

The State Board of Regents met electronically on Thursday, August 29, 1991.  
The following were in attendance:

Members of the State Board of Regents

Mr. Pomerantz, President  
Mr. Berenstein  
Mr. Dorr  
Mr. Fitzgibbon  
Ms. Furgerson  
Ms. Hatch  
Ms. Johnson  
Mr. Tyrrell  
Mrs. Williams

Office of the State Board of Regents

Executive Director Richey  
Deputy Executive Director Barak  
Director Smith  
Associate Director Hollins  
Assistant Director Hudson  
Minutes Secretary Briggie

Others

Lance Coppock, Ahlers Firm  
Sue Lerdal, Legislative Fiscal Bureau  
Bill Haigh, Senate Democratic Caucus Staff  
Joe Romano, House Democratic Caucus Staff

State University of Iowa

President Rawlings  
Vice President Nathan  
Vice President Phillips  
Treasurer True  
Associate Vice President Small  
Director Rhodes  
Associate Director Staley  
Professor Forkenbrock

Iowa State University

President Jischke  
Interim Provost Swan  
Vice President Madden  
Interim Vice President Crawford  
Associate to the President Adams  
Assistant Vice President Pickett

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  
Interpreter Carolyn Cool  
Interpreter John Cool

Iowa Braille and Sight Saving School

Superintendent Thurman  
Director Hauser

## GENERAL

The State Board of Regents held an electronic Board meeting on Thursday, August 29, 1991, commencing at 9:05 a.m., in accordance with Section 21.8 of the Code of Iowa. The meeting was not held in person because it was not possible 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 Bldg., Des Moines  
University of Iowa, Old Public Library Conference Room, Iowa City  
Iowa State University, 117 Beardshear Hall Conference Room, Ames  
University of Northern Iowa, Board Room, Gilchrist Hall, Cedar Falls  
Iowa School for the Deaf, Superintendent's Office, Administration Bldg.,  
Council Bluffs  
Iowa Braille and Sight Saving School, Superintendent's Area, Main Bldg.,  
Vinton

The following business pertaining to general or miscellaneous business was transacted on Thursday, August 29, 1991.

President Pomerantz noted that members of the press and legislative staff were present.

**APPROVAL OF MINUTES OF BOARD MEETING, JULY 17-18, 1991.** The Board Office recommended the Board approve the Minutes of the July 17-18, 1991, Board of Regents meeting, as corrected.

**ACTION:** President Pomerantz stated the Board approved the Minutes of the July 17-18, 1991, Board of Regents meeting, as corrected, by general consent.

President Pomerantz asked for an update on fall 1991 enrollment reports from each institution.

Vice President Nathan stated that based on a large graduating class, University of Iowa officials projected an enrollment decline of 1,200 students

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from fall 1990 for a total enrollment of approximately 27,000. It appears, however, from preliminary counts that the enrollment will be above last year's. On the first day of class the university had 77 more new freshmen over last year's first day. The university received 130 more transfer students on the first day of class 1991 compared to 1990, as well as 400 fewer cancellations. On the first day of class university officials saw 450 more graduate students. The number of re-entering students is also up. They have 116 students above this time last year. The university has initiated a vastly more personalized admission process. Also, the word has obviously gotten out that the undergraduate program is the highest university priority. Undergraduate students are better prepared. He noted that there are still 3 weeks left before they will have final figures. They do not know what the final figure will be. University officials believe one of the variables that may have influenced enrollments is a new computerized registration system which accelerated registration. He concluded by stating that there are 116 more students while it was projected there would be 1,200 fewer students.

President Pomerantz asked if university officials expected to maintain that number. Vice President Nathan responded that they were extremely hopeful while being cautiously optimistic.

Regent Dorr asked how university officials' projection was so far off. Vice President Nathan responded that university officials are realistic rather than optimistic in their projections. It is very difficult to anticipate the demographics. If university officials had relied only on demographics they probably would have accurately projected the enrollment increase. The biggest single factor is in retention. University officials are attempting to address the problem of 5- and 6-year undergraduate careers.

Regent Dorr said it appears also that the university's marketing plan is working very well. He congratulated them.

Regent Tyrrell referred to the issue of Daum Residence Hall, and asked when university officials will know what will happen with Daum. Vice President Nathan responded that 6 floors of Daum are now occupied with 280 students. They expect that Daum will be filled with students.

President Pomerantz asked if university officials are continuing their analysis into changing the characteristic of Daum. Vice President Nathan responded that university officials are studying the entire residence hall system.

Regent Fitzgibbon suggested university officials should take credit for a good job of marketing and retention.

President Jischke stated there was very good news at Iowa State University. University officials had projected an enrollment of just under 500 fewer students than last year, based on demographic trends. The news at this point

is far better. Enrollment of freshmen is up 90 students. Graduate enrollment has increased 7 percent to 8 percent. University officials project total enrollment at the end of 2 weeks of just over 25,000 students which is within 50 students of last year's enrollment. University officials are very pleased. He said he would take the opportunity to pass on the Regents' compliment to Vice President Theilen and the admissions staff. They have employed more aggressive marketing and maintained closer follow up. The importance of undergraduate education was also a factor.

President Curris stated that depending on one's perspective, University of Northern Iowa's enrollment information was either good news or bad news. Enrollment has increased and is fairly on target with projections. University officials experienced serious problems accommodating students and actually had to turn away students. Preliminary projections are that enrollment will top the 13,000 mark. University of Northern Iowa appears to be experiencing a 4 percent increase in student body for undergraduate and graduate.

President Pomerantz congratulated all three universities on a superb job of recruiting and retaining students. The national statistics will not be like Iowa's. It is a credit to their marketing and aggressive recruiting.

Regent Berenstein asked how many more students were enrolled at University of Northern Iowa than last year. President Curris responded that the final figures will not be in for about 2-1/2 weeks. They expect 500 more students this year than last year.

Superintendent Johnson stated that direct service enrollment at Iowa School for the Deaf is at 207, which is 12 more students than were enrolled at the end of last year. During the next 7 to 10 days school officials expect enrollment to be up slightly more overall. Enrollment is up almost 100 percent since August 1987.

Superintendent Thurman stated that Iowa Braille and Sight Saving School officials also had some very positive news. Last year they graduated 11 students. Over the summer and fall the school has taken in 16 new students which is the largest intake in many years. The new enrollments bring total enrollment to 65.

President Curris referred to the situation in the University of Northern Iowa residence halls. There are 620 students in excess of capacity. As many as 1,860 students are in tripled rooms. In 3 weeks university officials expect the number of students in the residence halls in excess of capacity will be 520.

President Pomerantz asked if the University of Northern Iowa new dormitory building was progressing on schedule. President Curris responded that if the architect maintains its schedule there will be an architectural presentation at the September Board of Regents meeting.

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Regent Dorr asked if anything needs to be done regarding the excessive enrollment over residence hall capacity. President Curris assured the Regents that university officials are doing the best they can. Residence hall officials are better prepared this year. University officials have not detected problems of morale especially with the prospect of the new residence hall opening in January 1993.

President Pomerantz suggested the University of Northern Iowa dormitory situation is an issue of stretching the capacity. It is not ideal to have three students in a dormitory room. He noted that the Regents already started a year ago to deal with the University of Northern Iowa dormitory capacity by authorizing a new dormitory to be built.

Regent Johnson stated that she is on the University of Northern Iowa campus and it is looking good. Staff are handling the triples real well; better than last year. Everyone is well prepared and doing a fine job.

#### DETAILED BUDGETS FOR FISCAL YEAR 1992.

##### General

The Board Office recommended the Board:

- (1) Receive the final general operating budgets of \$921,384,113 and supporting policies for the Regent institutions and approve the recommended actions for the individual institutions.
- (2) Receive the final consolidated operating budget of \$1,560,792,000 including restricted funds and supporting policies for the Regent institutions and approve the recommended actions for the individual institutions.
- (3) Revise the date for reporting results of an intensive and comprehensive program review to December 2, 1991, from March 1, 1992, coinciding with reports for the Governor's Committee on Spending Reform.

The consolidated operating budgets of the Regent institutions total \$1,560,792,000 including \$921,384,100 in general funds and \$639,407,900 in restricted funds. The final general operating budget of \$921.4 million represents a decrease of 1.6 percent from the fiscal year 1991 revised budget or a decrease of \$14.4 million.

Tuition income:

- is up 6.4 percent or \$1.4 million at the University of Northern Iowa as a combined result of the rate increase and enrollment growth;
- is up .37 percent or \$270,000 at the University of Iowa as a combined result of the rate increase and enrollment declines;
- is up 1.1 percent or \$684,000 at Iowa State University as a combined result of the rate increase and enrollment declines.

Enrollment projections:

- are up 300 students at the University of Northern Iowa;
- are down 1,239 students at the University of Iowa;
- are down 411 students at Iowa State University.

The University of Northern Iowa has increased workloads due to increased enrollments, a situation which does not exist at the University of Iowa and Iowa State University where economies/efficiencies should result from enrollment declines.

The Regent institution general funds were further reduced by \$15.9 million due to the 3.25 percent appropriation reduction.

Before effecting the 3.25 percent additional budget reduction, the Regent universities have reallocated funds of approximately \$11.0 million to provide for salary annualization, operation of new buildings and facilities and to offset for price inflation.

- Costs of salary annualization and other mandated increases of \$4.5 million, exclusive of University of Iowa Hospitals and Clinics, are funded by reallocations.
- Operating costs for new and remodeled facilities of approximately \$1.9 million are funded by reallocations and other sources.
- Price inflation costs (excluding University Hospitals) of at least \$4.6 million for supplies and services, library materials, and utilities are absorbed by reallocation or reduction in purchasing in fiscal year 1992.
- The institutions have absorbed the additional cost of \$2 million to \$3 million for increased health insurance premiums.

The Regent institutions have established contingent liability reserves estimated at \$3.3 million for use in the event the courts decide that an

arbitrator's award for employees under the collective bargaining contract must be paid.

A total of 714 FTE positions were eliminated in the proposed budget:

- Original base budget reductions	212
- 3.25 percent appropriation cut	210
- Reserve for contingent liability for employees under labor contract	292

The Regent institutions utilized their strategic plans and planning processes in preparing their proposed budgets. The budgets proposed by each Regent institution support key areas of their strategic plans to include:

- undergraduate education
- appropriate stewardship of physical assets
- programs of identifiable academic strength
- initiatives focused on diversity, recruitment and retention of students.

Building repair and renovation funds will remain relatively constant due to the bonding authority granted during the 1991 legislative session.

While budget reductions/reallocations were primarily permanent changes, many were temporary and will be replaced by permanent actions to be developed and submitted to the Board in December.

