital Project Priority Plans submitted by the Regent institutions and consider the preliminary Board Office recommendations.

This report outlines a recommended biennium budget request for capital projects for fiscal year 1994 and fiscal year 1995.

A preliminary Five-Year Capital Project Priority Plan was presented for fiscal years 1994 through 1998. In developing the preliminary recommendations the Board Office received the institutions' general fund requests for \$198.54 million for capital improvements in fiscal years 1994 and 1995 as follows:

Institutional Requests*
(000s Omitted)

<u>Institution</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>TOTAL</u>
SUI	\$39,396.0	\$ 61,340.0	\$100,736.0
ISU	16,900.0	32,300.0	\$ 49,200.0
UNI	30,800.0	16,500.0	\$ 47,300.0
ISD	965.0	280.0	\$ 1,245.0
IBSSS	<u>61.9</u>	<u>0.0</u>	<u>\$ 61.9</u>
	\$88,122.9	\$110,420.0	\$198,542.9

* The institutional requests reflect the reinstating of the Library Addition at the University of Northern Iowa and the Pharmacy Building Addition at the University of Iowa.

The preliminary Board Office recommendation for the two-year budget request by institution is as follows:

Preliminary Board Office Recommendation
(000s Omitted)

<u>Institution</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>TOTAL</u>
University of Iowa	\$23,501	\$26,285	\$ 49,786
Iowa State University	11,000	38,200	49,200
University of Northern Iowa	12,900	16,100	29,000
Iowa School for the Deaf	525	180	705
Iowa Braille and Sight Saving School	<u>62</u>	<u>0</u>	<u>62</u>
TOTAL	\$47,988	\$80,765	\$128,753

The Board Office recommendations identify and provide for critical infrastructure needs as well as undergraduate teaching and research needs of the institutions.

Highlights of the fiscal years 1994 and 1995 university requests include:

(000s Omitted)

	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>
-- Fire and Environmental Safety	\$ 2,829	\$ 2,000	\$ 200
-- Deferred Maintenance/Utilities	\$28,878	\$14,300	\$16,500
-- Recreation/Wellness Center (New)			\$12,800
-- Engineering Building Addition	\$31,260		
-- Livestock Research Facilities (New)		\$17,000	

Highlights of the Board Office fiscal year 1994 and fiscal year 1995 recommendation for the universities include:

(000s Omitted)

	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>
-- Fire and Environmental Safety	\$ 2,000	\$ 2,000	\$ 200
-- Deferred Maintenance/Utility Infrastructure	\$15,500	\$14,300	\$ 8,000
-- Pharmacy Building Addition (Construction)	\$10,626		
-- Library Addition (Construction)			\$ 7,000
-- Recreation/Wellness Center (New)			\$12,200
-- Livestock Research Facilities (New)		\$17,000	
-- Biology Building Renovation	\$13,296		

The Library Addition at the University of Northern Iowa and Pharmacy Building at the University of Iowa were funded by the Governor and legislature in 1989 but were deappropriated during the 1991 session. The planning for these projects is nearly complete.

For fiscal years 1996 through 1998 the institutions requested programs as follows:

(000s Omitted)

<u>Institution</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>TOTAL</u>
SUI	\$ 43,050	\$ 48,888	\$19,032	\$110,970
ISU	46,900	30,900	42,800	120,600
UNI	24,700	19,600	23,100	72,500
ISD	5,205	5,355	515	11,075
IBSSS	50	50	0	100
TOTAL	\$119,905	\$104,793	\$85,447	\$310,145

The Board Office recommendation for fiscal years 1996 through 1998 is summarized as follows:

(000s Omitted)

<u>Institution</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>TOTAL</u>
SUI	\$22,568	\$ 72,192	\$32,075	\$126,835
ISU	47,900	40,300	32,800	121,000
UNI	25,500	28,700	23,100	77,300
ISD	1,530	4,215	150	5,895
IBSSS	50	50	0	100
TOTAL	\$97,548	\$145,457	\$88,125	\$331,130

The Five-Year Program outlined for University Hospitals and Clinics funded from sources other than the State General Fund is as follows:

(000s Omitted)

<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>TOTAL</u>
\$28,787	\$24,445	\$19,689	\$10,103	\$ 1,621	\$84,645

Final recommendations of both the biennium capital budget requests and the Five-Year Capital Project Priority Plan will be submitted to the Board for consideration at the September 1992 meeting.

Mr. Richey stated that University of Iowa officials wished to name a walkway as a supplemental item to this meeting's docket.

