

The State Board of Regents met on Wednesday, December 17 and Thursday, December 18, 1986, at the Iowa State University. The following were in attendance:

	<u>December 17</u>	<u>December 18</u>
<u>Members of State Board of Regents</u>		
Mr. McDonald, President	All sessions	All sessions
Dr. Harris	All sessions	All sessions
Mrs. Anderson	All sessions	All sessions
Mr. Duchen	All sessions	All sessions
Mrs. Murphy	All sessions	All sessions
Mr. VanGilst	All sessions	All sessions
Mr. Greig	All sessions	All sessions
Mr. Tyler	All sessions	All sessions
Miss VanEkeren	Excused	Excused 12:00
<u>Office of the State Board of Regents</u>		
Executive Secretary Richey	All sessions	All sessions
Director Barak	All sessions	All sessions
Director True	All sessions	All sessions
Director Volm	All sessions	
Assoc. Dir. Runner	All sessions	All sessions
Assoc. Dir. Stanley	All sessions	All sessions
Asst. Dir. Peters	All sessions	All sessions
Minutes Sec. Burn	All sessions	All sessions
<u>State University of Iowa</u>		
President Freedman	All sessions	Exc. 2:15 p.m.
Vice President Ellis	All sessions	Exc. 2:15 p.m.
Vice President Remington	All sessions	Exc. 2:15 p.m.
Associate Vice President Small	All sessions	Exc. 2:15 p.m.
Asst. to President Mears	All sessions	Exc. 2:15 p.m.
Asst. to Vice President Davis	All sessions	Exc. 2:15 p.m.
Director Stork	All sessions	Exc. 2:45 p.m.
Director Bauer	All sessions	Exc. 2:45 p.m.
<u>Iowa State University</u>		
President Eaton	All sessions	Exc. 2:30 p.m.
Executive Vice President McCandless	All sessions	Exc. 2:30 p.m.
Vice President Christensen	All sessions	Exc. 2:30 p.m.
Vice President Madden	All sessions	Exc. 2:30 p.m.
Assistant to President Crawford	All sessions	Exc. 2:30 p.m.
Director Lentz	All sessions	Exc. 2:30 p.m.
<u>University of Northern Iowa</u>		
President Curris	All sessions	Exc. 2:20 p.m.
Provost Martin	All sessions	Exc. 2:20 p.m.
Vice President Conner	All sessions	Exc. 2:20 p.m.
Vice President Follon	All sessions	Exc. 2:20 p.m.
Asst. to President Voldseth		Exc. 2:20 p.m.
Director Chilcott	All sessions	Exc. 2:20 p.m.
Director Stinchfield	All sessions	Exc. 2:20 p.m.
<u>Iowa School for the Deaf</u>		
Superintendent Giangreco	All sessions	Exc. 11:50 a.m.
Business Manager Kuehnhold	All sessions	Exc. 11:50 a.m.
<u>Iowa Braille and Sight Saving School</u>		
Acting Superintendent Young	All sessions	Exc. 11:50 a.m.
Business Manager Berry	All sessions	Exc. 11:50 a.m.

## GENERAL

The following business pertaining to general or miscellaneous business was transacted on Wednesday, December 17, and Thursday, December 18, 1986.

President McDonald stated the Board had risen from executive session on December 16 for the purpose of interviewing the final candidates for the position of Superintendent at the Iowa School for the Deaf. He recognized Regent Tyler.

### MOTION:

Regent Tyler moved that the Board of Regents appoint William P. Johnson as Superintendent at the Iowa School for the Deaf effective August 1, 1987, at an annual salary of \$53,500. As a condition of his employment, he will be required to live in the house provided on the campus and will be provided with the usual benefits and moving expenses. Regent Harris seconded the motion, and it passed unanimously.

President McDonald stated the board had interviewed four finalists and were very pleased with the search process. He stated he was impressed with the quality and talent of all of the finalists. The selection of the board is William P. Johnson, who was highly qualified. Currently he is Superintendent for the Illinois School for the Deaf. He said Dr. Johnson has roots in Iowa. His family farm was located on the present site of the Iowa School for the Deaf in the 1850's. He is acquainted with Superintendent Giangreco and the faculty. He stated Dr. Johnson is pleased that he will be returning to Iowa and is looking forward to becoming a part of the Regent system. Dr. Johnson received his Doctor of Philosophy and Master of Arts degrees from the University of Iowa. President McDonald stated the board is very pleased with its selection.

**APPROVAL OF MINUTES.** The minutes as corrected of the November 19-20, 1986, meeting were approved by general consent of the board.

**REVIEW OF PROPOSED ACADEMIC PLANS.** Mr. Richey stated this was a follow-up to the long process engaged in over the past several months regarding the aspirations and plans for the future of the institutions. He stated the Board Office had reviewed the plans and made comments and recommendations in response to the board's desire to take final action on the plans and to indicate its guidance to the institutions in the coming years. Mr. Richey said he had asked Director Barak to summarize each item. This will enable

said he had asked Director Barak to summarize each item. This will enable the board to indicate its ideas. Mr. Richey stated that this need not be the final consideration of the long range plans of the institutions, but this would be the first stab at it.

Regent Harris stated that if there were any adjustments or changes to be made the universities were to respond with a plan as to how the institutions would go about tackling the problems that have been identified. He was concerned about statistics presented in the docket memorandum about the four-year-olds in America today. He stated 23 percent of them are below the poverty level. Also, a higher percentage of them have diagnosed physical and emotional handicaps than ever before. There has been a huge increase in the number of four-year-olds who do not speak English. He felt we could do something about this. He was quite overwhelmed in reading over this docket item. He stated the board was somewhat overwhelmed by the information and at the same time challenged.

Director Barak explained the first section of the docket memorandum related to the missions of the institutions. He noted that the Regent institutions as a part of their long range planning efforts are asked to review their missions. He noted during the recent planning cycle no changes in missions were recommended. An institution's mission is a broad statement of fundamental purposes; it embraces the social and intellectual aspirations of the institution. A clear understanding of an institution's current mission is an extremely important precursor to strategic planning.

Dr. Barak stated a mission statement should be reasonably explicit about the major priorities of the institution in at least the following areas:

Teaching, research, and service. Is the institution's primary focus on teaching, research, or service? What are the interrelations of these activities and how do we seek to attain a mutually reinforcing state? What is our philosophy concerning the roles and relative importance of the three activities? How is our philosophy manifested in practice?

Graduate and undergraduate instruction. How do the fundamental purposes of education differ across undergraduate, master's and doctoral levels? Where are our major emphases at each level? Are there mutually reinforcing attributes across these levels? How is the institution's philosophy manifested in terms of faculty responsibilities in research, course assignments, advising of students, and the like?

Liberal-arts and career-oriented programs. This part of the mission statement should state the institution's relative emphasis on general education versus preparation for professional or paraprofessional careers. Any perceived conflict between the two types of goals should be addressed squarely in order to make clear the institutional commitments.

Traditional and nontraditional education. Much has been said of late about the so-called nontraditional purposes of many institutions, usually meaning a movement toward serving clientele outside the traditional 18-24 age group. The term can also refer to new and innovative forms of educational delivery. In either case, this section of the mission statement should clearly identify any important changes being contemplated insofar as clientele, programs, delivery systems, and other activities are concerned.

Range of disciplinary offerings. What are the principal types of academic programs now offered? Are major changes in direction foreseen? What types of programs will not be offered by the institution? What are the major priorities and commitments for future development? Note that the typical mission statement would not include a detailed listing of all programs and the developmental strategies associated with each. Rather, the material presented here should provide guidance to later decisions on specific program offerings and priorities.

Research programs. The mission statement should describe the general character, purpose, and sponsorship of research conducted on campus. At many institutions, this statement may amount to descriptions of research conducted either to maintain the competency of faculty members in their disciplines or to improve the instructional process. At a major research university, however, the mission statement might describe basic research that aims to advance the state of the art and contribute to graduate instruction. Between these extremes are institutions committed to conducting applied research that focuses on local problems. The statement should identify the relative emphasis placed on research in various disciplines or problem areas.

Director Barak stated one of the recommendations of the Board Office was that the five Regent institutions be asked to undertake a review of their institutional mission statements aimed at developing more explicit mission statements as suggested above. These statements should be presented for the board's review and action in September 1987.

Mr. Richey stated this was a fairly straightforward recommendation. Assertions have been made that the mission statements are probably more broadly stated than they should be.

Regent Anderson said that regarding mission statements, wasn't it necessary for the board to give some indication to the universities as to what it wanted.

Mr. Richey stated that any direction the board could give to the universities at this time would be very helpful.

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Regent Anderson stated the board had not really discussed revising the missions, and this was a very integral part of what the board wants the universities to do. She said she was not sure the board had really faced up to that issue.

Regent Harris felt this was one of the best preparations put before the board in terms of this particular issue. He stated it was well written. There is a lot of material contained in this docket item. He felt it was more than the board could begin to deal with thoroughly during the board meeting. He stated it might be well to simply ask the institutions to comment on the recommendations which were made.

President McDonald said this does address the board's frequently expressed desire to play a more critical role in the long range planning of the institutions.

President McDonald asked for institutional comments.

Vice President Remington stated the comments that have been made were important and very appropriate. When looking at the review of the three universities planning documents submitted by the Board Office and an action containing the word "approve" for the University of Iowa, Iowa State University and the University of Northern Iowa, it gives the impression that what the universities are doing is correct. He stated the universities were being asked to reallocate substantial resources to meet increased reporting requirements. He stated the mission statements were brief and readable and, in order to go the direction as proposed, the mission statements would become multi-page documents. He said it seemed to him massive statements would not be desirable. If changes were necessary, they needed guidelines.

Vice President Remington felt the recommendation to look at minority recruitment and at the programs that will attract minorities is excellent. They are preparing for the North Central Accreditation Review, which will be a big document. The College of Medicine is preparing for reaccreditation. They currently have four other colleges under internal review, and more than 20 departments currently under review. It would require them to put on extra people to generate the kind of long range plan which is being requested. He called specific attention to the recommended action to require an annual report from each institution on the institutional program review and evaluation efforts. The three Regent universities would be required to undertake a comprehensive review of their undergraduate programs and report to the board next Fall on the results and anticipated actions. He stated that a comprehensive review would be massive and costly. He questioned whether the massive increase of reporting being requested squared with the findings in the Board Office review. He stated he has never complained before, but this kind of action has never been requested previously. He urged the board to consider if it really wanted to go in that direction.

Mr. Richey stated the recommendation with respect to departmental reviews is critical to the board's knowledge of condition of the institutions. He did not intend anything approaching the volume referred to by Vice President Remington. The board cannot know the condition of the institutions without getting reports of this nature.

Director Barak said the kind of volume referred to by Vice President Remington was not what they had anticipated. He said he did not see a large report but rather a summary review.

Regent Duchen asked what does the university have today in terms of strategic planning documentation.

Vice President Remington answered there were a variety of things such as the last North Central Association Accreditation document and the one that was currently underway. There was also the long-range plan distributed to the board earlier in the year. He stated, with regard to the volume question, the docket memorandum is 36 pages long; and the description of what should be on the mission statement is quite long. He indicated there was a current planning document for every single unit of the university developed as part of a five-year internal planning cycle in addition to the Regents planning cycle and accreditation reviews. Regent Duchen asked if this was effective internally, to which Vice President Remington responded that they had been complimented on it and that it was absolutely essential to the reallocation system and was the basis for the budgetary decisions.

Vice President Christensen commended the Board Office for bringing this together. It is a step in the right direction. He stated he had the information less than 48 hours and had not had time to study the implications. He wanted more time to study the Board Office recommendations and suggested the Interinstitutional Committee review it at length.

President McDonald stated that the reports recommended would provide the type of information the board needs.

Regent Anderson stated she liked Vice President Christensen's suggestion. She said that from a board member's perspective, the more material they get, the harder it is to come to grips with issues. She said she had confidence in the board's leadership, but that it should not be obscured by additional reporting. She felt that the board and institutions should have more time to contemplate the implications. She suggested the final decision be delayed.

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Regent Murphy stated she was rather upset that this large document came at a time when the board is so busy with so many other big issues. She requested time to consider the contents. She stated she felt we needed to go into long range planning more carefully, and this would make for better board members.

Regent Harris stated that from his point of view, not as an expert, he would like to have the institutions write the mission statements and present them to the board.

Regent Duchen said it seemed to him that the Interinstitutional Committee should have an opportunity to review this and make recommendations. He suggested that some consideration be given so that the board members are not inundated all at once. He stated it was too much to handle all at one shot and that the board should be given a chance to digest and make comments. The information contained in this docket item was a big piece of information.

Provost Martin stated he appreciated the feedback from the board and the Board Office staff. It was very helpful. He said that Iowa does not have a master plan for higher education so each institution must plan individually. He noted other states have had painful experiences with master plans. He believed the word "approve" was too strong a word to use as these plans are tentative and perhaps "endorse in principle" would be better, which would encourage the institution to proceed. He stated that the University of Northern Iowa have many program reviews in process: program accreditation reviews, internal reviews and other external reviews, and he would be glad to share the information with the board. With regard to the comprehensive review of the undergraduate programs being requested by the board, he felt it is easier said than done. He said he took the recommendation to mean something like they do in preparation for NCA review which is about a two-year process. He noted there would also be some duplication in these efforts with other reviews that were taking place. This would be a large project and would result in substantial documentation.

President McDonald stated he liked the phrase "endorse in principle". He said he felt some of the concerns expressed did not necessarily square with the recommended action. He indicated there would be considerable meetings held and adjustments made before final reporting requirements were put into place.

Mr. Richey stated the Board Office assumed this would take place over several board meetings. He said there was no way to make all these decisions in one day. The board had expressed a concern about not being involved in and having adequate knowledge of the programs at the institutions. He noted whenever the board selected a new institutional head, it discovered things about the institution that were not favorable which were unknown to the board. Institutions have been doing departmental reviews routinely now for

about 10 or 15 years. He suggested that the institutions share a summary of those reviews with the board members. He stated an important aspect of this whole exercise is by having the institutions do their own planning, they will not have some other entity do it for them. He stated he had no problem in deferring this issue and doing the suggested consultation. He said he had assumed it would take a series of meetings for the board to go through these reports.

Regent Anderson said with regard to the recommended action of comprehensive reviews, that she suggests looking at the issue of undergraduate education.

**MOTION:** Regent Anderson moved that the board defer action on the long range planning pending an opportunity for the Interinstitutional Committee to meet with the Board Office regarding the recommendations. Motion was seconded by Regent Harris.

President Curris stated he was concerned about the discussion that had occurred. He said they had been talking about the role of the Board of Regents with the Board Staff suggesting what the board's role ought to be and the institutions saying it should be different. The board has to make that decision. The members of the board must decide what is important; and if it feels volumes of information are necessary, they will be provided. If the board wants more in the way of sessions, the institutions will respond. He said he felt it was a little presumptuous for the institutions to suggest how the board should function.

Provost Martin said that with regard to the matter of the program reviews they could supply that now. He felt this should be helpful to the board.

President McDonald stated the board has a pretty clear understanding of its role and its responsibilities.

**VOTE ON MOTION:** The motion was approved unanimously.

**CONSENT DOCKET.** The items on the consent docket appear in the appropriate sections of these minutes.

**MOTION:** Regent Greig moved that the items on the consent docket be approved. Regent Anderson seconded the motion and it passed unanimously.

**COMMITTEE ON EDUCATIONAL COORDINATION. University of Iowa Catalog Changes.**  
The Board Office recommended approval of the proposed changes and the listing of approved courses.

In November, the University of Iowa submitted its proposed course changes. These were referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation. The Interinstitutional Committee has completed its review and has recommended approval.

The changes proposed by the University of Iowa since the Fall of 1985 represent the continuing response of the university to changing educational needs of its students, changing disciplinary emphasis, and the vitality of its faculty. The data indicates that during the past year, 416 courses were added to the curriculum while 352 were eliminated, for a net increase of 64 courses. The university indicates that the relatively large number of total changes, as compared to last year's report reflects adjustments made in course listings in connection with the biennial preparation for the new edition of the university catalog issued in August 1986. This means that 1,607 changes in course listings have already occurred during the past year.

Provost Martin stated the course changes had been distributed to the University of Iowa and the University of Northern Iowa for reaction.