The Regent universities will generate \$3.6 million from new computer fees and \$2.5 million from student health fees approved by the Board, which are of significant indirect benefit to the institutional general funds.

The Regent institutions are projecting restricted fund revenues of \$639.4 million for fiscal year 1992. The consolidated budgets (restricted and unrestricted) amount to a combined total of \$1,560,792,000.

No salary increases are provided except for promotions, mandated costs of fringe benefits, increases in the statutory minimum wage, and in fifteen cases where binding contractual commitments were previously made for fifteen employees who turned down competitive offers.

The tuition replacement appropriation of \$18.6 million for fiscal year 1992 may require a supplemental appropriation to cover \$20.2 million debt service on academic bonds.

In June 1991 the Board directed each institution to conduct an intensive and comprehensive review of its programs and services designed to increase efficiencies and to adjust those services and programs to the level of available funding and to report their recommendations to the Board on March 1, 1992.

Mr. Richey addressed the overview of the operating budgets of the institutions. He noted that the final consolidated budget of \$1,560,792,000 included \$921.4 million in general operating funds. State appropriations account for \$458.3 million of the \$921.4 million operating budget. That figure is supplemented by \$20 million in bonding for deferred maintenance and equipment, much of which can be used in the current year on a non-recurring basis. Mr. Richey said the appropriations for operations for the current year are \$28.5 million below where they were at this time last year.

In addition to the adjustments in appropriations, institutional officials reallocated \$14 million and laid off a number of employees to create an estimated \$3.3 million contingent reserve for use in the event the courts decide that an arbitrator's award for employees under the collective bargaining contract must be paid. Mr. Richey said 292 positions were eliminated to create the contingent reserve. He noted that 210 FTE positions were eliminated because of the 3.25 percent appropriation reduction.

Mr. Richey pointed out that the programmatic effects of the budget changes were detailed in each of the institutional proposals. Tuition replacement appropriations for this year might require a supplemental request which was contrary to what was reported to the Board of Regents in July. The change is due to an interpretation of paying out the refunding for arbitrage. The Regents will be provided with an updated report in September.

Regent Williams asked, if the enrollment figures are up as they appear to be, will tuition income in the budgets have to be adjusted? Mr. Richey responded that budgets would need to be adjusted in September to include the additional tuition income.

**MOTION:**

Regent Fitzgibbon moved to revise the date for reporting results of an intensive and comprehensive program review to December 2, 1991, from March 1, 1992, coinciding with reports for the Governor's Committee on Spending Reform. Regent Williams seconded the motion, and it carried unanimously.

University of Iowa

The Board Office recommended the Board approve the final fiscal year 1992 operating budgets for the following budget units at the University of Iowa:

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General Fund	\$259,369,747
Hospitals and Clinics	286,099,900
Psychiatric Hospital	12,417,600
Hospital School	6,693,100
Oakdale Campus	3,363,769
Hygienic Laboratory	4,244,200
Family Practice	1,760,925
Specialized Child Health Services	617,100

The final general university operating budget of \$259.4 million represents a decrease of 2.7 percent from the fiscal year 1991 revised budget or a decrease of \$7.3 million.

General university fund tuition income is estimated to rise by only \$270,000 despite the tuition rate increase.

In the preliminary budget plan, the general university operating budget was reduced \$.8 million due to non-funding of health insurance and \$.7 million from item vetoes impacting the fiscal year 1992 base budget.

The university will internally reallocate to fund health insurance (\$766,347) and salary annualization (\$1,379,000). Personnel reductions, including 88 position eliminations or layoffs, were affected due to initial reductions in the appropriated levels. The general university general fund was further reduced \$5.8 million due to the 3.25 percent appropriation reduction.

To adjust for the 3.25 percent appropriation reduction, university officials proposed to eliminate 33.9 faculty positions, 29.25 professional and scientific positions, 33.43 general service positions and 35.6 student assistant positions, a total of 132.2 positions. The number of proposed layoffs involved in the 3.25 percent appropriation reduction includes 6 professional and scientific employees, 16 general service staff members and 35.6 student assistants. Notices of layoffs were given following this meeting. These layoffs are in addition to those related to the collective bargaining contracts involved in litigation.

Total position eliminations or layoffs amount to 220.2 positions excluding layoffs as a result of the arbitrator's decision contingent liability reserve. The university has established a contingent liability reserve of \$1.5 million for use in the event the courts rule that the arbitrator's award for employees under collective bargaining contract must be paid. The reserve was established through the layoff of 124 employees and the elimination of 11 other vacant positions.

Additional measures implemented for the fall semester include restricted use of facilities, increased user fees and adjustments to course schedules and faculty assignments.

The university strategic plan and this budget protect the areas of undergraduate education, strong graduate and professional programs, diversity initiatives, sponsored program capabilities and essential facilities stewardship.

In the reductions enacted due to the 3.25 percent appropriation reduction, the university did not reduce the College of Liberal Arts any further and reduced the library budget minimally. University officials have maintained the student financial aid budget at its current level as adjusted by the effects of enrollment declines and tuition rate increases. The building repair funds will remain relatively constant at \$8.0 million due to the bonding authority granted during the 1991 legislative session.

The proposed budget may result in "missed opportunities" for some grants and contracts.

The reductions proposed by university officials for the 3.25 percent appropriation reduction were expedited and included a consultation process including deans, administrators of major academic and administrative units and faculty representatives. The university's strategic plan and the strategic plans of the colleges incorporating legislative and executive branch constraints were the guiding principles used in making these budgetary decisions. This process will continue as long-term permanent program decisions are made. Many of the budget reductions will be temporary and will be replaced by permanent programmatic adjustments that will be developed this fall and presented to the Board in December.

The university received a \$60,000 appropriation for child care. This appropriation will be used to provide salary stability for directors of child care centers serving the university.

The university will generate \$1.5 million from its new computer fee and \$1.1 million will be generated from the student health fee. These restricted use funds are of significant indirect benefit to the university general fund.

Two additional internal auditing positions were funded.

University officials project restricted fund revenues of \$334.0 million for fiscal year 1992. The university's general fund consolidated budget (restricted and unrestricted) amounts to \$593.4 million.

Vice President Phillips highlighted the areas university officials attempted to preserve in view of the enrollment increases. University officials made an effort to protect the collegiate unit allocations. Collegiate unit budgets were reduced by 1.1 percent while other unit budgets were reduced an average of 3.9 percent. Consistent with the strategic plan, the major criteria were to protect the units with the largest undergraduate enrollment and the strongest undergraduate programs. She noted that the specific programmatic

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areas affected were listed beginning on page 6 of the GD2(a) docket memorandum. University officials will get some relief from the cut in capital appropriations because of the additional bonding authorization. The cuts will not be felt as badly this year; however, the appropriations need to be restored for next year. She said the cuts were consistent with the legislative intent in HF 479.

Vice President Phillips emphasized that faculty and staff of the university are making an effort to reflect the strategic plan by keeping undergraduate programs on target. She said that intent was reflected in the enrollment information Vice President Nathan presented.

President Pomerantz referred to the cut in accounting and control personnel, and asked how that may affect the university's ability to properly control the functions of the university.

Vice President Phillips stated that because of the way the layoffs were implemented, university officials had no control over which employees would be affected. The major oversight responsibility falls on the university controller and treasurer. She said there will be a slow up in the process of some areas and they had to make some emergency allocations in other areas. Staff is spending a lot of overtime hours to get through this period. She noted that university officials have been in touch with the State Auditor's Office about instructions to employees in the business office. She assured the Regents there would be no slippage in the controls in place on campus.

President Pomerantz asked to go on record that it would not be a good enough reason if there is a control problem that the university had to cut personnel. University officials must ensure that funds are carefully guarded. Iowans expect their funds to be protected. He emphasized that this is an extremely high priority and university officials must do what is necessary to ensure funds are properly managed.

Regent Fitzgibbon said he assumed that at the September meeting there would be a report to the Banking Committee from University of Iowa officials on how control issues will be covered. Vice President Phillips responded affirmatively and added that university officials agreed with the comments just made.

Regent Johnson referred to page 12 of the docket memorandum which outlined the student services that would be reduced, such as a delay in the financial aid verification process. She asked how those reductions would affect marketing and retention.

Vice President Nathan responded that university officials did not want to reduce the financial aid package and wanted to protect the integrity of those funds. The reduction in services means that students may have to wait

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somewhat longer in line to meet with financial aid counselors because there are fewer counselors.

Regent Williams questioned the statement in the docket memorandum that peer assistance and special support services to students would be eliminated. Vice President Nathan responded that the statement should have read that peer assistance "in" special support services would be eliminated. He assured the Regents that special support services remains intact.

Regent Berenstein referred to page 5 of the docket memorandum regarding the reduction in staff of 132.4 employees which includes half-time and full-time equivalent employees. He said that on previous pages the number of layoffs were referred to as 132.2 and 132.4. He asked for clarification of the numbers. Vice President Nathan responded that the correct figure was 132.2 not 132.4.

Regent Dorr asked if in effect they were eliminating 96.6 FTE and 35.6 HTE positions. Vice President Phillips responded that was correct.

President Pomerant asked for the number on an FTE basis. Vice President Nathan responded that figure was 110.

Mr. Richey pointed out that the figures are changing almost hourly. The latest figures for the total positions laid off at the University of Iowa is 513.8 which includes 158 graduate assistants. The 158 figure would be divided by 2 for a total of 79 FTE. Therefore, the total at this time is about 433 FTE positions. Of that amount, 196 people were actually laid off. Mr. Richey stated that the 132.4 figure on page 5 of the docket memorandum is the layoffs caused by the 3.25 percent across-the-board reduction.

Regent Berenstein pointed out that this is very confusing to the average Iowan reading about the layoffs in the newspaper. Mr. Richey stated there was a handout which could be provided to the press regarding the most recent numbers. To date there have been 3 different lay off periods.

President Pomerantz cautioned that they should make sure they provide the best and latest information available. The issue is consistency and accuracy. Mr. Richey said that would be done.

President Pomerantz stressed that it should be understood about the 3 different layoffs. The first was due to state budget reversions. The second round of layoffs was due to the 3.25 across-the-board state budget cuts. The third was due to the necessity to provide contingent funds with regard to the AFSCME lawsuit. In addition to those three layoffs, there is currently underway a review of university programs that could be eliminated in order that the funding be diverted to strategic goals and priorities of the universities. That represents the efforts of the institutions to comply with the Governor's Office and to recognize the budget crisis the State is in. He

emphasized that the Regents are still very much committed to quality and institutional missions. The budget crisis will not derail their efforts.