President Rawlings stated that University of Iowa officials had corresponded with Regents regarding this request. They wished to name the new College of Business Administration Building's pathway after Anne Cleary.

MOTION: Regent Fitzgibbon moved to name the new College of Business Administration Building's pathway after Anne Cleary. Regent Williams seconded the motion, and it carried unanimously.

Mr. Richey pointed out an inadvertent error in the materials sent to the Regents for this docket item. He said the priorities of the University of Northern Iowa Library Addition and the University of Iowa Pharmacy Building Addition were juxtaposed. The Pharmacy Building Addition would be first, right after deferred maintenance.

President Pomerantz asked for the status of the University of Northern Iowa Library Addition project. President Curris responded that university officials are ready. They are waiting for the money from the legislature.

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President Pomerantz pointed out that the Pharmacy Building Addition as well as the Library Addition were awaiting legislative appropriation.

Mr. Richey stated that the University of Northern Iowa Recreation/Wellness Center was a high priority of the Regents as well as the Livestock Research Facility at Iowa State University and remodeling projects at the University of Iowa.

President Rawlings pointed out that the Pharmacy Building Addition was approved by the legislature 3 years ago. University officials are awaiting the funding. There is a very serious space problem in the College of Pharmacy. Renovation of the Biology Building and Schaeffer Hall were also top priorities.

President Jischke stated that Iowa State University officials would be delighted if progress could be made on some of its projects.

President Curris said he did not want to "preach to the choir" because the Board has been very supportive of the capital project needs at University of Northern Iowa. However, others may not be as supportive. He said the university is seriously strapped for space. Strides have been made in remodeling older buildings and addressing conservation, fire safety and maintenance. There is a critical need in the high priority of the Board for the library and instructional facilities.

President Pomerantz stated that it was poor public policy to defer capitals year after year. The Regents must have a program of continuing capital appropriations; otherwise, the universities and the schools will go backward. He emphasized that this would be an important priority as they go forward.

ACTION: President Pomerantz stated the Board, by general consent, received a report on the fiscal year 1994 and fiscal year 1995 capital budget requests and Five-Year Capital Project Priority Plans submitted by the Regent institutions and considered the preliminary Board Office recommendations.

RESOLUTION - SALE OF DORMITORY REVENUE REFUNDING BONDS, SERIES S.U.I. 1992. The Board Office recommended the Board adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$6,550,000 Dormitory Revenue Refunding Bonds, Series S.U.I. 1992.

The Banking Committee expressed strong interest in proceeding with any identifiable refundings at its June 1992 meeting.

The Board's financial advisor, Springsted, Inc., has reviewed the refunding possibilities of Board of Regents bonds because of recent declines in interest rates.

The Board was requested to adopt a resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$6,550,000 Dormitory Revenue Refunding Bonds for the University of Iowa. The sale will take place at the September Board meeting. The proceeds from the sale of these bonds will be used for the purpose of refunding Dormitory Revenue Bonds, Series S.U.I. 1983, presently outstanding in the principal amount of \$5,800,000.

The refunding was being done for interest rate savings estimated to exceed \$500,000.

The issue amount will be variable up to the acceptance of the winning bid because the amount of the bond proceeds required to fund the escrow account for the 1983 bonds will be dependent on the actual yield on the bonds.

MOTION:

Regent Fitzgibbon moved to adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$6,550,000 Dormitory Revenue Refunding Bonds, Series S.U.I. 1992. Regent Williams seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Dorr, Fitzgibbon, Hatch, Johnson, Pomerantz, Tyrrell, Williams.
NAY: None.
ABSENT: Furgerson.

RESOLUTION - SALE OF ACADEMIC BUILDING REVENUE REFUNDING BONDS, SERIES S.U.I. 1992A. The Board Office recommended the Board adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$6,900,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 1992A.

The Banking Committee expressed strong interest in proceeding with any identifiable refundings at its June 1992 meeting.

The Board's financial advisor, Springsted, Inc., has reviewed the refunding possibilities of Board of Regents bonds because of recent declines in interest rates.

The Board was requested to adopt a resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$6,900,000 Academic Building Revenue Refunding Bonds for the University of Iowa. The sale will

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take place at the September Board meeting. The proceeds from the sale of these bonds will be used for the purpose of refunding Academic Building Revenue Bonds, Series S.U.I. 1983, presently outstanding in the principal amount of \$6,150,000.

The refunding was being done for interest rate savings estimated to be \$470,000.

The issue amount will be variable up to the acceptance of the winning bid because the amount of the bond proceeds required to fund the escrow account for the 1983 bonds will be dependent on the actual yield on the bonds.