MOTION: Regent Harris moved that the board approve the proposed changes and the listing of approved courses. Regent Duchen seconded, and the motion carried unanimously.

**MEETING OF THE COLLEGE AID COMMISSION.** Mr. Richey stated that the Iowa College Aid Commission held its monthly meeting at Drake University on December 9. The major item of business was to resolve the outcome of a contested case with respect to contracting for services to the commission in the administration of the Guaranteed Student Loan Program. The commission awarded the contract to the United Student Aid Funds and rejected the claims of Cybernetics and Systems, Inc. The report was received as a part of the consent docket.

**ANNUAL REPORT ON FACULTY TENURE AT THE REGENT UNIVERSITIES, 1986-1987.** The Board Office recommended that the board receive the reports on faculty tenure policies and practices.

Highlights of the report are as follows:

- \* The percent of total faculty tenured at the Regent universities remains below national averages. This year's data indicate a downward trend in tenure percentages at all three institutions.

- \* University of Northern Iowa tenure data indicate decreases in all categories for the first time since 1977-78.
- \* State University of Iowa reports decreases in all categories except the percentage of tenure-track faculty tenured, which is up slightly (.09).
- \* Iowa State University reports significant decreases in departments with 70 percent or more of tenure-track faculty tenured (6 percent) and in the total number of faculty tenured (decrease of 32), but a slight increase in the percentage of tenure-track faculty tenured and total faculty tenured --both increased by approximately one percent.
- \* The percent of faculty with tenure has increased at Iowa State University and decreased at State University of Iowa and University of Northern Iowa.
- \* National data on average percentage of women faculty who are tenured (47 percent) indicate that Regent universities lag in this category by 5 to 27 percent. Females as a percent of the tenure-track faculty increased slightly (1 percent) at Iowa State University and remained the same at State University Iowa and University of Northern Iowa.
- \* Minorities as a percent of tenure-track faculty increased at State University of Iowa and Iowa State University and decreased at University of Northern Iowa.

The data presented in the reports provide information on staffing patterns by institution, college, department, rank, sex, minority status, and full-time/part-time status. As it has been noted in prior years, the tenure considerations also include considerations of institutional vitality, faculty quality, institutional history, projected enrollment trends, patterns of enrollment by college or discipline, and changing retirement policies.

The Board Office noted it was encouraging that the tenure rates at the Regent universities remain below the national averages, as excessively high rates cause concern with the loss of flexibility.

The following tables outline tenure statistics by sex for each university for the period 1977-78 through 1986-87:

TENURE STATISTICS BY SEX  
1977-78 THROUGH 1986-87

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SUI  
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YEAR	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87
Females as % of Tenure-Track Faculty	16%	18%	16%	16%	16%	16%	17%	17%	16%	16%
Females as % of Total Faculty	17%	18%	18%	18%	18%	22%	22%	23%	23%	27%
Females of % of Tenured Faculty	9%	9%	10%	11%	11%	12%	12%	12%	13%	13%
% of Male Tenure-Track Faculty with Tenure	71%	72%	74%	75%	76%	78%	77%	79%	77%	78%
% of Male Total Faculty with Tenure	50%	50%	52%	50%	50%	50%	49%	50%	49%	48%
% of Female Tenure-Track Faculty with Tenure	38%	40%	42%	47%	50%	52%	50%	54%	58%	59%
% of Female Total Faculty with Tenure	24%	23%	25%	27%	28%	24%	24%	23%	24%	20%

ISU  
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YEAR	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87
Females as % of Tenure-Track Faculty	18%	17%	17%	17%	17%	18%	18%	18%	17%	18%
Females as % of Total Faculty	18%	20%	21%	21%	21%	22%	24%	22%	22%	23%
Females of % of Tenured Faculty	13%	12%	12%	14%	14%	14%	14%	15%	15%	15%
% of Male Tenure-Track Faculty with Tenure	78%	81%	80%	81%	83%	82%	83%	83%	83%	84%
% of Male Total Faculty with Tenure	69%	72%	68%	69%	69%	68%	70%	69%	69%	70%
% of Female Tenure-Track Faculty with Tenure	56%	55%	53%	61%	63%	61%	64%	68%	70%	69%
% of Female Total Faculty with Tenure	48%	42%	35%	41%	40%	39%	38%	43%	42%	42%

UNI  
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YEAR	77-78	78-79	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87
Females as % of Tenure-Track Faculty	24%	25%	24%	22%	21%	22%	23%	24%	24%	24%
Females as % of Total Faculty	29%	29%	29%	30%	29%	29%	29%	31%	30%	31%
Females of % of Tenured Faculty	22%	21%	20%	20%	20%	21%	22%	21%	21%	21%
% of Male Tenure-Track Faculty with Tenure	76%	77%	79%	78%	78%	78%	78%	83%	84%	85%
% of Male Total Faculty with Tenure	61%	61%	62%	62%	60%	58%	63%	66%	67%	67%
% of Female Tenure-Track Faculty with Tenure	65%	62%	64%	66%	71%	72%	76%	72%	72%	69%
% of Female Total Faculty with Tenure	41%	39%	37%	35%	37%	38%	42%	39%	41%	33%

The following are tenure statistics by minority status:

TENURE STATISTICS BY MINORITY STATUS  
1982-83 THROUGH 1986-87

	-----SUI-----				
	82-83	83-84	84-85	85-86	86-87
MINORITIES AS % OF TENURE-TRACK FACULTY	8.1%	7.9%	7.6%	7.5%	8.3%
MINORITIES AS % OF TOTAL FACULTY	4.9%	4.8%	7.0%	7.0%	7.6%
MINORITIES AS PERCENT OF TENURED FACULTY	7.4%	7.0%	6.7%	7.0%	7.8%
% OF MINORITY TENURE-TRACK FACULTY WITH TENURE	66.9%	64.1%	65.6%	68.5%	70.7%

	-----ISU-----				
	82-83	83-84	84-85	85-86	86-87
MINORITIES AS % OF TENURE-TRACK FACULTY	5.0%	5.2%	5.5%	5.0%	5.1%
MINORITIES AS % OF TOTAL FACULTY	3.8%	4.5%	5.7%	5.5%	5.8%
MINORITIES AS PERCENT OF TENURED FACULTY	4.2%	4.2%	4.5%	4.1%	4.4%
% OF MINORITY TENURE-TRACK FACULTY WITH TENURE	65.8%	64.6%	65.9%	65.9%	69.1%

	-----UNI-----				
	82-83	83-84	84-85	85-86	86-87
MINORITIES AS % OF TENURE-TRACK FACULTY	5.3%	5.2%	5.2%	4.5%	4.3%
MINORITIES AS % OF TOTAL FACULTY	3.7%	3.8%	4.3%	3.9%	3.2%
MINORITIES AS PERCENT OF TENURED FACULTY	5.4%	5.6%	5.7%	5.3%	5.1%
% OF MINORITY TENURE-TRACK FACULTY WITH TENURE	76.9%	78.4%	88.0%	95.5%	95.2%

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Vice President Remington stated the University of Iowa is not proud of their record on recruitment and retention of female and minority faculty members. Their opportunities to make changes at a rapid rate are extremely limited and to make a big impact would be a costly matter. He stated they must do better and will do better. He noted females as a percentage of tenure-track faculty has remained fairly stable over the past ten years. He explained the main reason the percent of female total faculty with tenure had decreased was due to the addition due to a technical change of 205 non-tenure track faculty in the College of Nursing although the whole university is up only 181 non-tenure track faculty. He stated the university was doing better but not where it wants to be in the area of minority tenure-track faculty.

Regent Duchen said he appreciated the comments but he was not really buying it. He indicated he was referring to all three universities. He said he had listened to similar reports in both higher education and the business community. He said progress had to start with state of mind, and the universities could do better if the proper priorities were established. He noted if all available talent was not used, this country would fail in terms of position in the world.

Vice President Remington said he was in total agreement with Regent Duchen's remarks. He said they were moving women into administrative programs. He added he did not read the numbers overall as negative. He said addressing the problem should begin at the student side and what women and minorities are choosing in doctoral level programs.

Regent Duchen stated the shortage of funds did not help alleviate the problem.

Vice President Remington said they would be having some success stories in the next few months.

Regent Harris stated he knows the University of Iowa has developed a strategy plan. It is not impossible to do. It must be looked at daily and worked on daily. He believes it can be done without a lot of additional funds. Regarding employment of females or minorities and enrollment of minorities, a plan has to be developed that would be put into action immediately and will be in effect for many years. He believes it can be done and he has some ideas as to how to do it. It is not too early to start developing a plan for today's four-year-olds in the State of Iowa.

Regent Anderson stated she knew the top administrators are committed to hiring of females and minorities, but she indicated she was not convinced all of the people who are making the decisions as to who gets hired and who gets tenure are committed to this. She stated she felt the leaders of the institutions had to make increasing the numbers of minorities and females a measure of success as a dean or department head. She stated the issue of qualifying criteria. She indicated she had participated in sessions where

the board had evaluated people for new positions, and she was very aware of the fact that a different measure of qualification should be used for men and women. She said there were different life experiences contributing to their qualifications. She said it was going to be a detriment to the universities that they were losing top notch women because they do not have the same traditional life work pattern, and department heads and deans have to understand this. She said that does not mean the most qualified people are not hired or granted tenure. She noted the woman who drops out of the academic life to have a family may look differently on a vitae, and the figures would not change significantly until this was taken into account.

Vice President Remington agreed with Regent Anderson's comments. He stated the university's Director of Affirmative Action meets with the deans and small groups of department heads to see what can be done to enhance their efforts.

Vice President Christensen said he was delighted to hear what Regent Anderson had to say and certainly agreed with her. He stated that last spring they received criticism for the stand he took on affirmative action. The crux of the problem is the university administration has to work at the department head and college level. Last spring a blue ribbon committee was appointed to look at how the whole affirmative action process could be improved.

Provost Martin stated Vice President Remington was right about the supply problem. He noted the number of Ph.D.'s particularly for minorities is somewhat skewed toward education; and in areas like math and science, minorities have to be encouraged to go into those areas. He said the University of Northern Iowa had a program beginning this summer in an effort to cope with the marketplace. The supply of minorities increases sharply in the summer, and the university feels it can attract some visiting minority faculty and in the process make some contacts.

President Freedman stated the discussion had been primarily focused with faculty. He noted the same problems exists at the administrative level. He stated the university had recently established a new program to enhance affirmative action efforts. The program provides faculty and staff an opportunity to competitively apply for grants to attend summer institutes in administrative areas. Administrative internships in all major administrative offices of the university will be initiated. The university will establish an affirmative action award for the department or unit which has maintained the strongest efforts in the area of affirmative action. The award will emphasize efforts as well as results, and they will try to give credit to departments that work extraordinarily hard.

President McDonald stated the board's comments reflect the unanimity and the commitment of the board with respect to the subject. He said it was in no way a passive commitment but a very active commitment.

ACTION: President McDonald stated the reports on operation of tenure policy were approved by general consent of the board.

**LEGISLATIVE PROGRAM -- 1987.** The Board Office recommended the board receive the report on legislative issues and endorse the proposed action statements identified below.

Director True stated that in November the Board Office reviewed each of the critical legislative actions of the 1986 session of the General Assembly and indicated a recommended legislative program would be presented to the board for consideration at its December meeting. He also stated that institutional heads had been requested to organize suggestions for the board's 1987 legislative program by the end of November.

The issues identified for the 1987 legislative session are as follows:

Issue:

The board's institutions maintain business and personnel functions independent yet in cooperation with state central service agencies. This arrangement has worked efficiently and avoided potential problems with academic freedom. In the case of the Regents bonding authority, affirmative action program authority, construction management authority and purchasing authority, there were attempts last year to legislatively reduce or eliminate the autonomy of the Regent institutions. These actions would have replaced the board's governance with that of state central service agencies.

Proposed Action:

Oppose legislation which would materially reduce or eliminate Regent institution business and personnel function autonomy. To prevent erosion of the existing autonomy, direct the continued cooperation of the institutions with the Board Office and state central service agencies.

Issue:

The institutions operate telecommunications systems to various degrees. At Iowa State University and the University of Iowa modern telecommunications systems are being operated directly by the universities in support of voice communications, administrative and academic data communications and video communications. In the past there have been attempts to centralize the management of state telecommunications. This issue may again be considered during the next legislative session.

Proposed Action:

Oppose centralized state communications management. The legislative liaisons and the Board Office should closely monitor any telecommunications legislation.

Issue:

Last year legislation was approved granting resident tuition to students from Iowa's sister states - Yamanashi, Japan; Yucatan, Mexico; and Hebei, China. It was opposed by the Board of Regents because of the inequity it represents and the loss in tuition income. The university would in effect be subsidizing each undergraduate from those states by over \$3,000.

Proposed Action:

Support legislation to repeal this provision. The board should also establish a policy to oppose all differential tuition for students in the same educational program, except differential based on Iowa residency.

Issue:

A recent ruling by the Department of Revenue and Finance found that interest from certain municipal bond funds was exempt from Iowa income tax. Should this continue to be the case the value of Regent bonds and the interest rates obtained on future Regent bond sales will suffer. The cause of the exemption is an unanticipated flaw in the Iowa tax statutes which is already being considered for correction by legislative committees.

Proposed Action:

Monitor the activities to correct this legislation.

Issue:

The board's authority to bond for self-liquidating enterprises has been substantially restricted and a confusing restriction regarding "underwriters" has been added to the statutes. Restrictions to the self-liquidating bonding authority were opposed by the board.

Second, the modified statute requires all self-liquidating bond issues to be approved by the General Assembly and the Governor. This provision could be costly if a funding decision must be deferred or accelerated to conform to the January - April time when the General Assembly is in session.

Proposed Action:

Support the restoration of self-liquidating bond authority for a broader list of projects. The authority in 262.44 of the Code should encompass utility projects (including telecommunications), research equipment, shorter-term borrowing not involving bonding, and projects where the debt service is supported through non-appropriated funds.

The provision for approval of the General Assembly and Governor should be modified to require the prior notification of the Governor and the General Assembly when the General Assembly is in session or when the General Assembly is not in session the Legislative Fiscal Bureau director and majority and minority leaders of the Senate and House. This would insure oversight and yet avoid potentially costly timing problems in the issuance of self-liquidating debt.

It was also recommended that the board oppose the restrictions on "underwriters".

The legislative liaison and the Board Office should work cooperatively to prepare a proposed bill incorporating these considerations.

Any proposed borrowing plans through 1987 should be reviewed with the Board Office and submitted to the board for consideration as a part of its legislative program.

Issue:

Financing medical education costs at the University of Iowa Hospitals and Clinics is under study by a panel appointed by Governor Branstad. John Colloton reported to the board at its November meeting on the progress of that study.

The indigent patient care appropriation of \$25 million supports patient care at the hospitals and clinics and thereby contributes toward the financial stability of the hospitals and clinics and its ability to provide medical education services. Legislative action to phase decentralization of indigent patient obstetrical care is projected by the university to have serious consequences for the university's medical education programs.

Proposed Action:

This topic was discussed during presentation of the Governance Report of the University Hospitals and Clinics. Action recommended is contained in the University of Iowa section of these minutes.

Issue:

There are eleven Small Business Development Centers in Iowa funded in part through a \$700,000 Lottery appropriation to Iowa State University. All three Regent universities house a Small Business Development Center and an arm of the Iowa State University College of Business Administration manages the overall network of centers and distributes funding. Last year the Department of Economic Development supported legislation that would have the Small Business Development Centers managed by that department. The final reorganization bill did not mandate that change, but it is likely that the Department of Economic Development will seek legislation this year to shift direction of the center from Iowa State University to the Department of Economic Development.

Proposed Action:

The Board Office and Iowa State University should meet with the Department of Economic Development to see if a mutually acceptable resolution can be determined. The university and Board Office should report to the board at its January meeting so that if legislation is required, it can be incorporated into the board's legislative program. Concomitantly, the university presidents as ex officio members of the Department of Economic Development board should convey to that board the Regents desire to develop a mutually satisfactory arrangement for funding and direction of the Small Business Development Center.

Assistant to President Crawford stated he had been working with the Department of Economic Development and this issue should be resolved before legislative session begins.