**MOTION:** Regent Berenstein moved to approve the final fiscal year 1992 operating budgets for the budget units at the University of Iowa, as presented. Regent Furgerson seconded the motion, and it carried unanimously.

Iowa State University

The Board Office recommended the Board (1) approve the Iowa State University general university final operating budget for fiscal year 1992 of \$208,100,706, (2) approve the Iowa State University Agriculture and Home Economics Experiment Station final operating budget for fiscal year 1992 of \$24,684,029, and (3) approve the Iowa State University Cooperative Extension Service final operating budget for fiscal year 1992 of \$23,821,543.

The final general university operating budget of \$208.1 million represents a decrease of approximately 2.7 percent from the fiscal year 1991 revised budget or a decrease of \$5.8 million. The general university general fund was reduced \$4.7 million due to the 3.25 percent appropriation reduction. In the preliminary budget plan, the general university operating budget was reduced \$.7 million due to non-funding of health insurance and \$.5 million from item vetoes impacting the fiscal year 1992 base budget.

A total of 267 FTE positions were eliminated in the proposed budget:

- Original base budget reductions	84 FTE
- 3.25 percent appropriation cut	97 FTE
- Reserve for contingent liability for employees under labor contract	86 FTE

A total of 139 employees are scheduled to be laid off plus 19 persons who have been notified of reductions in their time:

- Original base budget reductions	12 layoffs
- 3.25 percent appropriation cut	26 layoffs
- Reserve for contingent liability	19 reduced time 101 layoffs

The 3.25 percent cut in appropriations resulted in reductions of \$2.3 million in the personnel budget including the salaries and associated benefits for faculty, professional and scientific employees, merit staff, graduate assistants, and hourly employees.

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The task force established by President Jischke on July 19 provided recommendations concerning general principles for implementing the reversion with specific guidelines for academic programs, revenue generation, university services and infrastructure, and personnel actions. The task force developed its recommendations taking into consideration the university's strategic plan. The recommendations provided by the task force were reviewed by President Jischke and discussed with the Provost and Vice Presidents prior to decisions being made on reversion targets for various areas of the university.

After this review process, President Jischke implemented budget policy consistent with the recommendations of the task force that included:

- 1) Minimizing the impact of the reversions on students, especially in terms of the availability of courses that allows students to make progress toward graduation, maintaining as much as possible student financial aid and employment, and not increasing tuition levels or mandatory student fees for fiscal year 1992.
- 2) Protecting other sources of revenue for both the current and future years so as to not exacerbate the impact of the reversion of state funds.
- 3) Differentiating the allocations of the reversion targets among units on a programmatic basis and with somewhat higher percentage reversions from non-academic units than from academic program areas.

Reductions were made centrally for university building repair and equipment funds and for savings in utility expenditures through increased campus-wide conservation efforts.

The remaining portion of the appropriation reduction is reflected in cuts in the following categories:

- Supplies and Services	\$1,100,000
- Central Funds for Building Repair & Equip.	1,000,000
- Utility Savings Through Conservation	250,000

The building repair budget will be augmented by \$2.0 million from bonding authority approved by 1991 legislative action.

It is anticipated that many of the budget reductions will be temporary and will be adjusted as a result of the intensive review of programs and services now underway.

The university received a \$60,000 appropriation for child care. This funding will be used for evening and sick child care.

The university will generate \$1.2 million from its new computer fee and \$1.0 million will be generated by the student health fee. Tuition income is

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projected to increase \$684,000 or 1.1 percent reflecting the 3.8 percent and 4.0 percent tuition rate increases approved by the Board and reductions in enrollments.

Reimbursed indirect costs are projected to decrease \$253,000 or 5.22 percent compared to the revised fiscal year 1991 figure. The decrease is due to higher-than-expected reimbursement payments in fiscal year 1991.

University officials project a restricted fund budget of \$242.4 million. This will result in a consolidated budget of \$450.3 million.

Agriculture Experiment Station officials proposed a final operating budget of \$24.7 million. This budget represents a reduction of 4.23 percent or \$929,367 compared to the revised fiscal year 1991 budget.

Cooperative Extension Service officials proposed a final operating budget of \$23.8 million. This budget represents a reduction of 4.27 percent or \$719,139 compared to the revised fiscal year 1991 budget.

President Jischke stated that over the last 6 months, as a consequence of the budget reversions, the 3.25 percent across-the-board state budget reduction, and the contingency reserve, Iowa State University officials have reallocated or lost over \$18 million and 267 FTE positions. In making the reductions, university officials have done a number of things to protect students. They have not reduced student financial aid and have taken repeatedly smaller reductions from academic programs. University officials worked hard to minimize the effect on the various revenue streams. Reductions were not made in admissions. They protected the ability to bring in substantial numbers of dollars in sponsored funding. He stated that in spite of the substantial reductions, the spirit on campus is surprisingly good. Everyone has been very understanding of the circumstances and far less difficulties were experienced than could have been.

**MOTION:**

Regent Furgerson moved to (1) approve the Iowa State University general university final operating budget for fiscal year 1992 of \$208,100,706, (2) approve the Iowa State University Agriculture and Home Economics Experiment Station final operating budget for fiscal year 1992 of \$24,684,029, and (3) approve the Iowa State University Cooperative Extension Service final operating budget for fiscal year 1992 of \$23,821,543. Regent Fitzgibbon seconded the motion, and it carried unanimously.

University of Northern Iowa

The Board Office recommended the Board (1) approve the University of Northern Iowa general university final operating budget for fiscal year 1992 of \$80,668,927 and (2) instruct the University of Northern Iowa to create a contingent liability reserve of \$1.4 million pending the outcome of the judicial proceedings relating to the Governor's actions on salaries under collective bargaining agreements.

The final general university operating budget of \$80.7 million for fiscal year 1992 represents a decrease of approximately 1.2 percent compared to the fiscal year 1991 revised budget or a decrease of \$995,935.

In the preliminary budget plan, the general university operating fund was reduced \$.2 million due to non-funding of health insurance increases. The general university general fund was reduced \$2.0 million due to the 3.25 percent appropriation reduction.

A total of 82 full-time equivalent (FTE) positions were eliminated in the proposed budget:

- 3.25 percent appropriation cut 45 FTE
- Reserve for contingent liability for employees under labor contract 37 FTE\*

\*44 persons have been given notice of layoff

University officials will create a contingent liability reserve of \$475,000 pending the outcome of litigation surrounding the arbitrator's decision for contract labor. Except for the layoffs necessary to establish the reserve for contingent liability for general service staff under union contracts, no other layoffs have been made to date. University officials did not address a contingent liability reserve for the legal case pertaining to the United Faculty arbitrator's decision. The university was directed to establish a contingent liability reserve of \$1.4 million pending the outcome of litigation.

Reductions due to the 3.25 percent appropriation cut are summarized as follows:

- College of Education \$300,000
- College of Humanities and Fine Arts 110,000
- College of Natural Sciences 70,000
- College of Social & Behavioral Sciences 125,000
- Other Areas in Academic Affairs 195,000
- Academic Affairs 150,000
- Educational & Student Services 60,000
- Administration and Finance 250,000

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- Development 40,000
- Balance from combination of supplies & services, equipment and utilities, library acquisitions and building repairs 682,300

The most serious consequence of these reductions is the decrease in the number of faculty positions at a time when the university needs increased funding for additional faculty to meet increased student enrollment.

Due to the budget reductions and high admission levels, university officials have stopped accepting undergraduate and graduate student applications for fall 1991.

The university has implemented a review process that is now underway. This review process will address programs and services in order to implement permanent adjustments. The permanent adjustments that will be developed by the university will be presented to the Board in December.

University officials anticipate that some layoffs of employees will be necessary after the decisions in December.

University officials project an enrollment increase of 300 students in fiscal year 1992 which will result in tuition revenue of \$23.0 million, an increase of \$1.4 million or 6.4 percent over the revised fiscal year 1991 amount.

The university will generate \$.9 million from its new student computer fee and \$.4 million will be generated by the student health fee.

University officials proposed a restricted fund budget of \$63.2 million. This results in a consolidated budget of \$143.9 million.

President Curris addressed the status of the fiscal year 1992 budget. He noted one correction to the Board Office memorandum. The across-the-board cuts in State budgets fell disproportionately on the Regent institutions because the Department of Management utilized figures passed by the legislature, not the actual budgets after the Governor's veto. The cut University of Northern Iowa endured was actually 3.40 percent for a total of nearly \$2 million. University officials have made selective budget cuts particularly in areas such as equipment. They are utilizing the concept of a hiring freeze to come up with most of the money for this year. Approximately 45 positions have been frozen. Twenty faculty positions have been frozen although the university certainly needs more faculty. He noted that the freezes are in addition to the 37 merit positions that have been eliminated to provide funds to be held in escrow for the contingent liability for the AFSCME award. He said the total number of merit employees is approximately 400; therefore, the elimination of 37 positions equates to 9 percent of the merit employees. Several departments are without secretarial help. There are serious problems in the power plant due to the reduction in force. University

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officials had to take a harder line in admissions than usual. They rejected over 100 more applicants this year than they did the previous year.

President Curris noted that some progress is being made particularly in the area of student computing. They are strengthening computing services and integrating state-of-the-art computing into academic programs. Secondly, admissions office officials state this is probably the best prepared freshman class ever. Without question the caliber of entering students is higher than it has ever been. Some progressive things are occurring on campus particularly in academic housing and advising. The quality of services is outstanding. He said Vice President Marlin indicated that the strength of the new faculty recruited last year is truly superb.

Mr. Richey addressed the Board Office recommendation to instruct the University of Northern Iowa to create a contingent liability reserve of \$1.4 million pending the outcome of the judicial proceedings relating to the Governor's actions on salaries under collective bargaining agreements. He requested that be deferred for further review and study.

President Pomerantz asked that a report be given in September regarding that issue.

Regent Dorr stated that if the University of Northern Iowa enrollments continue to accelerate, it behooves the Board to be more considerate of some of their budgetary requirements, particularly the operating side. He acknowledged that it is not a new problem this year but merits serious consideration regarding fiscal years 1993 and 1994 budgets.

Regent Furgerson agreed with Regent Dorr's comments. She said it ends up cheating the students. Students should be provided with the best services possible.

Regent Berenstein noted that he was not on the Board of Regents when the enrollment cap at University of Northern Iowa was instituted. He said those Regents who were not on the Board of Regents at that time need to be brought up to date on why the cap was instituted.