Mr. Haynie stated that to gain the best possible advantage from refunding there needs to be a favorable market and proximity to the date the bonds are to be called for redemption. He said both bond issuances before the Board at this meeting are callable July 1, 1993; therefore, they have the combination of a favorable bond market and proximity to the call date. It should be very efficient to refund both bond issuances.

MOTION:

Regent Williams moved to adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$6,900,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 1992A. Regent Dorr seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Dorr, Fitzgibbon, Hatch, Johnson, Pomerantz, Tyrrell, Williams.
NAY: None.
ABSENT: Furgerson.

Regent Fitzgibbon said it would be helpful if the Board Office could give the Regents some idea of the amount of savings generated since the beginning of the refunding program. Mr. Richey said Mr. Anderson would be asked to prepare that as part of his report in September.

Regent Fitzgibbon stated that there might be several other bond issuances that could be eligible for refunding before the year ends. He assumed Mr. Anderson would address the market place and how many refundings the Regents can anticipate before year end. He noted that Mr. Anderson and Mr. Haynie have both done a great job for the Regents in the way of bond matters.

Mr. Anderson stated that he did take into account the various combinations in which the issuances might be brought to market. The Regents are not selling more often than every other month and not more than 2 issuances go to the market at one time. Those requirements resulted in the schedule provided to the Regents in the docket memorandum for this meeting. He noted

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that the University of Iowa bonds sold in July received favorable rates. During the last 2 weeks the bond market interest rates have turned the other direction and rates are about where they were in July.

UNIVERSITY OF NORTHERN IOWA PROPERTY PURCHASE. The Board Office recommended the Board authorize the University of Northern Iowa to purchase property located at 2304 College Street, Cedar Falls, Iowa, subject to approval of the Executive Council of Iowa.

University of Northern Iowa officials desire to purchase property located at 2304 College Street in Cedar Falls from the Catholic Student Center of Cedar Falls. The property consists of 11,286 square feet of building space located on a 66 feet by 166 feet tract of land adjacent to the northeast corner of campus (Auditors Plat No. 18, Cedar Falls Lot 13, Black Hawk County).

The university would like to purchase the property to consolidate a number of functions of the Educational Media Center currently housed on multiple levels in the Commons.

The property was formerly used as the Catholic Student Center for University of Northern Iowa students and is currently vacant.

The purchase price of \$160,000 is based on two appraisals of \$180,000 and \$125,000.

Purchase of the property meets Board policy in that the \$160,000 purchase price is not more than five percent over the average of the two appraisals.

The property is within the university's campus master plan approved by the Board in February 1991.

Funds for the purchase are available from Treasurer's Temporary Investments.

In order to secure acquisition of the property the purchase must be completed by November 1, 1992.

Approval of the Executive Council is required for the purchase.

Mr. Richey called the Board's attention to a letter received from Kenneth G. Culver which had been distributed to all Board members. He said he had discussed the matter with Vice President Conner.

President Curris stated that Mr. Culver's letter contained an allegation supported by speculation that a violation on the part of the university had taken place in the process of the property sale transaction. He indicated that University of Northern Iowa officials were not aware of any error or wrongdoing or violation of policy. He then asked Assistant to the Vice

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President Doug Jensen to make a few comments. Mr. Jensen handled the transaction for the university. He was also part of the Board Office Business and Finance Unit for a couple of years and was more familiar than most university officials with the Board's regulations.

Assistant to the Vice President Jensen stated that the Board Office policy requires institutional officials to obtain 2 appraisals on property identified for potential purchase. A property can then be purchased at the lower of the average of the 2 appraisals plus 5 percent.

Mr. Richey stated that one of the questions was whether the realtor fee was within the purchase price. He has been assured by the university that the fees are within the \$160,000 purchase price.

President Pomerantz stated that the university should not be paying the brokerage fee. Assistant to the Vice President Jensen said that was correct, the university was not paying the fee.

President Pomerantz said it appeared the issue was not a matter of whether university officials followed appropriate procedure. He asked if there was any way to "do better" by Mr. Culver and still achieve the goals of the university.

President Curris stated that University of Northern Iowa officials were unaware of Mr. Culver's firm's interest in the property until after the purchase offer had been accepted. He said the property had been on the market for nearly 2 years. Only after the price dropped and university officials experienced serious space problems did they then look at purchasing the property. Once they found out the firm was also interested in purchasing the property, Vice President Conner suggested other properties for the firm. President Curris personally contacted the Chamber of Commerce and asked for their assistance. He was told yesterday that the firm had entered into a lease for a year.