Issue:

Regent institutions receive Lottery funds for several programs. The largest are the research and development fund with \$10,750,000 appropriated and the Small Business Development Centers with \$700,000 appropriated. The board has been presented a variety of research and development proposals which have not been funded due to insufficient Lottery appropriations. Earmarking of over 50 percent of the available funding for agricultural biotechnology at Iowa State University has also constrained the board.

The Department of Economic Development has not always shared the board's view of the relative priority of the projects to be funded. Despite these difficulties a number of very worthy projects have been funded and on most issues an accommodation has been reached between the board and the Department of Economic Development.

Proposed Action:

Support additional Lottery research and development funds so that sufficient funds are available outside of those earmarked for agricultural biotechnology at Iowa State University to insure that the most promising projects in other fields can be supported.

Issue:

Approximately \$11,000,000 in Exxon Oil overcharge funds have not been appropriated and between \$25,000,000 and \$30,000,000 in additional oil overcharge funds are expected to be available during 1987. A variety of energy conservation projects are eligible for funding and substantial interest is prevalent to fund groundwater quality research and monitoring with these funds.

Proposed Action:

Direct the universities to prepare energy conservation project descriptions for consideration by the General Assembly and Governor in its appropriation of oil overcharge funds. Also, direct the universities to work together in proposing creative means for solving groundwater quality problems through use of its research and analytical capabilities. Through the Water Resources Research Institute, proposals should be prepared for the Governor and General Assembly. Descriptions of projects recommended for funding should be provided in advance to the Board Office.

Regent Harris asked with regard to the granting of resident tuition to Iowa's sister states if during discussion of the bill Director True recalled anything that was said about financing tuition for these students.

Director True said it was discussed by the board and the legislative liaisons and concerns were expressed to the legislature. He indicated, as far as he knew, there was no substantive discussion of the funding by the legislature.

Regent Anderson stated an attempt should be made to repeal that provision. She indicated the letters she had received regarding tuition brought out that taxpayers ought not to be subsidizing out-of-state students, and here was a case where taxpayers were subsidizing a few select students. She said she did not believe that this was the position the people of Iowa wanted to take.

Regent Tyler said the capital priorities which had been discussed previously was one place where the board knew exactly what it was doing, and everyone had better go down the road with the same priorities.

President Freedman said with regard to the students from the three sister states, almost all of the tuition is paid by the government so any subsidy is actually going to a foreign government.

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Vice President Christensen stated that \$26 million was brought in to Iowa by foreign students each year and is the state's tenth largest industry. In addition to the cultural and intellectual diversity, foreign students are supporting the state.

Vice President Ellis stated in previous years the institutions functioned under a statute which required them to revert funds on June 30 but excluded funds which had been encumbered. He explained the statute had been changed and now required reversions of all funds on June 30, whether encumbered or not. He said the University, and especially the Hospital, orders very sophisticated equipment and supplies which often necessitate delivery delays, and this is complicated by the reversions of the funds which had been earmarked for such purchases. Mr. Ellis also noted that the universities are moving aggressively into purchasing from Targeted Small Businesses. Small businesses historically have had difficulties in guaranteeing delivery schedules.

Regent VanGilst said he wished every legislator could hear Vice President Ellis' comments.

**ACTION:**

President McDonald stated the report on the Legislative Program had been received by the board and the recommendations were approved by general consent.

**PROCEDURES FOR THE SELECTION OF A SUPERINTENDENT AT THE IOWA BRAILLE AND SIGHT SAVING SCHOOL.** The Board Office recommended the board ratify the procedures and schedule for the selection of a superintendent at the Iowa Braille and Sight Saving School as outlined below.

At the November board meeting, the board authorized the Board Office in consultation with the board president to develop procedures for immediate implementation of a search for a superintendent at the Iowa Braille and Sight Saving School.

The Board Office in consultation with the board president was authorized by the board to engage the services of a search firm to assist the board and the campus search and screen committee in identifying appropriate candidates for the position. The search firm would be responsible for providing advice and services in advertising, searching, screening and referencing applicants for the position and in cooperating with the search and screen committee to identify four to six finalists for consideration by the Board of Regents. The firm shall also assist the board in its review of the final candidates as needed.

The firm of Francis and Associates was engaged to assist in the search for a superintendent at Iowa Braille and Sight Saving School. This firm was retained in the selection of a superintendent at the Iowa School for the Deaf.

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The following persons were named by President McDonald to the campus search and screen committee:

Dianne Utsinger	Representing Professional and Scientific Employees
Debra Wilberg Alan Koenig Carole Trantham	Representing the Faculty
Donna Chrestiansen-Wiese	Representing Merit Employees
Frank Vance	Representing the Department of Public Instruction
Dorothy O'Leary	Representing Alumni
Virgil Lagomarcino	Representing the Advisory Committee
Craig Slayton	Representing the Iowa Commission for the Blind
Robert J. Barak	Representing the Board Office

The campus search committee is responsible for working with the search firm to actively and thoroughly seek qualified candidates for the position, reviewing applications, screening the applicants including appropriate background searches, and recommending a final unranked list of candidates consisting of no less than four or more than six persons to the Board of Regents on the schedule established by the board.

In carrying out this responsibility, the committee will use the criteria noted below.

Candidates for the position of superintendent of the Iowa Braille and Sight Saving School shall be individuals with:

1. An appreciation of the unique potentials and responsibilities of a school for the visually handicapped and strive for excellence in a dynamic program of teaching and service to the visually handicapped community.
2. The capability of understanding the educational, technological, social, and economic needs of visually handicapped students and organizations and institutions served by the Iowa Braille and Sight Saving School and the ability to initiate imaginative and productive cooperative actions to help meet those needs.

3. Strong and imaginative leadership qualities including the ability to anticipate the needs of the Iowa Braille and Sight Saving School in a changing society, to periodically evaluate its programs, and to make decisions consistent with the evaluation results and the long range goals set by the Board of Regents.
4. A strong academic preparation in the education of the visually handicapped and a proven commitment to academic excellence and integrity.
5. The ability to select able personnel and to delegate authority effectively and wisely.
6. The ability to listen, to act, and to stand behind decisions.
7. Effective communication skills.
8. An appreciation and understanding of the importance of working in a participative mode of governance within the school.
9. The ability to understand budget and financial operations of the school.
10. The ability to understand how the political processes at the local, state, and national level affect the Iowa Braille and Sight Saving School.
11. A commitment to establish a working environment for the faculty and staff which is conducive to optimizing their individual potentials while helping the school to achieve its goals.
12. A demonstrated sensitivity to the needs and concerns of minorities, women, and the handicapped.
13. Sufficient experience and demonstrated administrative ability to warrant appointment as superintendent.
14. An appreciation of the needs to maintain positive working relations with the community and other educational and visually handicapped groups in Iowa including the Area Education Agencies and the Department of Education.
15. The willingness to interact cooperatively with other Regent institutions in Iowa.
16. The ability to work harmoniously with the Board and the Board Office.

17. The ability and desire to seek funding through state appropriations, federal agencies, industry, foundations, alumni, and other friends of the school.

The proposed completion schedule is as follows:

<u>TASK</u>	<u>COMPLETION DATE</u>
1. Approval of Search Process and Schedule	December 1986
2. Appointment of Campus Search and Screen Committee	December 1986
3. Appointment of Executive Search Firm	December 1986
4. Organization and Planning Session (Campus - Vinton)	December 18, 1986
5. Screen Down (Gateway - Ames)	February 3-4, 1987
6. Committee Interviews (Hilton - Des Moines)	February 19-21, 1987
7. Campus Visits (Campus - Vinton)	March 2-6, 1987
8. Board Interviews (Marriott - Des Moines)	March 10, 1987
9. Announcement of Appointment	

Mr. Richey stated the committee had been appointed by President McDonald on the advice of Acting Superintendent Young and will hold its first meeting on December 18. He stated a successful search has just been completed for the Superintendent at the School for the Deaf, and they will be using the same search firm for the Iowa Braille and Sight Saving School. He stated he was very optimistic about the Iowa Braille & Sight Saving School search.

MOTION:

Regent Tyler moved that the board ratify the procedures and schedule for selection of a superintendent at Iowa Braille and Sight Saving School. Motion was seconded by Regent Murphy and carried unanimously.

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**PLANNING AND BUDGETING FOR THE IOWA BRAILLE AND SIGHT SAVING SCHOOL.** The Board Office recommended approving a fiscal year 1988 budget request of \$2,767,565 for the Iowa Braille and Sight Saving School.

Director True stated that following the November board meeting, the Board Office met with Acting Superintendent Young and Business Manager Berry to review the objectives of the budget process and describe the information required for the board to act on the school's budget. Subsequent to that meeting, the school developed information and budget recommendations. The budget proposed by the school identified \$164,000 and eight full-time equivalent positions in budget reductions. Further review with the Board Office identified \$15,800 additional in general expense which could be eliminated yielding a total budget reduction of \$180,000 as compared to fiscal year 1987. The information provided by the school is complete and identifies each proposed staffing and general expense change.

The school calculates that \$55,000 in additional cost will be due to increases in employer payroll tax contributions and annualization of mid-year pay increases for general services staff. The net budget reduction proposed for fiscal year 1988 is, therefore, \$125,000.

The school proposes to couple the elimination of summer school with increases in the Home Visitation Program. According to the school, the enhancement of the Home Visitation Program will have a number of positive effects for students. It will improve student programming, improve generalization of skills from school to the home setting, direct attention for student skill training and coordinate the educational process. The school believes that the summer school program has marginal value and, therefore, can be eliminated without adversely affecting student development.

The Board Office reported that Acting Superintendent Young and Business Manager Berry did an excellent job in preparing the new budget recommendations, particularly given the circumstances. The proposed budget does not address any reorganization of the administrative structure of the school nor does it include any plans for shrinking the size of the physical plant of the school. It was suggested that these issues could be better addressed later when the new administration for the school is in place. In the interim, the business functions at the school can be studied in conjunction with the Banking Committee's evaluation of the treasury functions of the school. It is possible that some of the funds currently required for personnel may be needed to pay one of the universities to handle the treasury functions of the school. Following the next Banking Committee meeting, a report will be given to the full board on the review of treasurer functions at the Iowa Braille and Sight Saving School.

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The budget proposed by the school retains the Director of Education position. This position will be reviewed next spring with the superintendent selected by the board. Recommendations can then be made to the board on changes in organizational structure for the school.

Regent Anderson asked for an explanation of the elimination of the summer school program and visitation program.

Acting Superintendent Young said they looked for a way to deduct some budgetary savings without doing any damage and looked at the summer school elimination. With elimination of the program, they needed to look for a different model to provide some program during the summer. They phased in a parent visitation program. Social workers and houseparents visit the homes of the students and work with parents in the area of skilled training relating to deficiencies the student may have. They received good feedback from the parents and the staff felt this program was successful. They would like to do more of this and other programs but feel they will wait for the new superintendent before going much further with the program.

MOTION:

Regent Harris moved that the board approve the Fiscal Year 1988 Iowa Braille and Sight Saving School budget request. The motion was seconded by Regent Anderson, and it passed unanimously.

**BUSINESS OVERSIGHT POLICIES FOR IOWA SCHOOL FOR THE DEAF AND THE IOWA BRAILLE AND SIGHT SAVING SCHOOL.** The Board Office recommended approval of a modified expenditure oversight policy for the special schools until board adoption of a fiscal year 1988 budget. The recommended policy is to require the prior approval of the superintendent and the board president or the president's designee to create new positions or to fill vacant, full-time positions and to require the same approval of quarterly reports listing proposed commitments for equipment purchases or building repairs exceeding \$1,000. The recommendation further retains the existing policy of review and board approval of trust fund budgets; and suggests that the board await the Regents Banking Committee recommendations on consolidating or reorganizing the treasury functions of the special schools.

Director True stated in April the board adopted a number of budget and expenditure oversight policies for the special schools. The most prominent of the controls was the requirement that the board president or the president's designee approve filling of vacant positions as well as equipment purchases and building repairs in excess of \$500. A requirement for review and approval of trust fund budgets was also approved in April by the board. In July the board president directed that his approval be obtained before any out-of-state travel is undertaken by either superintendent.

As a result of the board's policies, cost containment has taken place during the last several months at both schools which may not have otherwise occurred. Although approximately 95 per cent of the institutions' expenditure requests have been approved, some have been altered or restructured. The board's process of external review has preserved opportunities for savings and reallocations to critical educational programs.

The Regents Banking Committee has requested that the Board Office work with both schools to examine the possibility of reorganizing the treasury function at the schools. One of the possibilities discussed was for one of the universities to collaborate with the schools to provide a treasurer. This arrangement would have the potential for freeing the school business managers to perform other tasks, improving the financial checks and balances, and offering more specialized assistance in the investment of school funds.

Following discussion of the special school treasury functions at the next Banking Committee meeting, a report and recommendations can be given to the full board.

**MOTION:** Regent Murphy moved that the recommended actions of the Board Office with regard to business oversight policies for the Iowa School for the Deaf and the Iowa Braille and Sight Saving School be approved. The motion was seconded by Regent VanGilst and passed unanimously.

**LOTTERY FUND RESEARCH AND DEVELOPMENT PROJECT REQUESTS.** The Board Office recommended approval of the following projects and amounts to be submitted to the Department of Economic Development as the Regents' recommendations and priorities for Fiscal Year 1987 Lottery research and development funds:

<u>Institution</u>	<u>Priority</u>	<u>Project</u>	<u>Amount</u>	<u>Cumulative Amount</u>
ISU	1	Agriculture Biotechnology (previously approved by the board)	\$3,750,000	\$3,750,000
SUI	2	Iowa Biotechnology Institute	\$1,500,000	\$5,250,000
SUI	3	Computer Graphics Facility	\$ 500,000	\$5,750,000
ISU	4	Electronic Materials and Semiconductor Device Processing	\$1,000,000	\$6,750,000
UNI	5	Decision Making Science Institute	\$ 550,000	\$7,250,000

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SUI	6	Biochemical Engineering Professorship	\$ 625,000	\$7,875,000
SUI	7	Plasma Processing Lab	\$ 500,000	\$8,375,000
SUI	8	Biomedical Engineering Institute	\$ 650,000	\$9,025,000
ISU	9	National Non-Destructive Evaluation Center Endowment	\$ 500,000	\$9,525,000
SUI	10	Senior Faculty Endowment in Immunology	\$ 500,000	\$10,025,000
SUI	11	Program in Drug Delivery Technology	\$ 650,000	\$10,675,000

Director True stated the Regent institutions have thus far been awarded \$4.25 million in Lottery research and development funds in fiscal year 1986 and \$3.75 million in fiscal year 1987. The \$3.75 million in funding for this year was awarded to Iowa State University for its agricultural biotechnology program as prescribed in the statute appropriating Lottery funds. The detailed use of these funds and a budget was approved by the board in September and by the Department of Economic Development in October.

The Department of Economic Development and Legislative Fiscal Bureau estimate that available fiscal year 1987 Lottery research and development funds are expected to be approximately \$7.5 million. The statute appropriates \$10.75 million; however, the \$7.5 million expected to be available is based upon estimates of actual Lottery revenues expected during fiscal year 1987.

This year the Department of Economic Development is considering rolling \$690,000 into the research and development fund from another Lottery program it administers. If this is done, the revised total of available funds would be approximately \$8,190,000.

The Department of Economic Development board has recently voted to establish an additional constraint in its review of Lottery research and development proposals. No more than 80 percent of available funds will be authorized for faculty endowments. Available funds do not include the agricultural biotechnology set-aside of \$3.75 million this year and \$4.25 million in subsequent years for Iowa State University. The recommendations of the Board Office do not exceed this constraint, and only \$2.5 million or 36 percent of the Board Office recommendations are faculty endowments. Priority numbers 2, 3, 6, 10, and 11 include funds for faculty endowments.

Each university developed ranked proposals for consideration by the board. The University of Iowa requested \$7.5 million divided among 12 projects. Iowa State University has eleven proposals totaling \$5 million, exclusive of its \$3.75 million agricultural biotechnology funding. The University of Northern Iowa had four proposals totaling \$2 million. These amounts did not include matching funds which must be equal to or greater than the Lottery funds awarded.

The Board Office recommended projects based upon review of each proposal, the Lottery statute and Department of Economic Development rules. Substantial weight was given to university priorities and where those priorities were not followed, reasons were provided. The Department of Economic Development indicated it would be late April before awards for Fiscal Year 1987 were announced.