President Pomerantz said the issues around the cap still concern him personally. The opportunities within the Iowa system offer plenty of room for growth. There is capacity at Iowa State University and University of Iowa. The Regents would under no circumstances move to enlarge the campus at University of Northern Iowa. It is a very good mid-sized campus. The suggestion to the people of Iowa to have a third major university would be a burden and not a good use of the taxpayer's money. He encouraged university officials to be creative in their administration. They should divert the overload of students to the other 2 state universities that have capacity. He cautioned that they should note the important factor that the other two state

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universities may be growing, as well. The opportunity to educate more individuals may suggest they have turned the corner.

Regent Williams stated that another issue to keep in mind is that the goal of the University of Northern Iowa is to provide education to students in a smaller environment. That should be kept in mind as they go forward. She suggested that to enlarge the university would perhaps destroy the very attractiveness of University of Northern Iowa.

Regent Dorr referred to his earlier comments and said he was not suggesting Iowa have another major campus or an expansion of University of Northern Iowa. They are apparently offering a very fine undergraduate education at University of Northern Iowa. He does think they need to be given the operating funds necessary to operate in an acceptable manner.

Regent Berenstein renewed his request to the Board Office to be supplied with the information given to Board members in previous years regarding this enrollment issue.

President Pomerantz suggested to officials of all 5 institutions that in a year where there is a severe budget crisis, and as unfair as it may sound due to the salary freezes and layoffs, that the faculty and staff be requested to assist in a way that would add to productivity. For example, they could teach more courses, work more hours, etc. This would apply across the board and not to just one group. The opportunity for greater productivity would substantially alleviate the short-term crisis. It could be asked in a spirit of cooperation and teamwork, and not from an adversary position.

MOTION:

Regent Williams moved to approve the University of Northern Iowa general university final operating budget for fiscal year 1992 of \$80,668,927. Regent Dorr seconded the motion, and it carried unanimously.

#### Iowa School for the Deaf

The Board Office recommended the Board approve the fiscal year 1992 final operating budget of \$6,078,657.

Iowa School for the Deaf officials presented its final operating budget for fiscal year 1992 of \$6,078,657. This is a decrease of 3.33 percent or \$209,098 from the revised fiscal year 1991 budget. This budget incorporates the 3.25 percent appropriation reduction of \$198,224. The 3.25 percent appropriation reduction required the Iowa School for the Deaf to implement a hiring freeze for fiscal year 1992. This will leave 9 vacant positions in administration, faculty and the dormitories.

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The strategic plan, as highlighted in June, will be negatively impacted. The areas of impact include: quality of education, outreach services and Resource Center services.

The Home Economics program has been deleted as a direct instructional program at the Iowa School for the Deaf. Alternative programming will be made available through the Lewis Central School District for those choosing home economics courses.

School officials indicate that through careful stewardship of resources over the past two years, maintenance of a quality program is evident in this budget proposal.

In its preliminary budget, the school reallocated three merit positions and one faculty position to the professional and scientific line item.

The school issued 10 layoff notices in order to create a contingent liability reserve should the state lose its legal case pertaining to the arbitrator's decision for contract employees.

The school's funding per pupil amounts to \$31,660 excluding restricted funds.

School officials do not project any additional position reductions.

School officials project restricted fund revenues of \$194,834 which represents a decrease of 5.29 percent or \$10,879.

Superintendent Johnson stated that the final budget for fiscal year 1992 was not different than what was presented to the Regents at the last Board meeting. The details of what school officials are doing to operate within the budget were clearly detailed in the docket memorandum.

MOTION: Regent Dorr moved to approve the Iowa School for the Deaf fiscal year 1992 final operating budget of \$6,078,657. Regent Furgerson seconded the motion, and it carried unanimously.

#### Iowa Braille and Sight Saving School

The Board Office recommended the Board approve the fiscal year 1992 final operating budget of \$3,463,910.

Iowa Braille and Sight Saving School officials presented its final operating budget for fiscal year 1992 of \$3,463,910. This is a decrease of 3.44 percent

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or \$123,394 from the revised fiscal year 1991 budget. This budget incorporates the 3.25 percent appropriation reduction of \$109,964.

The Iowa Braille and Sight Saving School will not award any salary increases except for salary annualization, degree advancements, and health insurance and fringe benefit increases. These items will be funded through internal reallocations.

Iowa Braille and Sight Saving School officials followed the school's strategic plan and goals in developing this budget.

The school issued 5 layoff notices in order to create a contingent liability reserve of \$75,000 should the court rule that the arbitrator's decision for contract employees must be implemented.

Strategic planning objectives affected include the Educational/Residential programs by:

- an inability to increase the LPN service in staffing the Health Center;  
and
- an inability to provide furniture for selected residential areas.

The decline in the school's budget due to the appropriation reduction will have slight impact upon services to students.

Key areas of the school's budget impacted due to the appropriation reduction included:

- no salary increases except for promotions
- funding for health insurance and salary annualization through reallocations
- reductions to planned summer program improvements.

The school's funding per pupil amounts to \$56,785 excluding restricted funds.

School officials project restricted fund revenues of \$166,774 which represents a decrease of \$15,670 or 8.6 percent.

Superintendent Thurman stated that the only change from the budget presented to the Regents last month was an additional reduction of \$1,054.

**MOTION:**

Regent Furgerson moved to approve the Iowa Braille and Sight Saving School fiscal year 1992 final operating budget of \$3,463,910. Regent Dorr seconded the motion, and it carried unanimously.

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**BUDGET REQUESTS FOR FISCAL YEARS 1993 AND 1994.** The Board Office recommended the Board receive a report describing the fiscal year 1993 and fiscal year 1994 budget requests of Regent institutions and preliminary Board Office recommendations.

Regent institutional officials have requested total institutional operating budgets for fiscal year 1993 of \$997,101,320 exclusive of salary increases, an increase of 8.2 percent over fiscal year 1992. These requests include an appropriation request of \$518.9 million, a 13.2 percent increase over fiscal year 1992. In fiscal year 1994 Regent institutions have requested an appropriation of \$575.1 million, an increase of 10.8 percent over the fiscal year 1993 request.

The preliminary operating budget request is directly related to the Board of Regents goals and institutional strategic plans.

Regent institutions have made some requests for funding that were not included in the preliminary Board Office recommendation. Upon further consultation with the Board and the institutions concerning the program implications of these requests, the Board Office may want to recommend some additional funding for these initiatives in September.

Appropriation requests submitted by the universities and the preliminary Board Office recommendations incorporate the Board of Regents' goals and the institutional strategic plans in developing budgets for fiscal year 1993 and fiscal year 1994. The main emphases of the budgets for fiscal years 1993 and 1994 include undergraduate education; strengthening research and other creative work; improving access by all Iowans to Regent universities; improving the facilities, equipment, and operating budgets basic to strong programs of teaching and research; and improving the flexibility, efficiency and accountability of governance of Regent institutions.

Preliminary Board Office recommendations include total institutional operating budget requests exclusive of salary increases for fiscal year 1993 of \$964.6 million, an increase of 4.7 percent over fiscal year 1992. This recommendation includes an appropriation request of \$486.4 million, a 6.1 percent increase over the previous year. In fiscal year 1994 the preliminary Board Office appropriation request is \$511.4 million, an increase of approximately 5.1 percent over the fiscal year 1993 recommendation.

The recommended increases in appropriations for fiscal year 1993 and fiscal year 1994 are as follows:

Recommended Appropriation Increases  
(000s Omitted)

	<u>FY 1993</u>	<u>% Annual</u>	<u>FY 1994</u> <u>(Accumulative)</u>	<u>% Annual</u>
<u>University of Iowa</u>				
General University	\$10,755	6.3	\$20,913	5.6
University Hospitals	814	2.9	1,686	3.2
Psych Hospital	131	2.0	244	1.7
Hospital School	117	2.2	530	7.9
Hygienic Laboratory	147	5.1	296	5.2
SCHS	4	.9	8	.9
Oakdale Campus	162	5.9	326	5.9
Family Practice	114	6.6	117	.2
<u>Iowa State University</u>				
General University	\$ 9,538	6.9	\$16,585	4.8
Experiment Station	2,104	13.1	4,120	12.5
Cooperative Extension	0		0	
University of Northern Iowa	<u>\$ 4,108</u>	<u>7.2</u>	<u>\$ 7,453</u>	<u>5.9</u>
TOTAL	<u>\$27,994</u> =====	6.1%	<u>\$52,278</u> =====	5.19%

The Board Office preliminary recommendation regarding undergraduate education is for the Board to request funding for the University of Iowa and Iowa State University to fund key programs such as improving undergraduate laboratories and equipment.

	<u>Board Office Recommendation</u>	
	<u>FY 1993</u>	<u>FY 1994</u>
University of Iowa	<u>\$1,000,000</u>	<u>\$1,000,000</u>
Iowa State University	<u>1,000,000</u>	<u>1,000,000</u>
TOTAL	\$2,000,000	\$2,000,000

Enrollment Growth. The Board Office recommended funding \$2.4 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 \$250,000 of the University of Iowa request for diversity. These funds will be used for student aid to improve the diversity of the student population. It is intended that funding be recommended for the University of Northern Iowa after further consultation with that institution.

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 1993 and 1994. The preliminary Board Office recommendation is as follows:

Board Office Recommendation  
(000's omitted)

	FY 1993	FY 1994
University of Iowa	\$1,000,000	\$1,000,000
Iowa State University	2,000,000	2,000,000
TOTAL	\$3,000,000	\$3,000,000

The preliminary Board Office recommendation for attaining the Board's goal to improve access to higher education is to fund a portion of the amount requested. The Board Office recommendation is as follows:

Board Office Recommendation  
(000's omitted)

	FY 1993	FY 1994
University of Iowa	\$1,000,000	\$1,000,000
Iowa State University	100,000	100,000
TOTAL	\$1,100,000	\$1,100,000

The three universities have 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 preliminary Board Office recommendation is as follows:

Board Office Recommendation  
(000's omitted)

	FY 1993	FY 1994
University of Iowa	\$ 500	\$ 0
Iowa State University	500	0
University of Northern Iowa	250	0
TOTAL	\$1,250	\$ 0

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 \$2.7 million in fiscal year 1993 and \$4.0 million in fiscal year 1994. 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  
(000's omitted)

	FY 1993	FY 1994
University of Iowa	\$1,560	\$ 988
University Hospitals & Clinics	128	112
Iowa State University	898	241
University of Northern Iowa	100	150
TOTAL	\$2,686	\$ 1,491

Improved facilities would result due to the budget request for building renewal. The preliminary Board Office recommendation for building renewal is 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. The Board Office recommended implementing this formula over a five-year period. This formula is part of a two-phased effort to eliminate deferred maintenance backlog. The Board has requested funding in the capital projects budget to eliminate backlogged maintenance projects while this request would allow the universities to repair projects on an on-going basis and avoid adding projects to a deferred maintenance list. The Board Office recommendation is as follows:

Board Office Recommendation  
(000's omitted)

	FY 1993	FY 1994
University of Iowa	\$ 1,480	\$ 1,614
University Hospitals & Clinics	258	258
Iowa State University	1,493	1,619
University of Northern Iowa	483	533
Iowa School for the Deaf	49	56
Iowa Braille & Sight Saving	57	62
TOTAL	\$ 3,820	\$ 4,142

The institutional budget requests include a 5 percent increase for price inflation for supplies, rentals, building repairs, equipment and student aid. A 9 percent price inflation increase was requested for library acquisitions. The Board Office preliminary recommendation is to fund price inflation at the level requested by the institutions:

Fiscal Year 1992	\$4,359,000
Fiscal Year 1993	4,570,000

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The preliminary Board Office recommendation for the utility budgets at the University of Iowa, Iowa State University and the University of Northern Iowa are based on projected inflationary increases and growth and actual contracts, when known, for fiscal year 1993 and projected inflationary increases for fiscal year 1994. None of the requested base adjustments were recommended.