Regent Berenstein asked if the university really needs the property and how much it would cost to remodel. President Curris responded that university officials made the judgment that there was a serious need for that property. That need is more pressing now than it was 4 months ago when they first decided to seek appraisals. With regard to Regent Berenstein's second question, he said the property has 2 levels and most of the space is open, lending itself to many options. The area is zoned R-4 and can be used for offices. The cost to the university of the facility which contains 10,000 square feet runs about \$16/square foot. University officials have received some preliminary estimates of costs for necessary renovations. The preliminary estimates are from \$50,000 to \$100,000. President Curris said he was comfortable with the preliminary figures showing the cost to be between \$20 and \$25/square foot. The university will have an excellent facility.

MOTION:

Regent Berenstein moved to authorize the University of Northern Iowa to purchase property located at 2304 College Street, Cedar Falls, Iowa, subject to approval of the Executive Council of Iowa. Regent Fitzgibbon seconded the motion, and upon the roll being called, the following voted:
AYE: Berenstein, Dorr, Fitzgibbon, Hatch, Johnson, Pomerantz, Tyrrell, Williams.
NAY: None.
ABSENT: Furgerson.

APPOINTMENT TO ADVISORY COMMITTEE. The Board Office recommended that the Board ratify the appointment of Peter Ripley as consultant to the ISD Advisory Committee for a two-year term expiring at the end of the 1993-94 academic year.

The two-year term of Barry Griffing as consultant to the Iowa School for the Deaf expired at the end of the 1991-92 academic year.

Superintendent William Johnson has nominated Peter Ripley, Superintendent of the Missouri School for the Deaf, to serve a two-year term which will expire at the end of the 1993-94 academic year. Mr. Ripley has served in administrative positions in schools for the deaf for 24 years.

Director Barak stated the appointment was necessary to allow the advisory committee to meet next week.

ACTION:

President Pomerantz stated that the Board ratified the appointment of Peter Ripley as consultant to the ISD Advisory Committee for a two-year term expiring at the end of the 1993-94 academic year, by general consent.

NEXT MEETINGS SCHEDULE. The Board Office recommended the Board approve the Next Meetings Schedule, as follows:

September 23-24	Iowa State University	Ames
October 21-22	University of Northern Iowa	Cedar Falls
November 18-19	University of Iowa/Iowa Braille and Sight Saving School	Iowa City/ Vinton
December 16-17	Iowa State University	Ames
January 20, 1993	Telephonic	
February 17-18	University of Iowa	Iowa City
March 17-18	Marriott Hotel	Des Moines

GENERAL
August 26, 1992

April 21-22	University of Northern Iowa	Cedar Falls
May 19-20	Iowa State University	Ames
June 16-17	University of Northern Iowa	Cedar Falls
July 21-22	University of Iowa	Iowa City
September 22-23	Iowa State University	Ames
October 20-21	University of Northern Iowa	Cedar Falls
November 17-18	Iowa School for the Deaf	Council Bluffs
December 15-16	University of Iowa	Iowa City

ACTION: President Pomerantz stated the Board approved the Next Meetings Schedule, by general consent.

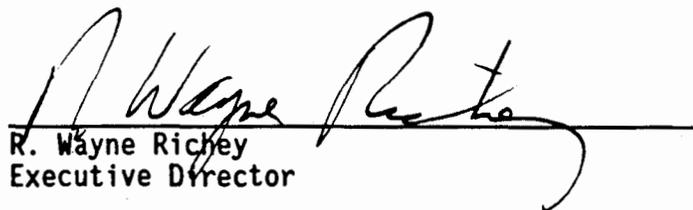
President Pomerantz then asked Board members and institutional executives if there were additional general or miscellaneous items for discussion.

Regent Berenstein asked for a brief summary of the status of the WOI-TV trial. Mr. Richey responded that the trial started yesterday, would continue today and would be completed on Friday.

Regent Fitzgibbon asked for a status report on the University of Iowa's search for vice presidents. President Pomerantz asked President Rawlings to write the Board as to where university officials are in the search process, and at the next Regents meeting to give a public update.

Regent Fitzgibbon asked about the status of the NCAA report on the issues concerning the University of Iowa. President Pomerantz said there was a newspaper article regarding a University of Iowa wrestling situation. Apparently the issue is a conflict between NCAA and Big 10 regulations. President Rawlings stated that there were actually several sports involved -- wrestling was just the one that received media attention.

ADJOURNMENT. The telephonic meeting of the State Board of Regents adjourned at 10:57 a.m. on Wednesday, August 26, 1992.


R. Wayne Richey
Executive Director