Regent Anderson asked for an explanation of the sentence in the docket memorandum, "The Department of Economic Development board stated that if reports on faculty endowment projects 'are not working' the Regents should not expect future endowment requests to be funded."

Director True replied that the Department of Economic Development had been directed to examine the projects which had already been funded as well as any future projects in terms of generation of jobs. He indicated he did not know what they would be specifically requesting from the Regents.

Regent Anderson stated she was concerned because one should not expect that an endowment funding could possibly be measured by the same criteria as a Plasma Processing Lab. She said she was concerned about criteria they are using for evaluation.

Vice President Ellis wished to elaborate on Regent Anderson's remarks. He indicated there was a category for funding in the lottery statute for projects where jobs could be easily counted. There was also a category for research and development, and the funding for the Regent universities falls into that area. He noted, in his meeting with the Economic Development Commission staff when they first started administering the statute, it became clear they had not accepted this difference; and they were continuing to look at all projects in the same way.

Regent Anderson asked what could the board do about it. She felt the board needed to take an active role in the explanation of this.

President Freedman suggested some sort of communication be sent from the board.

President Eaton urged the board consider President Freedman's suggestion. He indicated he, as an ex officio member of the Economic Development Commission,

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had attended commission meetings. He said the commission places too much emphasis on the length of time it takes for a project to create jobs. The length of time should be irrelevant. He used as an example the invention of the electronic digital computer which created thousands of jobs over a period of 30 years, not three or five years.

President McDonald asked for comments from the universities.

President Eaton protested the procedure of the Board Office for reaching over Iowa State University's first and third priorities. He said they had invited people from the outside to evaluate the university's lottery projects, and as a result the university's original direction was substantially modified. The evaluation resulted in a set of proposals which was acceptable to the university. He stated the university's number one priority was the chemistry faculty endowment. He stated he knew it had been submitted for funding once and denied, but he felt uncomfortable with the idea of not making a second attempt.

President Curris joined President Eaton in expressing disappointment over how the recommendations were dealt with by the Board Office and requested that the board add to the list the University of Northern Iowa Small Business Development Center which was one of their highest priorities. He stated the university's request was rather modest, and the recommendations were even more modest. He said the issue was both an economic development issue and utilization of the talents of the university's people. Legislative leaders want educators to take a role and come forth with two or three proposals. He said that one way to help the state of Iowa overcome problems is through the Small Business Development Center. It is disappointing to see the project where the people can make the best contribution has not been recommended by the Board Office for funding. He quoted the following from the Board Office recommendations: "The university's Small Business Development Center is one of eleven in the state coordinated through the Iowa State University College of Business Administration. It is described by the Department of Economic Development staff as productive and innovative, yet it is not considered by the Board Office to be an appropriate recipient of Lottery research and development funds. Since the Small Business Development Centers are intended to be a statewide program for regional assistance, funding decisions and prioritization among the centers should more appropriately be made directly by the Department of Economic Development and the Iowa State University College of Business Administration."

President Curris referred to the July minutes of the Iowa Department of Economic Development meeting. Among the projects approved was a small business training center specializing in computer aided design at Westmar College. He, therefore, did not think the Center at the University of Northern Iowa was an inappropriate project. He stated the second part of the rationale of the Board Office dealt with getting more funds from Iowa State

University. He noted that the state was at the maximum capacity of federal funds and more than likely the funds given for the Small Business Development Center would be taken away from another project in the state.

President Freedman said he felt the Board Office had done a very good job in formulating the priority listing.

Mr. Richey stated out of the first \$6.75 million requested, Iowa State University projects accounted for \$4,750 million; and immediately after that was \$550,000 for the University of Northern Iowa. These projects would total close to the \$7.5 million which is anticipated to be available. He stated with respect to the Small Business Development Center, the legislature had made \$700,000 in lottery funds available to be administered by Iowa State University for the establishment of small business development centers. He indicated his recommendation had been for the University of Northern Iowa to attempt to get that money through that earmarked portion of the lottery.

President Eaton stated that their number one priority, Faculty Leadership Position in Natural Products Chemistry, did not appear on the Board Office list.

Mr. Richey asked President Eaton if he wished to substitute it for Priority #9, to which President Eaton replied at the very least.

Vice President Madden said as the programs move along there are continuing changes. They felt this docket item would come up in January and they would have been more prepared at that time. They wanted an opportunity to talk to the board about how some of their priorities could be revised. He stated the lists were developed some time ago and they feel there is merit in giving them more time to work on this. He said they were actively involved in the development of the research park of which Priority #4, Electronic Materials and Semi Conductor Device Processing, was an integral part. Another project, Semiconductor Incubator Foundry, was also a part of the research park but was not included in the priority listing. He indicated he had hoped to have the opportunity to speak to the board about how some of their priorities could be revised within the Iowa State University list. He noted a lot of activities have happened since the list was developed. He noted the great majority of the Fiscal Year 1986 lottery funds went to the University of Iowa, and Iowa State researchers feel that all the money is going to the University of Iowa. He indicated they had a real problem and would like to have the time to discuss it with staff before the board acts. He said they were making a major commitment in the research park and would like to incorporate the microelectronic projects into it.

Regent Anderson stated the board had to look at the figures over more than one year and it had no desire to leave Iowa State University out. She said Iowa State University is assured of \$3,750,000 for the #1 priority. Looking

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at the funding over a two-year period and assuming they will probably only be funding the top four or five projects on the list, she stated the totals come out equitably.

Mr. Richey stated the issue of equity was one with which the board was thoroughly familiar. He said there was a problem in allowing more time for review because the applications for funds had to be submitted by January 30. In light of the deadline, the basic decision had to be made at this meeting. He outlined the issues which had been raised. One was whether the Small Business Development Centers at the University of Northern Iowa should be funded. He questioned whether the project fit the university's role in terms of research and development for which this portion of the lottery funds was intended. He said if the board wanted to substitute it for part of the \$550,000 for Priority #5, he had no problem. With regard to the Chemistry Chair at Iowa State University he had no problem substituting it for Priority #9. He said the other issue was with respect to Priority #4.

Vice President Madden stated Priority #4 was critical and the second project which has industrial relationships is the Semiconductor Incubator Foundry, which is the process for developing materials used in this area. He added if it was not possible to increase the level of funding to include both projects, he would like to have the flexibility to use the funds recommended for one or both of the projects.

President Curris said the proposal would not be acceptable. He asked why they should reduce one project to include another.

Regent Anderson asked President Curris if he would be willing to put the Small Business Development Center Project in place of Priority #5 - Decision Making Science Institute and moving it further down the list.

President Curris stated he would prefer to see the Small Business Development Center added as Priority #12.

Mr. Richey noted that the Development Commission did not respect the board's Fiscal Year 1986 priorities when it chose to fund Priority #1, #2, #4, #7, #13, and #15. He said that could happen again and the more projects on the list could lessen the chance of the board's top priorities being approved for funding.

President Eaton stated that was the reason he wanted to see the Chemistry Project on the list. He knew it would not get funded if it was not on the list.

Regent Anderson asked when the Department of Economic Development chose to fund projects out of priority order, was that based on the merits of the project or is it politics?

Mr. Richey stated the commission made the final decision, and its criteria may be just a little different than the board.

The board recessed for lunch. Mr. McDonald stated the lottery discussion would continue after a presentation by Lt. Governor Anderson immediately following lunch.

**IOWA PEACE INSTITUTE.** Mr. Richey introduced Lieutenant Governor Robert Anderson and stated he had been very active in the Iowa Peace Institute and had visited with a number of people throughout the state. The Lieutenant Governor had requested an opportunity to speak to the board to explain the program and its involvement with the universities.

Lieutenant Governor Anderson stated he appreciated the chance to speak to the Board of Regents regarding the Iowa Peace Institute. He stated their goal is to inform the board that Iowans are doing something about an Iowa Peace Institute. They are beginning discussions with the university personnel and presidents and he wanted to inform the board early in that process and he will return and give more detail and commentary later. He said the Iowa Peace Institute seeks to capture that larger view of peace and global understanding. They believe it will be important to work cooperatively with all colleges and universities in Iowa and to be a private sector support for programs like Sister State, Friendship Force and People to People. The Peace Institute was formed about a year-and-a-half ago when a group of Iowans decided to try to encourage the newly formed U. S. Peace Institute to be located in Iowa. They put together a proposal identifying programs that were going on in Iowa. In June the U.S. Peace Institute decided it wasn't going to locate anywhere very quickly. The outreach of Iowans around the world is very important and they felt they should continue to promote and shift priorities and have as their top goal to promote the Iowa Peace Institute.

In late September a group of Iowans led by Jean Lloyd-Jones, former Governor Robert Ray, Richard Stanley, Mary Jane Odell, John Chrystal and Lieutenant Governor Robert Anderson, formed a non-profit corporation and kept it non-political so that all Iowans could become a part of it. He stated he meets Iowans everywhere he travels. He met the Iowa Group in Taipei. There are people who still care about our state. They are asking each university to try to reach out and pool their resources. That is the basis of the conversations with the university presidents at this stage. Consideration is being given to endowed chairs in global education, conflict resolution and international trade and development. He told the board to feel free to contact him and any others who are a part of the Institute and they will be back in touch. He stated that he would provide a list of people with whom he has had one on one conversations. The second list he is compiling is a group of people meeting for strategic planning. Their goal was to come up with 20 people and they ended up with 42, which shows there is interest.

President McDonald thanked Lieutenant Governor Anderson for this presentation to the board members.

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ACTION: President McDonald stated the report by Lieutenant Governor Robert Anderson was received by general consent of the board.

**LOTTERY FUND RESEARCH AND DEVELOPMENT PROJECT REQUESTS** (continuation of discussion).

Mr. Richey reviewed the priority changes which had been discussed. President Curris would like to have the Small Business Development Center, \$213,000, added as Priority #12. President Eaton, at a minimum, wants to substitute the Chemistry Chair for Priority #9 and give the board president authority to approve modifying Priority #4 to also include the Semiconductor Incubator Foundry project without altering the total cost.

Mr. Richey stated he had no problem with the changes proposed by President Eaton. With respect to adding Priority #12, he said he doubted if the total funds would be enough for all the projects and the addition of this 12th project may preclude the funding of a project with higher priority.

MOTION: Regent Anderson moved approval of the priority listing of lottery funded projects as presented with the changes outlined by the Executive Secretary with the understanding it will be presented in this order and that the institutions will support the priority order. Mr. Tyler seconded the motion.

Vice President Ellis stated all of the proposals which had been made were for the other institutions. He stated he had a concern first due to the prior action of the legislature and the board in committing \$4.75 million for Iowa State University before any of the institutions could begin to compete for the remaining funds. Secondly, any addition of projects puts the requests of the University of Iowa in jeopardy. He stated if the amount of funds was statutorily limited to \$10.5 million, there was no reason to recommend projects above that amount; but, if projects were to be added, the University of Iowa had other projects which would be competitive with the proposals being added.

Regent Anderson stated she understood what Vice President Ellis had said and fully agreed. She said the process and priority listing had to be honored.

President Freedman stated their point was that if the board submitted a list of more than \$10.5 million, they had proposals which they would like to add.

Regent Tyler moved the question.

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VOTE ON MOTION: Approved unanimously.

**INSTITUTIONAL REVIEWS AND REALLOCATIONS.** The Board Office recommended that the board receive the reports.

Mr. Richey stated this item related to undertaking reviews of programs and reallocation of funds. He noted this was begun as a board project about a year ago and has been undertaken very rapidly by the University of Iowa. Iowa State University with its new administrator was asked to pay special attention to the review. He recalled that Governor Branstad had delegated to the Board of Regents the responsibility for review of its own program since the board was not a part of the state reorganization. He indicated the report was brought to the board to let it know what was being done and to recall the commitment to the continuing process.

A portion of each university's reallocation process is needed to make permanent adjustments to the 3.85 percent lowered appropriations base. Another critical need for reallocation is driven by federal funding adjustments, particularly the Gramm-Rudman budget cuts which began earlier this year and are expected to continue.

President Freedman stated the University of Iowa's plan requires that in the first year each dean commit one percent to the central administration; in the second year, two percent; and in the third year, three percent. He indicated the university had taken this very seriously and will be stronger as the process moves forward. This will eventually create \$6 million for internal reallocation at the university. The university made a number of adjustments where opportunities were apparent. The university identified two academic department changes during fiscal year 1986 where savings resulted. The School of Letters was discontinued and replaced by a substantially smaller administrative unit and several individual physical education related departments were consolidated into one department.

In late 1985 the university adopted a systematic method of reviewing academic departments and reallocation among the departments. During fiscal year 1987 one percent of recurring collegiate budgets (approximately \$1,000,000) was set-aside into a reallocation pool.

Vice President Madden stated Iowa State University had undertaken a process similar to that of the University of Iowa. He stated in the current year they had reviewed and reallocated the 3.85 percent reduction. He said they would continue that process this year and were in the middle of collecting information from the operating units. The university's plans for reallocating funds to areas of excellence will be tied to the long-range planning process, although the university reported that this planning process

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will not have a major impact on fiscal year 1988. Nonetheless, the university has indicated several areas where reallocations are providing assistance now. Those areas include the university's academic research and computing center, where \$800,000 in additional support has been provided, and the creation of biotechnology labs in the basement of the new Agronomy Building, through use of internal university funds. The microelectronics program is being boosted through redirection of \$300,000 in general university support. Microelectronics has recently received a major stimulus through receipt of a \$6.5 million federal grant and the concomitant support by the board for \$1,000,000 in matching Lottery funds. The university has already provided \$120,000 in internal funds for planning the Meat Irradiation Laboratory and reports that additional internal funds may be needed for this project in future years.

Much of Iowa State University's reallocation process thus far has gone to adjust to a 3.85 percent lower appropriations budget base and to the federal fund cuts in the Experiment Station and Cooperative Extension Service. The immediate reduction of building repairs, equipment and utility budgets must be adjusted to meet future needs. That is particularly the case with utilities. Debt service requirements on \$32.5 million in bonds issued to construct fluidized-bed boilers must be met within the utility budgets beginning in fiscal year 1989. This probably will necessitate additional reallocation. The board has previously received reports on graduate student reductions at the Experiment Station and the reorganization and reduction of staff in the Cooperative Extension Service needed to accommodate Gramm-Rudman budget cuts.

The university's budget adjustments this year included reductions in general fund support for media centers, intercollegiate athletics, physical plant staff, building repairs, equipment and utilities.

The university has set a general university budget reduction target of 1.28 percent or \$1.9 million for fiscal year 1988. These funds and \$2.8 million in estimated salary savings would be reviewed and allocated by the university central administration. The results of this process will come before the board for consideration in May, 1987 with preliminary fiscal year 1988 budget recommendations.

Provost Martin stated the University of Northern Iowa had been following such a process for some time. He said all vacant positions in the academic area automatically revert, and permission must be granted to fill those positions.

The University of Northern Iowa reported that much of its reallocation efforts have gone toward adjusting to a 3.85 percent lower appropriations budget base. Approximately \$500,000 has been reallocated across collegiate and other academic units. Decreases were reported in part-time and temporary faculty, library books, summer school, and for the Animal Laboratory which

was closed. An increase occurred in the College of Business for additional faculty. The university also indicated an increase in computer science programs although that may have resulted more from the recently adopted computer fee rather than internal reallocation.

The university reported recognition of a need for additional reallocations; however, it stated that firm decisions would be premature to make until appropriations and tuition policy became more certain. The university projected that net reallocations for next year will be less than the current year although reallocations within colleges should be substantial.

Two programs are identified for increased funding by the university despite the university's caution to project future reallocations. The new general education program to begin in the fall of 1988 and the College of Business are cited as places where increased funding are expected to be recommended.

**ACTION:** President McDonald stated the report on the Institutional Reviews and Reallocations was received by general consent of the board.

**ECONOMIC DEVELOPMENT PLANNING REPORT.** The Board Office recommended that the board receive the reports.

In April the board sponsored a meeting on business/university relationships for economic development. In May the results of that meeting were reviewed by the board and the universities were asked to update the board on further accomplishments and plans. The universities submitted written reports on university/business relationships for economic development and each was enclosed with the docket.

**ACTION:** President McDonald stated the Economic Development Planning Report was received by general consent of the board.