Salary requests reflected in the institutional budgets for fiscal year 1993 and fiscal year 1994 include only annualization of benefits and negotiated merit salary increases. The requests do not include salary increases for faculty and professional and scientific employees. The Board Office did not recommend funding medicare or health insurance increases absorbed in fiscal year 1992.

Psychiatric Hospital officials requested funding to implement an adolescent education service. The Board Office's preliminary recommendation was to fund \$30,000 of the request.

Hospital School officials requested funding for program initiatives. The preliminary Board Office recommendation was to fund the fiscal year 1994 request of \$289,000 for head injury rehabilitation.

Iowa State University officials requested funds for a modern technology initiative. The Board Office preliminary recommendation was to request funding of \$1.0 million in both fiscal years 1993 and 1994.

Iowa State University's Experiment Station officials requested funding for agricultural research programs in fiscal year 1993 and fiscal year 1994. The preliminary Board Office recommendation was to request \$2,000,000 in fiscal year 1993 and fiscal year 1994. The Board's goal to strengthen research is supported by this request.

University of Iowa Family Practice officials requested additional funds for a training program expansion. The preliminary Board Office recommendation concurs with the University of Iowa Family Practice request of \$110,000 in fiscal year 1993.

Iowa State University Agriculture Experiment Station officials requested funding for a comprehensive agriculture research program. The Board Office preliminary recommendation was to request increased funding of \$2.0 million in each of fiscal years 1993 and 1994.

The tuition revenue figures presented in the universities' revenue projections are based on fiscal year 1992 tuition rates multiplied by projected enrollments for fall of 1991. The universities will adjust these numbers prior to the September Board meeting to reflect tuition policy which will be developed by the Board Office for presentation to the Board at the September Board meeting. The preliminary Board Office recommendation is to dedicate tuition revenue to undergraduate education and library operations.

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Regent institutional officials requested supplemental appropriations for fiscal year 1992 of \$16.2 million essentially to hold their budgets at pre-approved reduction levels. The Board Office preliminary recommendation was to request only the portion relating to the non-funding of health insurance in the amount of \$1.8 million.

The tuition replacement requirements for fiscal year 1993 and 1994 are \$22.6 million and \$24.3 million respectively. The Board Office recommended the tuition replacement request noting that adjustments will be made prior to September.

Mr. Richey stated that the budget requests presented at this time were for preliminary consideration by the Board with final action to take place in September. At that time the Board Office recommendations and the requests of the institutions will have been refined. In September the Board will also be provided with recommendations on tuition for fiscal year 1993.

Mr. Richey discussed the highlights of the budget requests for fiscal years 1993 and 1994. He noted that there was an error relative to both the request and recommendation for the Cooperative Extension Service for Iowa State University. That error would be addressed before the next Regents meeting. University of Iowa officials may need to amend their request for economic development. He said Iowa Department of Management officials, under their standard budget procedures, asked each of the institutions to identify the equivalent of 25 percent of their appropriations of lowest priority. The process the institutions are undergoing now, which culminates in December, will identify a significant number of the priorities in further detail. Institutional officials were asked to treat this issue very seriously, particularly the 5 percent equivalent of their lowest priorities. The budget recommendations of the Board Office include supplemental appropriations for the health insurance rate increase that was unfunded in the current year.

Mr. Richey stated that several of the institutions requested funds for fiscal year 1992 to restore their budgets for utilities and other categories. The Board Office removed those in its recommendations because it was assumed the cuts in the current year would stand. Those cuts affect utilities, opening new buildings and other categories. The Board Office recommended 5 percent general price inflation with a 9 percent increase in inflation for libraries. Utility increases were recommended. The Board Office recommended \$2.4 million for enrollment growth at University of Northern Iowa. University officials requested twice that amount. The Board Office recommended \$1 million each for improvement of undergraduate education at the University of Iowa and Iowa State University. A small amount was recommended for minority recruitment and diversity. Research funds for updating equipment was recommended for the University of Iowa. Iowa State University was recommended for \$2 million for technology transfer which relates to the Institute for Physical Research and Technology. He said the Board Office recommended \$2 million in increased

operating funds for research at Iowa State University each of the two years. The Board Office recommended continued initiatives for administrative systems to show they are committed to that effort. Mr. Richey noted that the "opening of new buildings" line item was for buildings that go on line in fiscal years 1993 and 1994. Major recommendations were made for building renewal. A number of individual program items were eliminated by the Board Office. The Board Office recommended a 6 percent growth in state appropriations exclusive of salary increases. No assumptions were made with respect to state salary policy.

Regent Dorr noted that the Board Office recommended an approximate 5 percent to 6 percent increase annually in fiscal years 1993 and 1994. He said that if there is an estimated 5 percent revenue growth in state funds and assuming a 4 percent to 5 percent inflation rate, the only way to stay even, from a State funding basis, is to have a zero increase in budgets.

President Pomerantz responded that would be correct, if all budgets were held constant. He said the Regents' job is to advocate for the universities and special schools. It is not the Regents' job to determine the source of funds.

Regent Dorr clarified that the point he was making was that they would need close to a 10 percent growth in revenue, exclusive of salary increases, to keep up with inflation.

Mr. Richey said they would need about a 6 percent growth in state revenues if the share of revenue stayed constant, based on the Board Office recommendation. However, if salaries were added to it and assuming there was an overall increase of 10 percent after adding in the salary policy, the institutions would either have to get 5 percent from some other segment of the State's budgets, revenues would have to be increased, or the institutions would somehow have to absorb 5 percent of the growth.

President Pomerantz cautioned against trying to determine the source of funds. Whether funds are from appropriations, bonding, debt, tuition, or other various sources, he said it is premature to determine the source.

Regent Dorr stated that for many of the programs that the Regents and the institutions have initiated over the years that are deemed successful, particularly as it relates to economic development, the State is going to have to make a financial commitment.

President Pomerantz said the priorities of the State are at issue. The commitment of the people of Iowa to higher education is at issue.

Regent Dorr said that was the point that he was trying to make. If these programs of the institutions are effective there may be sacrifices that need to be made other places in order for these programs to continue.

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President Pomerantz stated that the Governor, the legislature and the people of Iowa have to determine their priorities.

Mr. Richey stated that the preliminary recommended appropriation increase for fiscal year 1993 is \$28 million and fiscal year 1994 is for a further increase of \$24 million in appropriations. The first year increase is about 6 percent. The second year increase is slightly more than 5 percent.

President Rawlings stated that the University of Iowa budget request was fully shaped by the strategic plan. The strategic plan is now fully implemented. University officials are making progress in the university becoming one of the top 10 public universities in the country. They limited their requests to the top few priorities. A good deal of work was performed on the campus to prioritize requests before the requests were brought to the Board of Regents. He then addressed the university's special purpose requests. The source of state support for research and economic development-related aspects is in the special purpose request. The funding for those efforts has now changed from lottery funding to general funds. University officials wish to have some of the items considered as part of the university's recurring base budget request. They are making a change and were alerting the Regents to that change now. University of Iowa officials will be asking for a special purpose budget within their regular budget. He said this was particularly important in relation to technology transfer and some of the university's statewide services. The technology transfer items are the Center for Biocatalysis and Bioprocessing, Driving Simulator, Center for Advanced Drug Development, program for biomedical business creation, Technology Innovation Center, and the Oakdale Research Park. All six of those items are within the university's technology transfer agenda. That agenda relates to economic development and technology transfer. University officials will work with Mr. Richey to build those into the general budget request.

Vice President Nathan stated that despite the enrollment declines the University of Iowa has recently experienced, there is a possibility that enrollment will be up more than 1,000 students. He said significant cuts have been experienced in the last 12 months in the undergraduate education capability. That money must be restored. The university has taken considerable cuts in visiting and tenure-track faculty which affects the ability to respond to the needs of undergraduate students. Much internal reallocation has taken place in order to maintain the integrity of the undergraduate program. He said the university simply must be able to expect an increase in the resources available in order to hire faculty to help restore the university's undergraduate capabilities. He asked for Board consideration of this request in view of the increase experienced in undergraduate enrollment. He noted that graduate and professional programs have suffered along with undergraduate programs. The University of Iowa enjoys strong nationally-ranked programs in law and medicine. He urged the Regents to enable university officials the financial support to increase the number of minority students.

Vice President Phillips discussed the University of Iowa request for instructional and research equipment, as well as building maintenance and renewal. She said those areas have taken large cuts this year. University officials wish to implement a formula for replacement of instructional and research equipment over an 8-year period. The research area often requires matching funds; therefore, this request impacts the university's ability to attract outside funding. That is one of the areas emphasized in the university's strategic initiatives. With regard to the general base funding requests, she emphasized preventive maintenance and building renewal. She said \$3.5 million was requested and \$1.5 million was recommended by the Board Office. If the university's operating budget is not increased in the preventive maintenance/renewal area they will continue to add \$5 million/year in deferred maintenance.

President Pomerantz asked for the University of Iowa attitude around the Board Office recommendation.

Vice President Phillips responded that deferred maintenance was an area with which she was not comfortable. She was also uncomfortable with the recommendation regarding undergraduate education. The university requested \$7 million and the Board Office recommended \$1 million.

President Rawlings discussed the major reasons for the undergraduate education emphasis. The University of Iowa made some progress two years ago with the initiative that the Board put forth. Through that initiative university officials were able to place extra faculty in the classroom. All the ground gained in that 2-year funding of the undergraduate emphasis has been lost.