**PROFESSIONAL AND SCIENTIFIC STAFF SALARY REQUESTS.** The Board Office recommended that the board receive the institutional proposals for salary increases for professional and scientific staff for fiscal year 1988 and defer action on the institutional proposals until salary policy is established in the spring of 1987.

Last month the board received institutional proposals for faculty salary increases for Fiscal Year 1988. The universities proposed a faculty salary policy which would produce a 13 percent average increase in each of the next three years beginning with fiscal year 1988. Action on the institutional proposal was deferred pending completion of collective bargaining and the establishment of salary policy in the spring of 1987.

The universities propose multi-year plans for increases in professional and scientific staff salaries in order to bring these salaries to a level competitive with those of comparable institutions. The University of Iowa and Iowa State University each propose an 11 percent average salary increase for Fiscal Year 1988 with continuation of the same percentage increase in the subsequent two years. The University of Northern Iowa proposed increases of 7 percent for "catch-up" in each of the next four years in addition to annual "keep-up" salary increases.

Vice President Ellis stated professional and scientific salaries at the University of Iowa were compared not only to peers in other universities but also to comparable positions in the private sector. He said these staff people provided important support to the university in its teaching, research and service mission. These people were in high demand in the private sector. He noted the salaries had fallen behind in the 11.7 percent range; and, as with the faculty, they did not believe that it was possible to overcome this salary gap in a one-year program. Therefore, a multi-year program similar to that under consideration for the faculty was proposed. The program identifies an 11 per cent increase for each of the next three years.

Vice President Madden stated that the universities Professional and Scientific plans although different have much similarity. In terms of market status they are at about the same place as the University of Iowa, and he was supportive of the plan outlined by Vice President Ellis.

Director Stinchfield stated that to attain compensation equity for the University of Northern Iowa's Professional and Scientific staff, a catch-up of 28 percent is required in addition to "keep-up" increases paralleling salary gains by the sister institutions. Therefore, the University of Northern Iowa proposes a 7 percent catch-up augmentation for each of the next four years, in addition to annual keep-up salary increases, to eliminate the existing unjustifiable salary gap.

**ACTION:** President McDonald stated the report on Professional and Scientific Staff Salary Requests was received by general consent of the board.

**ANNUAL PURCHASING REPORT, FISCAL YEAR 1986.** The Board Office recommended receipt of the report.

Highlights from the attached reports are as follows:

- o Regent centralized purchasing operations report \$240.8 million in purchases in FY 1986. This compares to centralized purchasing outlays of \$232.9 million in FY 1985.

The increase between fiscal years 1985 and 1986 is 3.4 percent.

- o Regent institutions remain the most active state purchasing authority when compared to the State Department of General Service centralized purchases of \$41.5 million and the State Department of Transportation centralized purchases of \$32.3 million. When Regent capital project awards of \$76.1 million and library acquisitions of \$7.4 million are added to centralized purchasing, total Regent purchases amount to \$324.3 million. This compares to \$326.6 million in FY 1985. The Regent activity compares to \$299.8 million in total outlays by the Department of Transportation when that agency's road use tax fund capital outlays are considered.
- o Iowa small business purchases were \$35.9 million in FY 1986. This compares to \$28.6 million reported in FY 1985. In FY 1986, purchases from Iowa small businesses amounted to 14.9 percent of total Regent centralized purchases.
- o Cash discounts earned from prompt payment policies of Regent institutions resulted in \$510,000 in savings. This compares to \$460,000 in FY 1985.
- o Regent institutions purchased 106 model 1986 vehicles with a net increase in fleet size of one.
- o Iowa State Industries (prison industries) purchases declined again in FY 1986. Limited product lines and competition continued to place Iowa State Industries at a disadvantage.
- o Significant legislation passed in 1986 included a preference law for Iowa products and purchases from Iowa based businesses. A five percent preference was designated for American made vehicles over foreign vehicles.
- o A Targeted Small Business Procurement Act established purchasing preferences for Iowa based minority and women business enterprises. An objective of two percent with up to ten percent of procurements is to be with Iowa targeted small businesses. The two percent objective is approximately \$5.2 million.
- o Payment for purchases must now be charged to appropriations for the fiscal year in which the product is received. Final quarter purchases in any fiscal year must now be carefully planned to avoid unnecessary appropriation reversions resulting from failure to receive goods or services on time.

- o Vendor complaints received by the Board Office doubled when compared to FY 1985, however this does not seem to be indicative of any systematic problem with Regent institution practices.
- o Commercial vehicle rates on the Regent vehicle fleet doubled in FY 1986 compared to FY 1985. Lack of interest on the part of commercial insurers to bid on the Regent's fleet, failure of the FY 1986 insurer to renew its policy, and dramatic insurance rate increases anticipated for FY 1987 led to a decision to self insure in FY 1987.
- o Regent institutions in cooperation with the Department of Transportation and the Department of General Services carefully explored the possibility of incoming freight management through use of private consultants. Inability to document savings and front-end costs of implementing a statewide freight management system resulted in this idea being deferred.
- o Regent institutions purchased from State of Iowa contracts \$1.4 million in FY 1986. This compared to \$1.5 million in FY 1985. Regent institutions purchase from state contracts only when those contract prices are deemed superior to those available to Regent institutions through their own efforts. This is an indicator of Regent institution purchasing effectiveness and the unique items being acquired by Regent institutions as compared to the balance of state government.
- o The number of Iowa small businesses qualified to do business with Regent institutions increased from 2,642 in FY 1985 to 3,765 in FY 1986. Many of these vendors have been doing business with Regent institutions previously but were not identified as Iowa small businesses.
- o Regent institution purchasing reports identify a range of cost saving activities resulting from: reduced administrative costs, innovative bidding and negotiating procedures, cooperative purchasing arrangements, purchase of used rather than new equipment, solicitation of expanded services from prospective suppliers, further standardization of certain purchases, reduced freight costs, and loosening of specifications to increase competition. Reported savings ranged from \$1,425 for the purchase of used milk crates rather than new to \$390,980 on hospital, medical and surgical supplies under an innovative bidding process.

Director True stated with regard to Regent Tyler's question at a previous meeting concerning whether the Regent institutions would be paying a premium by purchasing from Targeted Small Businesses, no increase in cost had been identified which was tied to doing business with the Targeted Small Businesses. He also noted, however, there could be additional costs which are not measurable.

Vice President Ellis stated he had told the board last month about the problems the university had confronted due to the fact the Department of Economic Development had not gotten the Targeted Small Business certification process underway. He said they had concluded the university had to take affirmative action in that area. They have held three seminars, one in Iowa City, one in Waterloo and one in Bettendorf, to which they invited vendors that they believed were potentially qualified as targeted small businesses. At the seminars the vendors were provided information about the program, the items the university would purchase, and mechanisms necessary to deal with the university. They sent out about 700 letters of which 80 were returned as undeliverable. Forty-seven people representing 34 businesses attended the seminar in Iowa City; 30 people representing 26 businesses attended the Waterloo seminar; and 50 people representing 23 businesses attended the Bettendorf seminar. He noted that many people in attendance at the seminars learned for the first time about the existence of the Targeted Small Business program. He added that the Department of Economic Development did not yet have its administrative rules and procedures in place. He stated the only complaints they received at the seminar had to do with the difficulties the businesses were experiencing in obtaining certification or finding out about how to be certified. He said the success of the Regent's program was very dependent on the Department of Economic Development informing people about the program and completing the certification effort.

**ACTION:** President McDonald said the Annual Report on Regent Purchasing Operations for Fiscal Year 1986 had been received by general consent of the board.

**EXECUTIVE SESSION.** President McDonald requested that the board enter into executive session to discuss collective bargaining strategy pursuant to Chapter 20.17(3) of the Code of Iowa. Regent Tyler moved that the board enter into executive session. Regent VanGilst seconded the motion; and upon the roll being called, the following voted:

AYE: Anderson, Duchen, Greig, Harris, Murphy, Tyler, VanGilst, McDonald.

NAY: None.

ABSENT: VanEkeren

The board, having voted by at least two-thirds majority, resolved to meet in executive session beginning at 4:35 p.m. on December 17, and arose therefrom at 5:10 p.m. on that same date.

**TUITION POLICY, 1987-88.** The Board Office made the following recommendations:

1. That the board adopt the tuition rates shown below to be effective with the 1987 summer session.

**CURRENT AND RECOMMENDED TUITION RATES FOR REGENT UNIVERSITIES**

	<u>RESIDENT</u>		<u>NONRESIDENT</u>	
	Current 1986	Proposed 1987	Current 1986	Proposed 1987
<hr/>				
University of Iowa				
Undergraduate	\$1,390	\$1,564	\$4,080	\$4,900
Graduate	\$1,646	\$1,852	\$4,256	\$5,106
Law	\$1,790	\$2,014	\$5,050	\$6,060
Dentistry	\$3,156	\$3,550	\$7,874	\$9,448
Medicine	\$4,384	\$4,932	\$10,074	\$12,088
Pharmacy	\$1,790	\$2,014	\$5,050	\$6,060
 Iowa State University				
Undergraduate	\$1,390	\$1,564	\$4,080	\$4,900
Graduate	\$1,646	\$1,852	\$4,256	\$5,106
Veterinary Medicine	\$3,156	\$3,550	\$7,566	\$9,078
 University of Northern Iowa				
Undergraduate	\$1,364	\$1,548	\$3,234	\$3,880
Graduate	\$1,516	\$1,720	\$3,564	\$4,276

2. That an appropriate student aid set-aside be provided to maintain access to the institutions for needy students.
3. That the board direct the universities to complete evaluations now underway on providing more accommodating tuition payment arrangements for students and to report the conclusions to the board.

The Board Office recommended tuition increases of approximately 12 percent for resident students at SUI and ISU, 13 percent at UNI and 20 percent for all non-resident students. This results in a per semester increase of \$87 for undergraduate resident students at the University of Iowa and Iowa State University. The increase at the University of Northern Iowa is \$92 per semester for resident students.

The Board Office recommended that a portion of the increase be used for a student aid set-aside to maintain access to the institutions for needy students. It was recommended that general fund student aid be increased at least as much as the percentage increase in tuition.

These tuition rate recommendations are based on the board's "Principles and Guidelines for Establishing Tuition Rates at the Regent Universities," which were established in 1974.

Present tuition rates at the Regent universities are significantly below the mean for comparable institutions. Among the "Big Ten" and "Big Eight" universities, the University of Iowa and Iowa State University would rank last in undergraduate resident tuition.

The proposed tuition rates for fiscal year 1987 will increase slightly the share of average instructional cost paid by resident and nonresident students.

The national average total cost of attending a four-year public college in 1987-88 is predicted to rise 6 percent for students who live on campus.

The Board Office recommended all of the tuition revenue increase be used to support student financial aid and for the Vitality and Excellence Fund.

The Board Office recommended a three-year plan to improve the competitive position of faculty salaries. The goal would be to elevate faculty salaries from the bottom of comparable university groups to among the upper 1/3. Funds for this program would be from tuition increases, state appropriation and internal university reallocations. In constant dollars faculty salaries have declined between 6 percent and 14 percent since 1977. During the same period resident tuition has declined in constant dollars whereas non-resident tuition has increased between \$350 and \$425 in constant dollars.

When considering tuition, fees, room and board during the 1986-87 school year, the University of Iowa ranked lowest and Iowa State University second to the lowest among comparable universities. The University of Northern Iowa ranked 9th lowest among 12 comparable universities.

There is a compelling argument for improving faculty salaries. Among the eleven university comparison group for each of Iowa's three Regent universities the faculty salary rankings were as follows: the University of Iowa, 10th; Iowa State University, 11th; and the University of Northern Iowa, 9th. It is estimated that the relative ranking of the Regent universities may have even slightly deteriorated this year. To reach even the median of its comparison group, the average faculty salaries at the University of Iowa, Iowa State University and the University of Northern Iowa would need to improve relative to comparable universities by 10 percent, 17 percent and 13 percent respectively. The urgency of the faculty salary dilemma is the only reason the Board Office is requesting this level of tuition increase. The proposal will generate income which is minimally necessary to begin required improvements of faculty salaries. An increase of one percent in faculty salaries for FY 1988 would require approximately \$2.3 million dollars. A one percent increase in tuition generates about \$1.0 million dollars for the general fund after allowing for an increased student aid set-aside.

The faculty salary improvement plan also calls for substantial support through state appropriations and reallocations of internal university funds. The faculty salary catch-up cannot reasonably be accomplished in any one year. However, the goal of attaining this improvement in faculty salaries can be accomplished over a period of three years.

A major consideration of non-resident tuition policy is to insure that non-residents are paying the full cost of instruction. Estimates for FY 1988 are that costs of instruction at Regent universities will average \$4,600 without even considering the cost of student aid, building repairs, or facility depreciation costs. The \$4,900 proposed non-resident undergraduate tuition would certainly be no more than the full cost of instruction.

When compared to Big Ten universities, the University of Iowa and Iowa State University rank last in undergraduate non-resident tuition. With the proposed 20 percent tuition increase they would be ranked 8th. Among its comparison group of eleven universities Iowa State University tuition would rise from 10th place to 7th place. The University of Iowa would rise from 10th place to 7th place. The University of Northern Iowa has very few non-resident students and its non-resident undergraduate tuition would remain in the middle of its comparison group after a 20 percent tuition increase. Projected 1987-88 tuition comparisons were prepared assuming all other universities in the group increase tuition by 6 percent.

The history of tuition levels since 1960-61 includes extraordinary increases for the 1969-70 year, followed by several years of no growth. Increases were made on a biennial basis from 1975-76 through 1981-82, and have been made annually since then. Relatively large adjustments, particularly for nonresident students and those in professional colleges, were made in 1981-82 and 1984-85. In most cases, nonresident tuitions have increased more rapidly than comparable resident tuition.

For the three universities combined, the percentage of general university expense met through tuition income has ranged from 11.6 percent in FY 1955 to a high of 31.1 percent in FY 1970.

The percentage of general university expense met by tuition income increased in FY 1986 over FY 1985 for each of the institutions. The highest figure reported was for Iowa State University where 31.5 percent of general university expense was met through tuition income. This figure is higher than those reported for any previous years for Iowa State University. At the University of Iowa 27.5 percent of general university expense was met through tuition income in FY 1986. This represents the highest level reported since FY 1970. At the University of Northern Iowa 24.3 percent of general university expense was met through tuition income in FY 1986. This percentage had been higher at UNI in the late 1960's and early 1970's but had not reached this level since 1974.

For the current year the regent universities have budgeted total tuition income to the general fund of \$116.7 million dollars. Assuming stable enrollments, the tuition increases recommended by the Board Office for fiscal year 1988 would result in additional general fund income of \$18.6 million dollars for the three Regent universities. Total tuition income to the general fund would be \$135.3 million dollars.

The additional general fund income (assuming stable enrollments) would be distributed among the institutions as follows:

	<u>Increase with Stable Enrollments</u>	<u>Increase with Projected Enrollment Decline</u>
University of Iowa	\$8,513,890	\$7,720,061
Iowa State University	\$8,138,533	\$6,344,583
University of Northern Iowa	\$1,968,362	\$1,968,362
TOTAL	\$18,620,784	\$16,033,006

The universities have budgeted a total of \$15.7 million dollars for student aid for FY 1987. If the student aid set-aside were increased at the same rate as tuition income, an additional \$2.2 million to \$2.5 million dollars would be set aside for student aid for FY 1988. This increase in the student aid set-aside would be distributed as follows, assuming the tuition income estimates shown in the table above:

Projected Increase in Student Aid Base for FY 1988

	<u>Increase with Stable Enrollments</u>	<u>Increase with Projected Enrollment Decline</u>
University of Iowa	\$1,239,264	\$1,123,688
Iowa State University	\$ 894,294	\$ 697,103
University of Northern Iowa	\$ 358,205	\$ 358,092
TOTAL	\$2,491,763	\$2,178,882

After deduction for the increase in the student aid set-aside, the net increase in tuition income to the general fund would be \$13.9 million to \$16.1 million dollars. This increase would accrue to the institutions as shown in the following table:

Net Projected Increase to the General Fund for FY 1988

	<u>Increase with Stable Enrollments</u>	<u>Increase with Projected Enrollment Decline</u>
University of Iowa	\$7,274,626	\$6,596,373
Iowa State University	\$7,244,239	\$5,647,480
University of Northern Iowa	\$1,610,157	\$1,610,276
TOTAL	\$16,129,022	\$13,854,123

In October the Board Office recommended and the board approved a \$1,000,000 appropriations request for the University of Northern Iowa. This request was called an equity funding adjustment. This amount was determined based upon an evaluation of appropriations to each of the universities since 1981, after any mid-year reversions.

Last month the University of Northern Iowa requested an additional equity adjustment. The university asked that \$1.2 million additional be included in the Regent's fiscal year 1988 budget request to compensate the university for having fewer non-resident students and allegedly inequitable tuition income increases as compared to the University of Iowa and Iowa State University. Mr. Richey stated that in the proposed tuition policy for fiscal year 1988 there is no inequity in income to be derived by the three universities.

President McDonald asked the business officers for comments concerning tuition payment plans.

Vice President Ellis stated the Regents Committee on Cost Effectiveness and Efficiency made a recommendation that the University of Iowa abandon its periodic payment plan for tuition and room and board. The university disagreed with that recommendation, and the board concurred. He noted the principal reason for doing so was the university's concern about the problems that particularly Iowa families may have in making tuition payments. He indicated the university was unique among universities in not requiring tuition to be paid in a lump sum at the beginning of the semester. University of Iowa students may opt to make the payment three times in a semester at no cost which considerably eases the burden of payment. He said in addition to ordinary financial aid, there was also a provision for emergency short-term loans in the amount of \$250 at no interest. He stated a university task force had been appointed composed of people on his staff and the staff of the Vice President for Student Services. The task force will explore additional means of easing payments and to investigate payment plans offered by a number of entities where the costs could be spread out over an

even longer period. He indicated he expected the task force to make its report in late January. He stated he would expect the university would be in a position to offer one or more of the extended plans.

Vice President Madden stated the Regents Committee on Cost Effectiveness and Efficiency had recommended that Iowa State University continue its tuition payment plan which requires the payment of fees at the beginning of the term. He noted that anything other than that would cause the university to lose between \$250,000 and \$300,000 in interest income. He said the university had utilized a short-term loan program at an interest rate of 12 percent per year. He indicated an attempt had been made to keep the interest rate close to the market rate. He anticipated that the rate for next year would be from 8 to 10 percent. He stated the university was prepared to implement some sort of deferred payment program.

Vice President Conner stated the plan at the University of Northern Iowa had been in effect for some time. The plan divides the cost into four payments over the course of the semester with no interest charge but with a \$5 administrative charge. He said there were all kinds of other options to help finance a college education for students. He indicated they were looking at such plans but were reluctant to endorse programs which are controlled completely outside the institution.

Brett Dublinsae, chairperson of Board of United Students of Iowa, stated there is a lot of concern among students about the tuition proposal. United Students of Iowa stresses accessibility of quality education to all people. He stated they did not feel that raising tuition would help to obtain their goals. He said that United Students of Iowa would be glad to work with the board to find a solution to the tuition problem. He was concerned that increasing tuition jeopardizes accessibility for students and prospective students. Skilled people are needed and that starts by getting the students into the classroom. The state of Iowa needs to make a commitment to all of quality education.

President Curris introduced Connie Hessberg, President of the University of Northern Iowa Student Body. Ms. Hessberg stated tuition increases magnify the financial situation of the students. Set aside money is only used for a small portion of the student's total package. She said the Guaranteed Student Loan Program has drastically been changed by President Reagan. Families needs have not been taken into account. A student has to be 24 years old before being considered for financial aid on his own merit and not that of the parents. Many students have been awarded state scholarships and when the students go to get their check they are told there is no money left. Tuition increases will make education unattainable to many students due to lack of funds.

Joe Hansen, President of the Student Senate at the University of Iowa, stated he had heard the argument that the legislature would increase appropriations to match revenues. He noted in past years that had not happened and did not

believe there was any evidence it would happen this year. He said the legislature actually uses tuition increases to supplement appropriations. He urged the board not to vote for the drastic tuition increase.

Amy Anderson, a student at Iowa State, stated that the students can be divided into many categories -- foreign, out-of-state and in-state. The international students are coming to Iowa and providing \$26 million in income per year. They provide a great number of contacts throughout the world. They provide more students by sending their children. The minority population in Iowa is very small. A lot of the minority students come from out-of-state and a raise in the out-of-state tuition will decrease the number coming. She said that while growing up in Iowa she did not have contact with students from other countries and backgrounds. She felt this was an important part of her education at Iowa State but a part that you could not put an actual value on. She then read some excerpts of letters written opposing the tuition increase. These letters were from: (1) a family who were farmers and had three children presently in college and didn't know how they could possibly afford to keep them there with the proposed increase; (2) parents who had a daughter working three part-time jobs because she was unable to qualify for student aid. They doubted she would be able to continue her education if the tuition was increased; (3) parents of two students from Iowa State University who felt the tuition increase was an extra burden at a time when the economy is poor. They felt they could not choose one child over the other to continue their studies and with an increase they would only be able to send one. She stated that children are the future of Iowa and asked that a college education not be put out of reach for them.

Michael Reck of the University of Iowa was introduced by President Freedman. He presented the board with a petition signed by concerned faculty members which read as follows:

"As teachers and scholars at the University of Iowa, we are greatly concerned about the inadequate levels of funding of higher education by the state legislature, and the resulting deterioration in the quality of both instruction and research. During the next legislative session we will support the Regents in a united attempt to persuade our legislators of the magnitude of the crisis. However, as faculty members at a public university we are no less concerned about accessibility to higher education for Iowa's high school graduates. In a democratic society, higher education must be made available to every student who can profit from it. The high tuition increases of the past few years have not served to maintain faculty salaries or the quality of research and teaching at the University of Iowa. Used as a substitute for state appropriations, tuition increases have only served to make higher education less accessible as the quality of education and research declines. In order to prevent any further decline in accessibility until the state legislature has had time to act on the crisis in higher education, we encourage you to postpone action on any tuition increase until next fall."

Also included with the petition was a letter from Jeffrey Cox, Associate Professor of History at the University of Iowa, stating that if his father had not been able to attend the University of Texas for \$25 a semester during the depression, he himself would not be teaching at the University of Iowa today. Associate Professor Cox circulated the petition among eleven of the departments at the University of Iowa.

Mr. Reck stated the faculty at the University of Iowa is quite concerned about the proposed tuition increase. He said 85 percent believe they will have more difficulty paying for an education ten years from now. Forty out of fifty states offer cheaper education than the state of Iowa. Faculty and residents of the state of Iowa are concerned. He thanked the board for listening to the students and wished the board luck in making this difficult decision.

President Freedman stated that it appeared to him that the indigent patient care issue is similar to the tuition issue in that the concern has to be with the quality of education. He stated his concern was to preserve the educational quality by assuring adequate compensation to the faculty. Faculty salaries for the University of Iowa appear at the bottom of the list of the Big Ten. He reminded the board of the history of increases for faculty salaries in the last four years. In 1983 there was a zero increase, 1984 was two percent, 4.5 percent in 1985, and six percent in 1986 which average about three percent per year. He noted the list of 73 faculty members who left last year would increase if something was not done. Three professors were lost to the University of Ohio, five to UCLA. He said the solutions are not perfect, and this solution had a great many problems associated with it.

President Eaton distributed the list of Iowa State University resignations. There were 105 resignations and 74 were in areas that have been strengths at Iowa State. In addition to the 105 senior faculty members, 119 non-tenured faculty members have left for a total of 224 resignations. Iowa State University pays faculty members the lowest salaries among comparable institutions and this has been going on for some time now. He felt every opportunity must be taken to prevent this from happening or the institutions will die. He said he understood the students' problems, but the issue was preservation of the faculty and the continuation of quality.

President Curris stated the issue that the University of Northern Iowa was concerned about was an inequity issue, and he stated he would refrain from commenting until after the board had rendered its decision on the tuition proposal.

President McDonald stated that since he was absent at the November meeting, he felt it was appropriate that he tell the other board members how he felt. He said as Regents the board must have a willingness to make hard decisions based on things that it knows. He said increasing tuition was not a task any board member wanted to perform. He said he knew all of the board members would have preferred to have served in a time of expanding economy but that

they were serving at the present time. He said the board was aware of and understood its responsibility to the students and that was a primary responsibility. He told the students that the board was on their side, and the board's responsibility extended to both present students and future students. He said the board was aware of the historical commitment to excellence in education that Iowa had made in the past, and the board wanted to be a part of that in the future. He said the state had three premier public universities which are currently at risk because they are unable to compete in the market place for faculty. He said he had experienced this fact first hand at a meeting of Big 10 trustees held recently. He said he knew tuition levels are dead last or near the last when comparing to comparable institutions. He indicated the class sizes were too large; there were too many temporary positions; and too many students had to take five years to graduate. He said he also knew that resident tuition was less in real dollars today than it was in 1977. He said he felt the tuition recommendation of the Board Office was thoughtful and long considered and had considerable acceptance and approval by those who have had an opportunity to know these problems. He said he knew the university presidents supported the recommendation and that it along with other budget requests was absolutely necessary. He said everyone would have preferred not to have made such a recommendation. He said the board had the assurance additional student aid would be available and that a sincere effort would be made in that regard to see that the difference could be made up with aid. For all these reasons, he appealed to the board to make the decision in support of the Board Office recommendation and to assume responsibility for choosing excellence and not mediocrity in the Regent institutions.

MOTION:

Regent VanEkeren stated that in consideration of Iowa's economic situation and the availability of federal financial aid, she moved that the board adopt a tuition increase of nine percent resident and 15 percent non-resident to be effective the summer session of 1987, with a comparable amount set aside for student aid. And, that the board make a commitment in the future to hold the tuition meeting at least one week before final exams at the three institutions and at least 30 days after the initial tuition recommendations from the Board Office. Regent Harris seconded the motion.

Regent VanEkeren said she recognized that this is a very important issue to all of the board, and it wouldn't be an easy decision. It has been a very clear goal of the board to increase faculty salaries substantially, and this proposal was not intended to discourage that goal. Rather, the proposal was an effort to ease the burden slightly on the students and extend the goal of

increasing faculty salaries more than the proposed three years. She stated she did not want to reiterate the arguments with which all were familiar but would encourage more discussion on the board's position of the amount they feel students should pay for their education, and the trade-off trying to play catch-up in one to three years and losing a number of students at the three institutions. She said many faculty members were opposed to the increase in salaries. Efforts must come from the state also in helping to carry the burden, and there were no guarantees that this would happen. She said the board should be very concerned, and the board realized Iowa had one of the lowest cost education systems. This difference could not be made up in a very short time without suffering serious consequences.

Regent Murphy stated she supported Miss VanEkeren's motion. She said she could see both sides of the issue so clearly. The students have a great bargain and are making a tremendous investment in their futures. She stated she was not encouraging mediocrity, but on the other hand she feared the loss of the wonderful meld of students at the universities. She said she believed in an educated populace, and the way to get that was to offer education at an affordable cost.

Regent VanGilst stated he was in support of the recommendation of the Board Office. He indicated this was probably the hardest decision he had ever made. He said he was born in Iowa and lived here all of his life. He said he wanted to be assured that Iowa provided an opportunity for the education of the state's young people. He said he was denied an education because his parents could not afford the expense. His goal was to assure his children had an opportunity for education, and all six of his children have college educations. He said the statistics concerning salaries did not really interest him. He was thinking about the future of the educational opportunities of the children. He said it was incumbent upon the board to do what it could to offer a quality education. He said he was not thinking about the near future but about generations to come. He said there should be no doubt in the minds of the students about continuing their education. He said he knew the tuition increase was hard. He said he was going to be looking very closely at the universities and, if they denied educational opportunities to young people because of finances, he was going to be on their backs.

Regent Greig said that in support of Regent VanGilst, he would like to offer a substitute motion.

SUBSTITUTE MOTION:

Regent Greig moved that the motion on the floor be substituted with the recommended action of the Board Office. Regent Duchon seconded the motion.

President McDonald called for a vote on the substitute motion.

VOTE ON SUBSTITUTE MOTION:           The motion for substitution passed, with Regents Murphy, Harris and VanEkeren voting against it.

Regent Anderson stated she could not add to Regent VanGilst's comments. She said one of the things that was quite persuasive was the issue of the constant dollar increase. She said she had a son in college in 1976, and the cost of education is no more today than it was ten years ago. She said the double digit increase sounds terrible, but the total cost includes room and board and is quite economical. When the \$174 increase was applied as a percentage of the total cost, the increases would be about 3.5 to 6 percent. She said she had received a number of thoughtful, concerned letters and this was a very difficult decision to make. She believed the students would be able to manage, and the board would make sure that they can. She indicated the tuition increase did not in any way diminish the board's effort to get the legislature to assume its responsibility for public higher education in the state. She said there was some sort of public policy debate on what is the responsibility of the taxpayers for providing a quality higher education in this state. She said, in the final analysis, the bottom line of the whole argument was that quality and preservation of the institutions were essential.

Regent Harris stated you don't have to be able to count very far to know that out of nine board members there is already a majority that will support the proposal before us. He stated he is not sure that he has a great deal to offer beyond what has already been said. Concerning Regent Anderson's point he stated that \$174 a year was not a lot of money unless you don't have it. It was his feeling that there are a lot of Iowans who do not have that sum of money. It seemed to him that it made someone irresponsible to be opposed to this increase which is relatively small in dollars. However, he said he was willing to take that risk. He said it was an emotional issue. It seemed the issue pointed down to one of philosophy and that philosophy dealt with who had the responsibility for the cost of public education in the state of Iowa. He knew there were basically three sources of income to operate the institutions.

Regent Harris indicated he understood and supported the need to improve faculty pay and, going back to the three sources of funding, it caused him to give further thought to another faculty pay increase without increasing tuition. It seemed to him that if pay were to be based solely on merit then there would be money to pay those faculty who were in fact meritorious. Going back to philosophy, he said he did not want to make the legislature angry but he happened to believe the responsibility for providing public education rested primarily with the legislature. He said there were members of the legislature who felt that as long as the board continued to raise tuition, the legislature will not live up to its responsibility in terms of funding public education in the state of Iowa. He said he was willing to take the chance.

SUBSTITUTE MOTION: Regent Harris moved that the board postpone the decision on tuition until April. Regent Duchen seconded the motion.

Mr. Richey said it was discussed last month whether the board sets the tuition policy or whether it is set by the governor or the legislature. He said that was an extremely important issue of governance before the board with the risk of an even higher tuition increase at least over time. He stated the excellence of the Regent universities was the one great hope for the state in a period where hope was not as great as it was. He was concerned that the board's lack of action on the issue of faculty salaries would be taken as a signal that it was not as serious a problem as people were led to believe. He said the real issue is the governance of the universities and the control of the tuition.

Regent Harris stated he felt he was ready to vote on the issue.

President McDonald stated he comes into contact on a daily basis with the rural crisis and the statistics cited. He said the board was dealing with the centers of excellence that are left. He said hope for Iowa could be found in these institutions, and it is the board's job to keep them as centers of real excellence.

VOTE ON SUBSTITUTE MOTION: The motion to defer action until April failed to pass.

Regent Tyler stated he had some notes made and comments he wanted to make but felt that most everything had been said, and he didn't think he could add much to the discussion. He said that having been on the board a little over a year, he had grown to respect all of the members, but after this morning he had an even deeper respect for Regent VanGilst.

Regent VanEkeren stated she, too, had respect for Regent VanGilst's opinion. She wants to help those people who need help. She asked how far is the board willing to go with this year after year. She stated she was very concerned about the direction the board was heading.

Regent Duchen stated he has great respect for the members of the board. He said the proposed increases did shock him. He said he was chair of the Youngers Scholarship Committee and met with it regularly and had tried to urge for more private funds. He said there was trouble, and he tried to tell that to the Governor. He said the money was needed, and needed now, in terms of appropriations. He said he may not always agree with the principal officers of the universities, but they had made this request for faculty salaries. He said he told the Governor that there were three top-drawer presidents heading the universities, and he did not want to lose any of them, not that there was any threat of their leaving, but that one had to be practical in the real world. He went on to tell the presidents that if there was any deserving youngster who really wanted to go to school who was turned down at their institutions, he would be ashamed of them.

President McDonald stated the budget presentations were made to the governor in the strongest possible terms.