President Pomerantz suggested the Board of Regents take into consideration the additional requests from the University of Iowa on undergraduate education and deferred maintenance. In September the Board will be presented with another edition of the budget process.

Mr. Richey noted that final action is to take place in September.

Regent Hatch asked for the magnitude of the increase requested. President Rawlings responded that University of Iowa officials requested an additional \$1.8 million in undergraduate education and \$2 million in deferred maintenance over what was recommended by the Board Office.

President Pomerantz asked the Board Office to review those items and determine whether the askings could be modified. He emphasized that the request of the Board Office was made fully aware of the fact that there may be an extended budget crunch and instead of increases they may be dealing with shortfalls.

Mr. Richey stated the Board Office intended to review the deferred maintenance recommendation for all of the institutions. The unique problems of the

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current year understate the request in terms of need. There would be some adjustments for each of the institutions in that category.

Regent Dorr referred to the undergraduate education increase and asked if that addresses the earlier issue of making available outstanding undergraduate educational opportunities at Regent universities other than University of Northern Iowa. Also, he asked if University of Iowa officials would be able to provide the Regents with some comparative numbers. For example, faculty-student ratios, instructional hours by permanent faculty members spent in the classroom, or number of courses faculty carry. He said he was looking for some numbers that could be used to clearly point out what the issue is and why the need for additional money.

President Rawlings responded that University of Iowa officials could provide those figures on a year-by-year basis. They could provide information on part-time and the full-time faculty members as well as the student enrollment base ratio.

Regent Dorr stated it would be helpful if those numbers could be generated at the other universities as well, particularly at University of Northern Iowa, strictly at the undergraduate level.

Vice President Phillips addressed the fiscal year 1992 supplemental appropriation request. The recommended amount is for the health insurance increase that the university has had to absorb this year. The University of Iowa total request for supplemental appropriations was \$5.8 million. The Board Office recommended \$766,000. She said they were pressing reconsideration with respect to undergraduate funding.

Vice President Nathan stated that University of Iowa has clearly lost ground with regard to undergraduate education. They will simply not be able to meet the enrollment demand without a substantial increase in funding. Right now they are right back where they were in 1987.

Mr. Richey referred to the request for undergraduate education supplemental appropriations for the current fiscal year. He said that by the time the university would receive any additional funds it would be the middle of the fourth quarter. It is impossible to staff for fiscal year 1992 on that basis. He suggested they accept the fiscal year 1992 budgets as reality and address the issues on a forward basis.

President Rawlings pointed out that the supplemental request is a very serious request.

President Pomerantz said he personally supports the idea of more funds for undergraduate and deferred maintenance. However, when they get into a discussion about going back to 1987, he suggested that university officials let the Regents down. There is a process that causes the university to have

priorities and focus resources. There was a strong commitment on the part of University of Iowa officials that lesser priorities would be eliminated. Activities have not been consistent with that commitment. He feels let down in that regard. The Regents worked very hard on this matter. If the funds had gotten focused the way they were intended, there might not now be the issue of lack of funding for undergraduate education. He said it is likely there will be budget problems for another year. He encouraged university officials not to let up on the priorities.

Regent Berenstein referred to earlier discussion regarding the enrollment situation at University of Northern Iowa of 13,000 students. There was some conversation that there are two other fine universities that could take some of the overflow. If some of those students end up at Iowa State University and University of Iowa, the undergraduate programs should take into consideration the ability to handle those extra students. If enrollments are increased at the other two universities because of the University of Northern Iowa overflow, there has to be money available to accommodate those students. Funds other than just enrollment funds are needed to accommodate those students.

Regent Williams stated the process of strategic planning is to look at the institutions, decide what they do very well, and focus resources on those areas. She hopes that in December the submission of the longer-range plans will be more reflective of strategic plans than what they were presented with for this meeting.

President Jischke made three general points about the Iowa State University budget request. The ability to formulate a sensible request and plan a budget in the environment they are in has become more and more difficult in the last 90 days. University officials have had to manage a reduction in budgets from fiscal year 1991, a reversion literally within a month after that, a fairly substantial lay off, and they are now in the midst of trying to prepare a report on how to improve efficiencies and bring programs into balance with the revenues available. President Jischke stated that the pace of trying to respond to all this makes budget planning very difficult. He said the budget request for fiscal years 1993 and 1994 is quite consistent with the Iowa State University strategic plan. The budget reflects priorities related to undergraduate and graduate education, research, outreach, intellectual climate of the campus, and a special emphasis on the use of technology in education. In light of the Iowa State University aspiration to be the top land grant university in the country, he said this budget request is a very modest request, indeed.

One specific item has caused serious public debate over the last 3 months. That item is Iowa State University's role in technology transfer. The university's effort in this regard makes this item very important in this particular year. Over the last 7 to 8 years Iowa State University has attracted a substantial amount of money from the federal government to build

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its research capacity and to enhance economic development. Substantial progress has been made in enhancing the competitiveness of programs that relate to agriculture, finding value-added opportunities from Iowa's agricultural industry, and diversifying Iowa's economy through technology. The university's ability to sustain these programs and continue the federal support will be enhanced by a very strong endorsement by the Board of the university's request for technology transfer and for a comprehensive agricultural research program. President Jischke's specific request was for as strong an endorsement as possible from the Board at this time. Iowa State University officials are trying to marshal support all around Iowa to reassure those in Washington who have been friends of the university and provided support in its efforts.

Regent Fitzgibbon stated that, as a Board, the Regents should show their desire to attract funds that may be available. They will miss great opportunities if they do not put the kind of funds behind this effort that are necessary. It is an investment in the state. A small investment in the area of technology transfer will reap great rewards. He encouraged the Board Office to put at least \$5 million in that category.

Regent Williams ask President Jischke what would be the type of strong endorsement he would like in those areas.

President Jischke asked for endorsement of the specific requests submitted to the Board Office regarding the Agricultural Experiment Station, the \$3 million for 5 years for agricultural research, etc. Iowa State University officials requested \$3 million. The Board Office recommended \$2 million. With regard to technology transfer, he said university officials requested \$4.65 million and the Board Office recommended \$2 million. He said it would be very helpful if those original requests could be endorsed.

Regent Dorr said there has been a significant increase in acknowledgement of the many things Iowa State University has been successful in initiating. The biotechnology emphasis is extremely important and puts them on the cutting edge of economic development. He said he supported Regent Fitzgibbon's remarks and concurred with President Jischke's concerns. He strongly urged the Board to support the university's request.

President Pomerantz stated that \$3.6 million is the difference between the asking and the Board Office recommendation. He said it seemed to be the sense of the Board that the Board Office take another look at its recommendation for the September Board of Regents meeting. They should look at reinstating the full asking. The Regents strongly support President Jischke's effort and consider it a priority. He then said the comments he made to University of Iowa officials also apply to Iowa State University officials. Many items on the campus have very little priority. Changes and reprioritizing need to take place.

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Regent Dorr said he had no problem supporting the askings for undergraduate education and economic development initiatives. However, he sincerely requested that programmatic cuts be followed through.

President Curris discussed the Board Office response to the University of Northern Iowa budget request. In the area of operating infrastructure and basic operations, university officials believe Board staff has been responsive. The Board Office took a conservative viewpoint in light of the State's finances. President Curris said their recommendations were solid and endorsed them even though in a couple of instances the recommendations are slightly less than what was requested.

In the area of enrollment growth, the university request was for \$4.8 million and the Board Office recommendation was for \$2.4 million. President Curris pointed out that that was not truly a request from the institution but rather a calculation that has traditionally been made by the Board Office based upon undergraduate resident population. Traditionally, the Board Office has taken the position that the amount charged for out-of-state students should cover the cost of education, and that the taxpayers of Iowa should not be called upon to support the education of non-residents. With reference to residents, traditionally the cost of education has run in the vicinity of 30 percent of the total cost. The Board Office has calculated, based upon the number of undergraduate resident students at the University of Northern Iowa, an amount that would be presented to the legislature and to the Governor as the State's share to complement the in-state tuition paid by University of Northern Iowa students. Last year the calculation on the part of the Board of Regents for the University of Northern Iowa was approximately \$4.2 million. This year the figure of \$4.8 million uses the very same methodology. He said the Board Office calculation reflected an anticipated undergraduate enrollment from out of Iowans predicated upon the 12,950 figure in the university's budget request. In reality, he thinks the final figures will be higher. President Curris emphasized that the \$4.8 million is critical because it is for the education of students who are already at the University of Northern Iowa.

President Curris said the most disturbing thing about the educational process this year is that the University of Northern Iowa is offering fewer courses and fewer class sections than they did a year ago although they have an increase in students. Over the last 2 years, University of Northern Iowa enrollment has increased over 11 percent, presuming the final figures this year will be what is projected at this point. The University of Northern Iowa's State appropriation last year declined 6 percent. He said the State is not supporting the education of its own young people at the University of Northern Iowa. He asked that every consideration be given to fully funding the enrollment growth at the University of Northern Iowa based upon the calculations that have been traditionally administered by the Board Office.

With reference to the University of Northern Iowa strategic planning initiative, President Curris said there is a strong sense of disappointment

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that none of those were recommended for funding. He recognized that when there is an enrollment growth and there is a recommendation for funding, there is a tendency to provide a disproportionate increase for one institution vis-a-vis the other. He thinks it is a justified increase. In the area of strategic planning, they are making considerable progress in the absence of money. However, there are some issues that are not possible to implement without the resources. He then identified several of those. The University of Northern Iowa has been asked to develop a leadership role in teacher education, which the institution is making every effort to do. For the past 2 years the Board has supported an initiative to strengthen teacher education particularly to direct the critical need for a greater number of senior professors. For two years the Board Office recommended that funding. Last year there was no funding in this area or any other area in the state. He said it would be very helpful if the Board would again support strengthening teacher education which is one of the top priorities of the University of Northern Iowa.

President Curris said the University of Northern Iowa has made a strong effort to strengthen minority recruitment and to increase the number of minority students. The State of Iowa, through its IMAGES program, made that kind of a commitment and for 2 years supported it. Last year the legislature did not fund the IMAGES program which he said basically meant the institution found itself in the position of not being able to give the kind of financial assistance that the minority students who would be entering this year had had in the past, if university officials were to honor their obligation to returning minority students. The program has been very successful. There is a real sense of disappointment that there was not anything recommended for that effort.