Regent Murphy said when this board again considered tuition without her contribution, she hoped there would be a discussion on philosophy of how far the board was willing to go on putting burden of tuition on students and families.

Regent Anderson stated the legislature was going to have to start asking that question.

VOTE ON MOTION:

President McDonald called for a vote on the motion that the board adopt the tuition rates as proposed by the Board Office to be effective with the 1987 summer session, that an appropriate student aid set-aside be provided to maintain access to the institutions for needy students, and that the board direct the universities to complete evaluations now underway on providing more accommodating tuition payment arrangements for students and to report the conclusions to the board. The motion passed, with three negative votes by VanEkeren, Harris, and Murphy.

MOTION:

Regent Anderson moved that the board make a commitment that the final decision on tuition be made no later than the November meeting and that thirty days be allowed between the preliminary discussion and final decision. Regent Murphy seconded the motion.

Regent Tyler suggested that the Board Office comment as to how this might affect procedures.

Regent Anderson stated she was attempting to get it back to the way it was done in the past.

Mr. Richey stated the motion gives the flexibility of either October or November and stated the Board Office needs that flexibility.

VOTE ON MOTION:

The motion carried unanimously.

**TEN YEAR BUILDING PROGRAM, 1987-1997.** The Board Office recommended that the board receive the Ten Year Building Program for 1987-1997 totaling \$367 million and approve the submittal of the Ten Year Building Program for the 1987 General Assembly.

Associate Director Runner stated the State Board of Regents is required to submit annually to the General Assembly a Ten Year Building Program for each university under its jurisdiction. The Building Program is to contain a list of the buildings and facilities that the board feels will be necessary to further the educational objectives of the institutions. The Building Program is also to include an estimate of the maximum amount of Academic Revenue Bonds expected to be issued under the Academic Revenue Bond Act for each year of the biennium. The submittal of the Ten Year Building Program is required in Section 262A.3 of the Code of Iowa.

Since 1984, the Board Office, working with the universities, has refined the scope and format of the Ten Year Plan. The objective is to more accurately present to the board the future capital requirements of the universities. The Ten Year Plan includes some detail on those projects being requested in the second year of the ten years. Projects identified for the remaining eight years in the ten year time frame are listed by project title in a manner similar to the past.

The Regent institutions have identified capital projects amounting to \$518 million for the Ten Year Building Program. This request is compared to the institutional requests last year of \$374 million for the Ten Year Program.

The universities identified \$195 million in new construction, \$28 million for equipment related to new construction or remodeling, and \$71 million for remodeling and renovation projects. In addition, the universities requested \$64 million for utility replacement and improvements and \$8.5 million for fire and environmental safety corrections.

The Board Office carefully reviewed the projects requested by the institutions. During the review, the Board Office took into account the economic conditions of the state and forecasts of future limitations on state resources.

The Board Office attempted to follow the priorities identified by the institutions when eliminating projects from the Ten Year Plan. In most instances, the projects eliminated were projects that the universities identified for the years furthest out in the Ten Year Plan.

The Ten Year Building Program recommended by the Board Office included the most critical capital needs of the institutions. Several major capital projects are included in the Ten Year Plan this year for the first time. The Laser Laboratory Project--Phase I at the University of Iowa and the Molecular Biology Building at Iowa State University are significant additions to the Ten Year Plan. These projects will provide a central focus for important research and instructional efforts at the two universities. Capital projects

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included in the first section total \$130,005,000. The Fiscal Year 1988 request is 35 percent of the recommended Ten Year Building Program. Fiscal Year 1988 projects are as follows:

REGENTS CAPITAL PROGRAM FOR FISCAL YEAR 1988  
(000's omitted)

<u>Institution/Name of Project</u>	<u>Type of Project</u>	<u>Project Amount</u>
<u>University of Iowa</u>		
Fire and Environmental Safety Improvements	Fire Safety	\$ 500
Laser-Biotechnology Laboratories--Phase I	New Space	25,100
Engineering Building Addition--Planning	Planning	1,500
Old Law Center Remodeling	Remodeling	4,325
Pharmacy Building Remodeling	Remodeling	400
Business Administration Building--Planning	Planning	500
Water Plant Expansion	Utility	2,930
15 KV Electrical Substation L	Utility	1,500
Waterline Replacement to West Campus, Phase II	Utility	326
Engineering Building Addition	New Space	<u>18,000</u>
Subtotal		\$ 55,081
<u>Iowa State University</u>		
Fire and Environmental Safety	Fire Safety	\$ 500
Home Economics--Phase I	New Space	5,100
Agronomy Building Equipment	Equipment	2,000
Molecular Biology Building--Planning	Planning	2,500
Animal Science--Outlying Research Centers--Planning	Planning	624
University Research Park Development	Utility	2,500
VMRI Animal Holding and Monoclonal Antibody Production Laboratory	New Space	1,925
Electrical Interconnection with City of Ames	Utility	2,000
Meat Irradiation Facility	New Space	1,500
Food Crops Research Center Remodeling	Remodeling	750
Molecular Biology Building	New Space	<u>35,000</u>
Subtotal		\$ 54,399
<u>University of Northern Iowa</u>		
Fire and Environmental Safety	Fire Safety	\$ 450
Latham Hall Remodeling	Remodeling	3,360
Power Plant Addition (Boiler Replacement Project)	Utility	8,500
Wright Hall Remodeling	Remodeling	2,415
Library Addition	New Space	<u>5,800</u>
Subtotal		\$ 20,525
<u>Iowa School for the Deaf</u>		None
<u>Iowa Braille and Sight Saving School</u>		<u>None</u>
TOTAL		\$130,005

Ten-Year Building Program

1987-1997

BOARD OFFICE RECOMMENDATION

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UNIVERSITY OF IOWA  
(000s omitted)

	1987-88	1988-89	1990-97
	-----	-----	-----
<b>New Construction</b>			
-----			
Laser-Biotechnology Laboratories-- Phase I	\$25,100		\$26,100
Engineering Building Addition	19,500		
Business Administration Building-- Planning	500	1,000	
Business Administration Building-- Construction			18,500
Pharmacy Building Addition			1,000 (1)
	-----	-----	-----
Subtotal	\$45,100	\$1,000	\$45,600
<b>Equipment</b>			
-----			
Chemistry-Botany Laboratory		\$428	
Laser-Biotechnology Laboratory			\$3,765
Engineering Building Addition			2,925
Laser-Biotechnology Laboratory--Phase II			3,915
Pharmacy Remodeling			49
Old Law Remodeling			216
Schaeffer Hall Remodeling			242
Seashore Hall Remodeling			108
MacLean Hall Remodeling			55
Old Zoology Building Remodeling			119
Communications Center Remodeling			68
Medical Laboratories Remodeling			573
Steindler Building Remodeling			13
		-----	-----
Subtotal		\$428	\$12,048
<b>Remodeling</b>			
-----			
Old Law Center Remodeling	\$4,325		
Pharmacy Building Remodeling	400		
MacLean Hall Remodeling, Phase II		\$1,100	
Pharmacy Building Remodeling--Phase II			\$975
Schaeffer Hall			4,850
Seashore Hall			2,160
Biology Building--Old Section			2,380
Communications Center			1,370
Steindler Building			250
Medical Laboratories			11,450
	-----	-----	-----
Subtotal	\$4,725	\$1,100	\$23,435

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	1987-88	1988-89	1990-97
	-----	-----	-----
<u>Utilities</u>			
Water Plant Expansion	\$2,930		
15 KV Electrical Substation L	1,500		
Waterline Replacement to West Campus, Phase II	326		
Water Distribution Improvements-- Phase I		\$400	
Steam Line Replacement--Theatre to Hancher		1,215	
15 KV West Campus Electrical Loop F		500	
15 KV West Campus Electrical Loop J		1,000	
East Campus Chilled Water Plant #1			\$6,988
Reconstruction of Grand Avenue Utility Tunnel--Phase II			1,250
Water Distribution Improvements-- Phase II			236
East Campus Chilled Water Plant #2			4,668
Northeast Campus 5 KV Loop			190
Main Power Plant Replacement Program-- Storm Sewer Renovation--Priority I			420
Oakdale Electrical Distribution System Improvements			3,560
	-----	-----	-----
Subtotal	\$4,756	\$3,115	\$17,312
<u>Special Programs</u>			
Fire and Environmental Safety	\$500	\$500	\$3,000
	-----	-----	-----
TOTAL	\$55,081	\$6,143	\$101,395
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- (1) Project is included in the Regents' approved Ten Year Building Plan. Final estimated cost of the project has not been determined. Planning cost for the project is included in Ten Year Building Plan.

Ten Year Building Program  
1987-1997

GENERAL  
December 17 and 18, 1986

IOWA STATE UNIVERSITY  
(000s omitted)

	1987-88	1988-89	1990-97
<b>New Construction</b>			
<hr style="border-top: 1px dashed black;"/>			
Home Economics	\$5,100		\$12,620
Molecular Biology--Planning and Construction	37,500		
Animal Science--Outlying Research Centers	624	\$4,576	
Research Park Development	2,500		
VMRI Animal Antibody Holding and Monoclonal Production Laboratory	1,925		
Meat Irradiation Facility	1500		
Computer and Mathematical Sciences Bldg.			17,857
Engineering Research Center--Phase I			1,000 (2)
Recreation Building		13,000 (1)	
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Subtotal	\$49,149	\$4,576	\$31,477
<b>Equipment</b>			
<hr style="border-top: 1px dashed black;"/>			
Agronomy Building	\$2,000	\$0	
Home Economics			\$765
Molecular Biology			5,600
Gilman Hall (Chemistry and Biochemistry/Biophysics)		540	950
Coover Hall (Electrical Engineering)			330
VMRI Animal Research Facility			190
Animal Science--Outlying Research Center			520
Education Building (Industrial Education and Technology)			655
Landscape Architecture			80
Davidson Hall (Agricultural Engineering)			364
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Subtotal	\$2,000	\$540	\$9,454
<b>Remodeling</b>			
<hr style="border-top: 1px dashed black;"/>			
Food Crops Research Center	\$750		
Coover Hall (Electrical Engineering)			\$3,300
Gilman Hall--Phase III (Chemistry & Biochemistry/Biophysics)		\$9,500	
Education Building (Industrial Education and Technology)			6,550
Landscape Architecture			1,560
Computer Science Building			500
Davidson Hall (Agricultural Engineering)			7,280
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Subtotal	\$750	\$9,500	\$19,190

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	1987-88	1988-89	1990-97
	-----	-----	-----
Utilities			
-----			
Electrical Interconnection City of Ames	\$2,000	\$2,400	
Water Pollution Control			\$4,060
Water Distribution System		775	
Material Handling Repairs and Improvements		1,500	
Distribution System Repairs and Improvements		1,550	
Electrical Interconnection with Grid			3,000
Replace Steam Generator No. 6			15,000
	-----	-----	-----
Subtotal	\$2,000	\$6,225	\$22,060
Special Programs			
-----			
Fire and Environmental Safety	\$500	\$500	\$3,000
	-----	-----	-----
TOTAL	\$54,399	\$21,341	\$85,181
	-----	-----	-----

- (1) Expected sources of funding for the proposed project are a combination of existing student fees, Athletic Department funds, and self-liquidating bond proceeds. Project amount is not included in Academic Building Revenue bond totals.
- (2) Project is included in the Regents' approved Ten Year Building Plan. Final estimated cost of the project has not been determined. Planning cost for the project is included in Ten Year Building Plan.

Ten Year Building Program

1987-1997

UNIVERSITY OF NORTHERN IOWA  
(000s omitted)

	1987-88	1988-89	1990-97
<u>New Construction</u>			
Library Addition	\$5,300		
Health, Physical Educ., Wellness--Planning		\$750	
Health, Physical Educ., Wellness--Construction			\$8,750
Plant Services Addition			875
Russell Hall Addition		1,500	
Biology Research Greenhouse		900	
Maucker Union Addition		1,900 (1)	
Performing Arts Center-Planning			750 (2)
Subtotal	\$5,800	\$5,050	\$10,375
<u>Equipment</u>			
Bartlett Hall		\$190	
Latham Hall			579
Wright Hall			362
Library Addition			868
Art II			189
Classroom/Office Building		1,530	
Seerley Hall			\$180
Subtotal		\$1,720	\$2,178
<u>Remodeling</u>			
Latham Hall	\$3,360		
Wright Hall	2,415		
Art II			\$945
Auditorium		\$3,906	
Seerley Hall			\$1,200
Subtotal	\$5,775	\$3,906	\$2,145

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	1987-88	1988-89	1990-97
Utilities			
-----			
Power Plant Addition	\$8,500		
	\$8,500		
Subtotal			
Special Programs			
-----			
Fire and Environmental Safety	\$450	\$0	\$0
	\$20,525	\$10,676	\$14,698
TOTAL			

- (1) Expected sources of funding for the proposed project are a combination of existing Building Fund for Student Activities and Maucker Union surplus funds.
- (2) Project is included in the Regents' approved Ten Year Building Plan. Final estimated cost of the project has not been determined. Planning cost for the project is included in Ten Year Building Plan.

The second section of the Ten Year Building Program contains projects identified for the next fiscal year, 1988-1989. The institutions submitted the combined request of capital needs during this period of \$107 million. However, the Board Office recommended including capital projects with an estimated cost of only \$38 million for 1988-89. The projects recommended for that year include those planned for or initiated in Fiscal Year 1988 and certain other critical needs of the institutions.

The Board Office requested the universities to provide information on all major planned construction projects for the Ten Year Program, regardless of source of funds. Therefore, capital projects financed from funds other than Academic Building Revenue Bonds were included in the building program for the first time this year. This change is a result of a new statute requiring the board to obtain legislative approval for the sale of most self-liquidating revenue bonds.

Several revenue bond projects have been incorporated into the Ten Year Building Program. At Iowa State University a proposed recreation building may be financed in part by self-liquidating revenue bond proceeds. The recreation building is included in Fiscal Year 1989 of the Board Office recommendation for Iowa State University. The University of Northern Iowa is

proceeding with planning for an addition to the Maucker Student Union. While the project, as proposed by the university, does not utilize any bond funding, the university indicated that inclusion of the project in the Ten Year Plan will preserve the option of considering self-liquidating revenue bonds in the future, if necessary. Additional projects to be financed by other types of bond financing will broaden the scope of the Regents' Ten Year Building Program and provide the board with a more complete picture of the institutions' future capital needs.

The two special schools are not now included in the Ten Year Building Program. The legislative requirement addresses the building needs of the universities only. However, the Iowa School for the Deaf and the Iowa Braille and Sight Saving School should be included in future Ten Year Building Programs. Including the special schools would make future Ten Year Building Programs a statement of all Regent institutions' facilities needs.

Vice President Ellis stated the university had submitted a ten-year capital plan, and there were significant deletions from it in the Board Office recommended plan. He said he had real concern about that. He indicated the university had sought to accurately inform the legislature, the board, and the people of the state of the capital needs of the university. He said he felt the results of the reduction in their stated ten-year needs by the Board Office was inappropriate.

Vice President Remington stated the board had had discussion about general planning yesterday, and he felt it was important for the board to know the university's real capital needs. The only way this could be done was through the ten-year capital plan. He said two projects were deleted from the university's priorities which could be damaging to morale in those departments. These are the building project in the College of Pharmacy and the project in the College of Business Administration. He stated the university had proposed the \$500,000 for planning of the Business Administration project in the first year and construction in the second year. The Board Office deferred the project beyond the second year. He added the current building did not offer the flexibility of space that was necessary. The Pharmacy Building was built in 1963 and was adequate at that time to house a faculty of 12 and 200 students. Currently the college has 37 faculty members and 450 students. The faculty is the most impacted on the campus, and an addition which would roughly double the size of the building is desperately needed. The recommendation by the Board Office removed the project completely from the listing. He said the College of Pharmacy faculty generated more than \$2 million annually in external funding and is one of the most research intensive faculties on the campus. He said that the lottery proposals included two in the pharmacy area including a new chair. He added that the College of Pharmacy had the only FDA approved pharmacy production facility in the country outside of the pharmacy industry. Medications can be produced in the facility located in the pharmacy building and delivered directly to the patients.