President Curris said University of Northern Iowa officials made an effort in the area of mathematics education, particularly with the initiatives of Governor Branstad and the national education goals to place the United States in the foremost position in leading the world in mathematics and science test scores. University of Northern Iowa officials are committed to making a major effort to work with public schools and to strengthen the whole area of pre-service and in-service teacher education in the area of mathematics. Last year the Board endorsed that \$100,000 commitment. This year the Board Office recommended nothing. University of Northern Iowa officials were concerned in the area of strengthening undergraduate education that they receive some support there particularly in the need not only to provide a greater international component to education but to reduce the heavy reliance on adjunct and part-time faculty. University officials thought that as the Board endorsed strengthening undergraduate education last year they would do so again this year.

President Curris said there were a few other areas with which he was concerned but the point that has caused university officials the most concern is enrollment growth. He said there is almost an implication that that is enough

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for the University of Northern Iowa and that in other areas there would not be support. He hoped that members of the Board would endorse the university's position and help them to move ahead with strategic planning initiative so that enrollment growth does not penalize the institution.

Regent Williams asked President Curris for the total dollar figure for the four areas that he outlined. President Curris responded that University of Northern Iowa officials requested \$1 million for strengthening teacher education, \$300,000 in the area of minority recruitment that would cover the missing year and this year, \$250,000 in mathematics education partnership, and another \$500,000 in strengthening undergraduate education. The total roughly is \$2 million.

President Pomerantz referred to President Curris' comments about undergraduate education, and asked if that is not the University of Northern Iowa's primary function. President Curris responded that the Board created a four-year initiative to strengthen undergraduate education. This is about the fourth year of that initiative. During that time period the university has consistently sought to reduce the reliance on part-time and adjunct faculty. He noted that Peat Marwick and Main identified that as being quite high for the institution and recommended they make reductions in the use of part-time and adjunct faculty. University officials have sought to increase the amount of dollars for educational equipment in instructional laboratories. University of Northern Iowa has some major deficiencies in the area of undergraduate laboratory equipment in sciences and technology as well as in areas such as music. University officials have tried to fully implement the new general education program at the institution, particularly in the area of oral communication. The undergraduate general education core curriculum is one of the university's strategic planning goals. University officials have sought to provide for a student body of greater diversity not only with minority students but with international education experience. Those are the areas of concentration with strengthening undergraduate education dollars.

Regent Furgerson stated that an issue she wished addressed regarding all 5 institutions was how the budget recommendations meet the 5 institutions' strategic plans. She recognized that a couple of the budget requests did not appear to be for strategic issues. Mr. Richey responded that the Board Office would get that information.

President Pomerantz asked the Board Office to review President Curris' request regarding teacher education, mathematics education, enrollment growth and minority recruitment.

Regent Hatch referred to the support of Iowa students of 70 percent from state appropriations. She asked for an analysis of the budget requests in light of what percentage tuition increase is going to be necessary, and if they will still continue with the usual 70/30 funding split for in-state students. She asked to be provided with an analysis of what percentage the State would be

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contributing versus what percentage is tuition subsidy. With the additional askings will the Regents be able to stick with their 70/30 guideline? She said the answer to that question will have an effect on how she will vote.

Regent Hatch said she wants assurance that the State is not lowering its contribution to the education of Iowa students and expecting the Regents to raise tuition to make up for that.

President Curris stated that the request from University of Northern Iowa including the formula calculation for enrollment growth is based on the number of students attending the university now.

President Pomerantz asked the Board Office to accommodate Regent Hatch's request and supply the Board with the data requested.

Regent Berenstein stated that this year when the Regents discuss tuition they should consider fees as well as the increase in tuition so they have a more accurate view of what the total cost increase will be. He stressed that for the meeting in September.

Superintendent Johnson addressed the Iowa School for the Deaf budget request for fiscal years 1993 and 1994. He said he appreciated the Board Office support in recommending the inflationary increase. He also appreciated the recommendation for supplemental appropriations for health insurance premium cost increases. Those are big issues. He said he would appreciate whatever support the Regents could provide to make sure the school's budget is funded. He said the deaf-blind program was the only item not recommended by the Board Office for funding. School officials made the proposal based on dialogue. He requested that they keep the topic open for continued discussion. The budget becomes very difficult to conclude because the salary reserve issue is unsettled. Certain efforts that they cannot proceed with include the statewide evaluation resource.

Superintendent Thurman stated that he appreciated the Board Office recommendation for funding inflationary increases. He noted that of the 10 requests submitted by Iowa Braille and Sight Saving School, the Board Office recommended that 9 be unfunded. He said school officials did not provide all the information to the Board Office that they could have. One is the area of increasing staff-student ratios. There is a critical base level required for safety and dignity. There is an educational efficacy level. He looks forward to going back to the Board Office to further review the requests. Another area Superintendent Thurman brought to the attention of the Board members was the area of vehicle replacement. Several of the school's vehicles are reaching an expiration date. School buses can only be driven a maximum of 15 years. The necessary adaptives for children in wheelchairs also need to be accommodated. Some of the other requests which were recommended to not be funded he said he understood. He pointed out that the school had experienced some increased costs because of agreements with the Attorney General's Office

and the State Auditor's Office. The budget will deteriorate about 1/2 of 1 percent if the Board Office recommendation stands. He asked for some consideration of the areas he addressed.

Regent Hatch asked that the Regents be given comparative figures of staff-student ratios around the country.

Superintendent Thurman responded that the organization of residential schools is looking at that issue right now. At their October meeting in Louisville they hope to be presented with some rather definitive information. He said he would be glad to submit that information to the Regents.

**ACTION:** President Pomerantz stated the Board received a report describing the fiscal year 1993 and fiscal year 1994 budget requests of Regent institutions and preliminary Board Office recommendations, by general consent.

**CAPITAL BUDGET REQUESTS FOR FISCAL YEARS 1993 AND 1994, AND FIVE-YEAR CAPITAL PROJECT PRIORITY PLAN FOR FISCAL YEARS 1993 THROUGH 1997.** The Board Office recommended the Board receive a report on the fiscal year 1993 and fiscal year 1994 capital budget requests and Five-Year Capital Project Priority Plans submitted by the Regent institutions and consider the preliminary Board Office recommendations.

In developing the preliminary recommendations the Board Office received the institutions' general fund requests for \$202.8 million for capital improvements in fiscal years 1993 and 1994 as follows:

<u>Institutional Requests*</u>			
(000s Omitted)			
<u>Institution</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>TOTAL</u>
SUI	\$28,529.0	\$ 68,584.0	\$ 97,113.0
UIHC	345.0	365.0	710.0
ISU	34,300.0	34,300.0	68,600.0
UNI	20,320.0	14,825.0	35,145.0
ISD	725.0	330.0	1,055.0
IBSSS	<u>102.5</u>	<u>52.5</u>	<u>155.0</u>
	\$84,321.5	\$118,456.5	\$202,778.0

\* The institutional requests do not reflect the reinstating of the Library Addition at the University of Northern Iowa and the Pharmacy Building Addition at the University of Iowa.

Highlights of the fiscal years 1993 and 1994 university requests include:

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(000s Omitted)

	SUI	ISU	UNI
-- Deferred Maintenance	\$15,750	\$12,000	\$ 7,320
-- Utilities	12,570	2,100	6,825
-- Biology Building Renovation	12,663		
-- Livestock Research Facilities (New)		25,700	
-- Recreation/Wellness Center (New)			12,200

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

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

Preliminary Board Office Recommendation  
(000s Omitted)

Institution	FY 1993	FY 1994	TOTAL
University of Iowa	\$23,329	\$32,954	\$ 56,283
Iowa State University	16,560	30,840	47,400
University of Northern Iowa	11,818	16,017	27,835
Iowa School for the Deaf	475	230	705
Iowa Braille and Sight Saving School	0	0	0
TOTAL	\$52,282*	\$80,041	\$132,323*

\* Includes \$16.7 million to reinstate the Pharmacy Addition at the University of Iowa and Library Addition at the University of Northern Iowa.

Highlights of the Board Office fiscal year 1993 and fiscal year 1994 recommendation for the universities include:

(000s Omitted)

	SUI	ISU	UNI
-- Pharmacy Building Addition (Construction)	\$10,000		
-- Library Addition (Construction)			\$ 6,620
-- Deferred Maintenance/Utility Infrastructure	\$15,500	\$14,100	\$ 7,620

(000s Omitted)

	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>
-- Recreation/Wellness Center (New)			\$12,200
-- Livestock Research Facilities (New)		\$25,700	
-- Biology Building Renovation	\$12,663		

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 1995 through 1997 the institutions requested programs as follows:

(000s Omitted)

<u>Institution</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>TOTAL</u>
SUI	\$27,461	\$ 60,159	\$10,325	\$ 97,945
ISU	33,000	33,800	34,060	100,860
UNI	16,170	15,560	14,745	46,475
ISD	3,900	700	150	4,750
IBSSS	311	0	0	311
TOTAL	\$80,842	\$110,219	\$59,280	\$250,341

The Board Office recommendation for fiscal years 1995 through 1997 is summarized as follows:

(000s Omitted)

<u>Institution</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>TOTAL</u>
SUI	\$34,230	\$38,428	\$37,325	\$109,983
ISU	41,000	37,400	40,460	118,860
UNI	21,495	8,450	16,015	45,960
ISD	300	200	550	1,050
IBSSS	271	40	0	311
TOTAL	\$97,296	\$84,518	\$94,350	\$276,164

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 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>TOTAL</u>
\$26,787	\$15,136	\$23,206	\$ 3,869	\$ 4,829	\$73,827

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 1991 meeting.

Mr. Richey noted that the institutions, in their capital requests, did not include the Pharmacy Addition and Library Addition which were deappropriated last year. The Board Office included those projects in its recommendations. He said the Board Office reduced the institutional requests by about \$86 million. The institutions, in preparation of their five-year plans, did take into consideration the difference between a year ago and now in terms of their aspirations. For example, despite price inflation, which would have increased about 5 percent, they requested a year ago \$528 million for the five-year period. This year they requested \$453 million. The institutions cut their 5-year requests about \$100 million. The result is that the Board Office recommendation is much closer to the institutional requests than it was one year ago.

Mr. Richey said the Board Office followed generally the Board's priorities of a year ago. He noted that the Board Office projections included planning for new buildings with construction to occur in the second year. Heavy priority was placed on deferred maintenance, utilities and fire safety. The first building priority is the Pharmacy Addition. The next highest priority projects are the Library Addition and the Wellness Center at University of Northern Iowa. Livestock Research at Iowa State University is next in priority. Energy conservation projects that have paybacks were also ranked high in priority. University of Iowa Hospitals and Clinics capital program for the 5 years is funded almost 100 percent from non-general funds.

President Pomerantz emphasized that University Hospitals utilizes self-generated funds to finance its capital program.

Regent Hatch stated that she firmly supports building renovation and energy conservation projects. However, she was concerned about additional bonding. She was not in favor of any new buildings at this time to be financed out of institutional general funds.

Regent Williams said she agreed with the basic priorities stated by the Board Office. They cannot allow themselves to become complacent and not look to the future. They would be remiss if they did not look forward in light of their strategic planning.

President Pomerantz said the institutions are made up of faculty, students and buildings. The idea that by not building a building a cost goes away is a misconception. With a mix of State funds and borrowed funds they can accomplish their capital program goals. Whether they defer some projects for one year is up for discussion. The Regent institutions have buildings that have been started and that are now stopped in process. He suggested that might not be good stewardship of the investment made in buildings to date.

Regent Hatch clarified that she would not want to see any projects stopped.

President Pomerantz cautioned against getting a mind-set that does not recognize the importance of capitals to what the Regents are all about. They need a capital program that is consistent from year to year. He added that Regent Hatch's point may be well made in a given year.

Mr. Richey stated that the recommendation recognizes to a substantial degree Regent Hatch's concern. The only new buildings to go under construction have completed planning and received funding in previous years. The only exception is the livestock project for Iowa State University.

Regent Hatch questioned the necessity of building a Recreation/Wellness Center at University of Northern Iowa at this point in time.

Regent Williams responded that there are like facilities at the other two Regent universities. She cautioned against depriving University of Northern Iowa students of a recreation and wellness center. It is an integral part of the education process for the students and includes an emphasis on lifelong care of their bodies.

Regent Dorr referred to the livestock units and the research facility at Iowa State University and asked if those are replacing old facilities or were new construction.

Associate Director Hollins responded that it is a combination of projects ranging from improvements at the Swine Breeding Research Center to a waste management system for the Swine Research Center Feeder Pig Management Research Facility. He said some of the cattle projects are a Beef Nutrition and Management Research Center, a feed processing facility, Animal Science Teaching Center addition and remodeling. At the Rhodes Research Center there is some remodeling and construction work being accomplished. He concluded by stating that the projects benefit existing research centers.

Regent Hatch requested a breakdown among projects according to whether they are existing or new buildings.

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**ACTION:** President Pomerantz stated the Board, by general consent, received a report on the fiscal year 1993 and fiscal year 1994 capital budget requests and Five-Year Capital Project Priority Plans submitted by the Regent institutions and consider the preliminary Board Office recommendations.

**REPORT ON WOI-TV.** The Board Office recommended the Board request the administration of Iowa State University to bring the report on WOI-TV to the Board of Regents together with recommendations regarding its sale.

The Board of Regents directed in 1986 that WOI-TV be reorganized and operated by a non-profit affiliated organization with the following stipulations:

Operation of WOI-TV should be given close scrutiny and significant management changes should be instituted to ensure that adequate returns are received on the station's equity. A three-year period was established by the Board of Regents within which the station management was to bring the station's financial performance into line with expectations.

The Board of Regents would review WOI-TV's progress annually and reassess the status of the station at the end of a three-year period.

If the station had not met its goal within the three-year period, the Board of Regents would consider divesting the station.

The third annual report was required to be a comprehensive evaluation of the financial and educational results of operating the station and to contain an evaluation and recommendation of the merit of selling the station.

The Board of Regents granted Iowa State University an extension of one year on the third report because of President Eaton's resignation last year.

It was recommended that Iowa State University be instructed to bring the report to the Board in September with a recommendation regarding its sale.

**MOTION:** Regent Fitzgibbon moved to request the administration of Iowa State University to bring its report on WOI-TV to the Board of Regents together with recommendations regarding its sale.

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Regent Williams seconded the motion, and it carried unanimously.

**DECLARATION OF INTENT REGARDING BOND MATTERS AND NOTES.** The Board Office recommended the Board adopt resolutions, as follows:

- (1) A Resolution reaffirming, confirming and approving the declarations of an official intent to reimburse the State Board of Regents (and its institutions of higher learning) through taxable or tax-exempt borrowings, for expenditures to be incurred within two years of the date of such declarations of official intent and paid in connection with the project segment.
- (2) A Resolution declaring an official intent to reimburse the State Board of Regents (and its institutions of higher learning), through a taxable or tax-exempt borrowing, for expenditures to be incurred within two years of the date of such declaration of official intent and paid in connection with the project segment.

These resolutions were necessitated by the proposed United States Treasury regulations applicable to bonds issued after September 7, 1991, which will alter the ability of issuers to utilize tax-exempt bonds to reimburse themselves for expenditures made prior to issuance.

The resolutions pertain to the bonds and notes scheduled for issuance after September 7, 1991, for the following projects:

State University of Iowa

- Academic Building to House the College of Business Administration;
- Fire and Environmental Safety Improvements;
- Deferred Maintenance, Equipment and Utility projects;
- MacLean Hall Remodeling;
- Pharmacy Addition.

Iowa State University

- Gilman Hall Renovation--Phase III;
- Swine Nutrition Management and Research Center--Research Unit.

University of Northern Iowa

- Deferred Maintenance, Equipment and Utility projects and Wright Hall Equipment;
- New Residence Facility.

The resolutions were prepared by the Ahlers law firm.

**MOTION:**

Regent Fitzgibbon moved to adopt a Resolution reaffirming, confirming and approving the declarations of an official intent to reimburse the State Board of Regents (and its institutions of higher learning) through taxable or tax-exempt borrowings, for expenditures to be incurred within two years of the date of such declarations of official intent and paid in connection with the project segment. Regent Furgerson seconded the motion, and upon the roll being called, the following voted:

AYE: Berenstein, Dorr, Fitzgibbon, Furgerson, Hatch, Johnson, Pomerantz, Tyrrell, Williams.

NAY: None.

ABSENT: None.

**MOTION:**

Regent Fitzgibbon moved to adopt a Resolution declaring an official intent to reimburse the State Board of Regents (and its institutions of higher learning), through a taxable or tax-exempt borrowing, for expenditures to be incurred within two years of the date of such declaration of official intent and paid in connection with the project segment. Regent Furgerson seconded the motion, and upon the roll being called, the following voted:

AYE: Berenstein, Dorr, Fitzgibbon, Furgerson, Hatch, Johnson, Pomerantz, Tyrrell, Williams.

NAY: None.

ABSENT: None.

**REPORT ON BOARD OFFICE BUDGET.** The Board Office recommended the Board give preliminary consideration to the budget request for the Board Office for fiscal years 1993 and 1994.

The approved budget of \$1,075,686 from state appropriations for fiscal year 1992 reflects a \$72,758 or 6.3 percent reduction from actual expenditures for fiscal year 1991. The budget for fiscal year 1992

provides for three fewer positions than authorized in the prior fiscal year.

The proposed budget for fiscal year 1993 to be financed from appropriations provides for the restoration of one professional position, Assistant Director of Academic Affairs, and a five percent adjustment for price inflation.

Further review of the critical need for office equipment will be made before the final budget request is presented to the Board in September.

It is anticipated that the position of Director of Planning and Policy Making will be filled shortly after October 1, 1991.

**ACTION:** President Pomerantz stated the Board gave preliminary consideration to the budget request for the Board Office for fiscal years 1993 and 1994, by general consent.

**NEXT MEETINGS SCHEDULE.** The Board Office recommended the Board review the next meetings schedule.

September 25-26	University of Iowa	Iowa City
October 16-17	University of Northern Iowa	Cedar Falls
November 20-21	Iowa State University	Ames
December 18	Marriott	Des Moines
January 15-16, 1992	Telephonic	Des Moines
February 19-20	University of Iowa	Iowa City
March 18-19	Iowa School for the Deaf	Council Bluffs
April 15-16	Iowa State University	Ames
May 20-21	University of Northern Iowa	Cedar Falls
June 17-18	University of Iowa	Iowa City
July 15-16	University Park Holiday Inn	Des Moines

Regent Furgerson asked if the September Board meeting would be a 2-day meeting. Mr. Richey responded that it looked as if it would run into the second day. The Regents will be performing evaluations of institutional heads, and receiving tuition recommendations and presentations from faculty members.

**ACTION:** President Pomerantz stated the Next Meetings Schedule was received by general consent.

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**BUDGET AND STRATEGIC PLANS.** President Pomerantz said he wished to make a particular point and asked that everyone think about it. He said that if the State continues to have severe budget problems and regardless of whether the Regents consider bonding or other alternative sources of funds they still expect the universities to go forward. He expressed concern about some of the comments that were made in general during the discussion of the budgets. He wanted to be sure that they kept an open mind on any of the issues. They must remain flexible if they are going to deal with the kind of environment that they have to deal with. He urged the entire Board to keep an open mind and do whatever the Board considers best under any particular circumstance. It is imperative that they keep all their options open because they are probably not going to be able to solve these problems in a traditional way. He re-emphasized, with regard to the institutional obligations to their strategic plans, that they are to move forward as rapidly as possible so they are focusing resources where their priorities are. They should do what they can to deal with issues around productivity because he believes there is significant opportunity there. President Pomerantz said those were his observations as they went through this meeting. Perhaps other Regents had other observations but he asked that they think about his comments.

Regent Tyrrell said he understood that the Regent budget requests will go to the Governor at which time they will most likely be reduced. The budgets will then go to the legislature and will probably be further reduced. How do the Regents present the budgets to the Governor and the legislature in a way that will emphasize what the Regents feel is important?

Regent Williams said they will emphasize that their budget askings relate to carrying out the strategic plans.

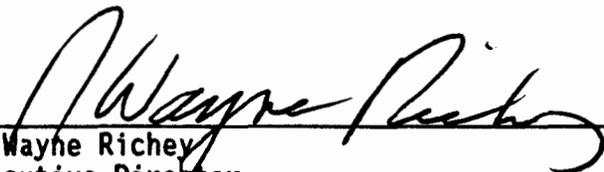
President Pomerantz stated that in the fall the Regents and institutional heads will make a presentation to the Governor and ask the Governor to consider their budgets. After the Governor has amended the budgets the Regents will address the legislature. If they do not get the funds for which they are asking, there will have to be fallback positions at the institutions. They must make the case as best they can.

Regent Berenstein stated that in line with the comments about the budgets and several other issues that will be coming in the next couple months, he wished to reiterate that the Regents have taken the position in the past that President Pomerantz is the one to act as the spokesperson for the Board of Regents on policy decisions. They must ensure that various positions are not expounded to the press.

President Pomerantz said he would not take the position as the Board's spokesperson unless it was the consensus of the Board.

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**ADJOURNMENT.** The meeting of the State Board of Regents adjourned at 11:54 a.m., on Thursday, August 29, 1991.

  
\_\_\_\_\_  
R. Wayne Richey  
Executive Director