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Vice President Madden stated he shared some of the general comments by Vice President Remington and Vice President Ellis. He noted Iowa State University was in a little different position in the long-range planning process, but they did have some concerns about the Board Office recommendation. The Engineering Research Building had previously been on the list for 1990-97 and was deleted by the Board Office. He indicated this building was still needed. He stated the Recreation Building was under discussion, and he anticipated coming to the board some time after the first of the year with a proposal.

President Curris stated the ten-year capital plan was more of a symbol, but they had to live with parts of it back on the campuses. He said that perhaps there was a better way to have a good discussion about the capital needs than just an agenda item. He said when he first came to the university the number one priority was the Health Physical Education Facility, and he would like to see that moved into the next biennium so that the people on the campus can see that the board play an advocacy role.

President McDonald asked how much coordination was there between the Board Office and the institutions in the formulation of the capital plan.

Associate Director Runner stated the Board Office had prepared a draft, and each business officer was contacted as to what the recommendations would be. Based on that input, the final plan was prepared.

Mr. Richey stated the institutions were talking about their needs, and the Board Office was talking not necessarily about needs but the whole plan. The plan changes every year. He noted the universities had requested \$518 million, and the recommended plan included projects totaling \$367 million. He stated the reason he had recommended that amount was because he thought the situation might arise that would require getting a ten-year capital plan adopted as a part of a bonding resolution. He noted that in issuing bonds a ten-year capital plan had to be approved. He stated he wanted to have a ten-year building program that would be as noncontroversial as possible in terms of total dollars. He said he could not argue with the institutions' internal needs. He stated he had instructed the staff to get the totals down to where it could be approved by the General Assembly. He said he could not really defend deleting the Pharmacy addition nor the engineering facility. He said the universities were proposing to restore \$44 million to the program and to move the business building to the second year of the biennium.

President Freedman stated the University of Iowa had inserted the laser facility which upset the existing priorities, but to leave a year between planning for the business building and the construction really dampens the morale of the college.

President McDonald stated it was going to be tough going with the other legislative requests, and he would like the board to be credible in putting something forward.

Vice President Remington stated seeing the Pharmacy addition disappear from the list sends a real signal to that faculty.

Regent VanGilst stated he understood what Mr. Richey had said, and he agreed. He asked if there was some way the differences could be worked out.

Vice President Ellis stated he was concerned mainly about the two projects, Business Administration and Pharmacy Addition, although there were a number of others which had been deleted.

Regent Anderson stated there seemed to be a case for being up front with what the needs of the universities actually were. Realistically the board was going to have to face up to those things in the next ten years.

Mr. Richey stated the realism was in the amount of dollars which were going to be available for capital projects. He stated \$500,000 would not be enough to completely plan the business building. He said an alternative would be to add \$1 million for completion of planning in Fiscal Year 1989 with construction in the third year of the ten year plan. A similar approach could be used for the Pharmacy Building at the State University of Iowa, the Engineering Research Center at Iowa State University, and the Performing Arts Center at the University of Northern Iowa. Planning funds for these three projects would be included in the ten year plan.

MOTION: Regent Greig moved that the board approve the ten-year capital plan with the changes suggested. Mrs. Murphy seconded the motion.

Vice President Remington stated he did not like to see planning out of the current biennium.

President Freedman stated it would appear to the College of Pharmacy that a project which had appeared in total in the past appeared only as planning in the current plan.

Mr. Richey stated a footnote should appear in the plan stating that the total project costs have not been determined for these three projects, and, therefore, the full amount of the project would not be entered into the total figures.

President Curris stated he would be glad to leave any changes in the plan affecting the University of Northern Iowa to the discretion of the Board Office.

Regent VanGilst stated the board should spend a day on each of the campuses looking at the buildings which would indicate to the faculty and staff that the board was interested.

VOTE ON MOTION: Approved unanimously.

**REPORTS ON AFFIRMATIVE ACTION.** The institutions' reports were received by general consent of the board.

**REPORT ON MANDATORY RETIREMENT POLICIES OF UNIVERSITIES.** The Board Office recommended that the board receive the report on revision of mandatory retirement policies, and request the universities to revise their policies and present them for board consideration not later than the board's May 1987 meeting. This report was received as part of the consent docket.

At its November meeting the board received a report indicating changes in the federal law relative to mandatory retirement. The board requested that universities submit revised policies consistent with the law at the December meeting. The institutions have reviewed their policies and indicate that the revisions should be undertaken after consultation with institutional constituencies and with national organizations studying changes in the retirement law. They anticipate that this consultation will be completed by the end of spring. Therefore the May 1987 meeting of the board would be an appropriate time for consideration of the policy changes.

The institutions indicated that between now and June 30 they will not require the retirement of any employee based on their mandatory retirement policies except for those for whom the federal law would permit continuation of the policy.

**FINAL ADOPTION OF AMENDMENTS TO CHAPTER 1, "ADMISSION RULES COMMON TO THE THREE STATE UNIVERSITIES".** The Board Office recommended the board approve final adoption of amendments to Chapter 1, "Admission Rules Common to the Three State Universities," Iowa Administrative Code. The amendments increase from 12 to 24 the minimum number of hours of university course work required for transfer into a Regent university and stipulate that the transfer applicant meet grade point standards set by each university in specific subject matter courses.

The Administrative Rules process requires the final adoption of rules (including any changes) following public hearing on the rule. As required, a hearing was held on November 25, 1986, in the Hoover Building. No oral or written comments were received at the hearing. A hearing with the Administrative Rules Review Committee was held on December 10, 1986. No concerns were noted by members of the Rules Review Committee.

**MOTION:** Regent VanGilst moved that the board approve the final adoption of the amendments to Chapter 1, "Admission Rules Common to the Three State Universities". Regent Murphy seconded the motion, and it passed unanimously.

**BOARD OFFICE PERSONNEL REGISTER.** The personnel register for the month of November contained no transactions that have not already been ordered.

**NEXT MEETINGS:**

January 21, 1987	Des Moines	
February 18-19	University of Northern Iowa	Cedar Falls
March 11-12	Iowa State University	Ames
April 22	University of Iowa	Iowa City
April 23	Iowa Braille and Sight Saving	Vinton
May 20-21	Iowa School for the Deaf	Council Bluffs
June 17-18	University of Northern Iowa	Cedar Falls
July 8-9	Iowa State University	Ames
August	NO MEETING	
September 16-17	University of Iowa	Iowa City
October 21-22	Iowa State University	Ames
November 18-19	Iowa School for the Deaf	Council Bluffs
December 16-17	University of Iowa	Iowa City

President McDonald stated that there was a one-day meeting scheduled on January 21. He said he would discuss with the Board Office the possibility of a telephone meeting.

Vice President Ellis requested interim approval be given by the board to move ahead with projects in the event a January meeting was not held.

**MOTION:** Regent Anderson moved that the presidents of the Regent institutions be given interim approval to move ahead with projects in the event a January meeting was not held. Regent Murphy seconded the motion, and it carried unanimously.

President Curris stated the board had made a budget request to correct the previous inequities at the University of Northern Iowa. The issue now was what to do in reference to the inequity created by the new tuition. He stated this amount was \$1,028,000. He requested that some special identification and indication of this inequity be sent to the legislature and the Governor. He asked that the board identify the amount necessary for equity from the funds already requested and indicated that amount was necessary to provide equity this year.

Mr. Richey stated the tuition increase which was voted included a clear indication that it would go for faculty salaries. After deducting the amount for student aid, the faculty salary increase at the three universities would be as follows:

University of Iowa	6.3%
Iowa State University	5.8%
University of Northern Iowa	6.0%

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Mr. Richey stated he knew the universities had not gotten enrollment increase money to finance any of the undergraduate nonresidents. He said given that, it was hard to see that there was an issue of inequity in the budget. He stated there was already \$1 million in the board's budget request for the University of Northern Iowa based on the fact that the appropriations had not grown as they had for the University of Iowa and Iowa State University.

President Curris stated they were not talking about past inequities but were talking about the tuition increase adopted today. He stated that increase provided so much money because the out-of-state increase was greater; and, because the University of Northern Iowa is almost exclusively in-state, it would not receive any of that increase. He said the university was getting penalized for educating Iowa students.

Regent Duchen asked how the percentage increases were given to the faculty.

Vice President Ellis stated the actual percentage increase will vary, but the aggregate will not exceed the percentage amount.

Vice President Madden stated they would use all of the money and the increases would vary.

Mr. Richey stated if the amount of money that the University of Northern Iowa was going to get from the tuition increase was not adequate to finance the same percentage faculty salary increase, then President Curris would have had a point. He indicated if that had been the case he would have been the first to recommend addition of funds to bring the increase up to the same percentage as the other two universities.

Regent Tyler asked if he was correct in assuming the tuition increase would be used for faculty salary increases.

Mr. Richey stated it was the intent of the non-bargaining universities to use it exclusively for salaries.

Regent Anderson stated the board had made it pretty clear that the salary increases would be given on merit. She asked how this would work at the University of Northern Iowa. She said that message needs to be conveyed to the university.

Mr. Richey stated that would be handled in the bargaining strategy and he had assumed that would be the board's position.

President McDonald then asked board members and institutional executives if there were additional miscellaneous or general items to be raised for discussion. There were none.

## STATE UNIVERSITY OF IOWA

The following business was transacted on Thursday, December 18, 1986.

**GOVERNANCE REPORT FOR UNIVERSITY OF IOWA HOSPITALS AND CLINICS.** The Board Office recommended that the board receive the report on Governance of University of Iowa Hospitals and Clinics; and approve the proposed amendment to the Bylaws, Rules, and Regulations of the University of Iowa Hospitals and Clinics and its Clinical Staff.

The governance report consisted of four sections as follows:

1. A summary of the agendas of the University Hospital Advisory Committee since the last report to the board;
2. A summary of the Quality Assurance Program;
3. A summary of actions taken concerning clinical privileges during the period January, 1985 through November, 1986; and
4. An amendment to the Bylaws, Rules, Regulations of the University of Iowa Hospital and Clinics and its clinical staff.

The summary of the University Hospital Advisory Committee included several internal policies and procedures of a routine operations nature. The quality assurance is designed to insure that all service rendered to University Hospital's patients is medically necessary and consistent with professionally recognized standards of care. The report documents the efforts in this regard. The section on clinical privileges describes operation of that system.

The Bylaws change assures consistency of the Bylaws with current practice and standards promulgated by the Joint Commission on Accreditation of Hospitals regarding documentation of history and physicals in the patient's medical records. The change will modify Article VIII, Section 7. All future amendments should be brought to the Board of Regents.

Deputy Director Cliff Eldredge spoke for the University of Iowa Hospitals and Clinics. He stated this was a follow-up to the Governance Report of the November meeting. He stated the report on the delegated specific governance functions was provided to keep the board abreast of the Hospital's performance in areas of responsibility delegated to the University Hospital Advisory Committee. Included in the report is information relating to the establishment of internal clinical policies and procedures, a list of agenda

items deliberated by the University Hospital Advisory Committee since March, 1985. It has been submitted for the purpose of broadening the board's understanding of the committee's activities. He stated that 146 agenda items had been generated since the last report. The report also contains a list of 66 patient care studies conducted by the clinical and hospital departments, appointments to the clinical staff as of December 1, 1986, newly appointed staff, those granted privileges during the period January 1985 through November 1986, and a change in Article VIII of the Bylaws, Rules and Regulations of the University of Iowa Hospital and Clinics.

Last month John Colloton and Ann Rhodes provided status report on efforts of the last three years to formulate a decentralized indigent obstetrical program which would be acceptable to all parties.

Dr. Roy Pitkin, Professor and Head of Obstetrics and Gynecology in the College of Medicine, stated losing the indigent obstetrical patients at the University Hospitals posed a real threat to the academic programs in the College of Medicine. He said the principal effect would be on the medical student education, and ob/gyn was a major core clerkship in the college. He said he would like to think that University of Iowa graduates receive a good education in this area and expressed concern that may no longer be true in the immediate future. He cited the following statistics: In 1982-83, there were 2,800 births at the hospital which included 1,950 indigent births. The average numbers at which a student participated was 6.7. This year there were about 2,000 births which included 1,000 indigent births, and the average participation rate per student was 3.2 births. He indicated he could not say precisely what was an adequate amount, but he knew 3.2 was not enough. The decrease in births also affects residency programs and critical research. He noted the numbers had become marginal for adequate education and research. He indicated the numbers had gotten to the point where the college's accreditation may be affected.

Regent Anderson stated Dr. Pitkin had not mentioned the effect on pediatrics.

Dr. Pitkin said anything that cuts the number of births would also affect the exposure to newborn medicine. He said pediatrics was another core area.

Regent Anderson asked what the effect would be on the student.

Dr. Carol Aschenbrener, Associate Dean of the College of Medicine, stated she was currently coordinating the institution's preparation for accreditation. She indicated the LCME as it evaluated components of the curriculum was concerned about several aspects. It will be concerned about the number and diversity of the patient population. In ob/gyn the concern is not with the numbers alone but whether there are normal and complicated deliveries. There is also concern about the degree of supervision and the education program. She said the survey team would be very concerned if it appears the hospital did not have the kind of population to give the students educational experience. She indicated there were problems occurring in community

clerkships where it was very difficult to find supervision. She noted in some health care institutions there was a tendency to treat paying and indigent patients differently which was not the case at the University Hospitals. They strive to teach the students one standard of care.

Regent Anderson stated the response from those people who want to totally decentralize the indigent patient program for obstetrics is that the educational aspect should also be decentralized.

Ann Rhodes presented the latest in a series of proposals by the University Hospitals. She stated they were very interested in resolving this issue. She stated the change in the current proposal over previous proposals is that the 11-county area would be reduced to a 9-county area. She felt this approach may be accepted more positively. The six points of the proposal are as follows:

1. The Regents propose that the decentralized Indigent Obstetrical Patient Care Program be expanded throughout the state on July 1, 1987, to embrace whatever level of decentralized local community services the state is prepared to fund. This would have the effect of presenting the opportunity for substantial decentralization of indigent obstetrical care from the University Hospitals to the communities of Iowa on July 1, 1987.
2. Excepted from this decentralization protocol would be a nine-county catchment area surrounding Iowa City to include the counties of: Iowa, Cedar, Clinton, Scott, Muscatine, Louisa, Keokuk, and Washington, in addition to Johnson. Indigent obstetrical patients from these nine counties would continue to be served under the University Hospital indigent nonquota obstetrical patient care provisions of Chapter 255 of the Iowa code (traditional UIHC Indigent Care Program). It is hoped that this alignment will result in some 550 indigent obstetrical patients being accommodated at the UIHC with the patient's prenatal care continuing to be rendered by the UIHC at the community level, i.e. in Muscatine, Davenport, Clinton and Iowa City. This number of patients may be too optimistic because of the changing environment. The presently evolving Medically Needy Program which is absorbing traditional UIHC indigent obstetrical patients could significantly reduce the estimated number of patients from the catchment area who would be served by the UIHC under this proposal. It is anticipated that whatever this number of deliveries from the nine-county area turns out to be that it will be augmented by referrals to UIHC of some high risk indigent obstetrical patients served at UIHC will approximate the 2,000 minimum number of obstetrical patients essential to sustain U. of I. health education programs.

3. Expansion of the community based Indigent Obstetrical Patient Care Program described above would be initiated by the Legislature without any further withdrawal of state appropriated funds from the UIHC. The current appropriation to the UIHC, which is the only state appropriated support it receives, is required to meet the costs of residual indigent patient care; fixed costs of the shrinking Indigent Obstetrical Patient Care Program; and those educationally related costs which are no longer being supported by patients' third party payors. (The Governor's Blue Ribbon Commission appointed in August, 1986, to study the latter issue will be making its recommendations in early January, 1987.)
4. The legislation to effectuate this expansion would not disturb the nonquota indigent obstetrical feature in the current University Hospital Indigent Patient Care Program. This is essential to preserve the opportunity for indigent patients to be served at the UIHC and to accommodate their physicians' need to refer them to UIHC for specialized services. Perpetuation of this feature will also provide a "backup" system to serve indigent obstetric patients not able, for whatever reason, to receive care in their home communities.
5. All other features of the present UIHC Indigent Patient Care Program would be unaffected by this expansion of community-based indigent obstetrical care.
6. Consistent with the authorization provided by the General Assembly in adopting the Medically Needy legislation in 1984, the Department of Human Services should be authorized to seek a waiver under federal law to contract with the UIHC for obstetrical services provided Medicaid patients. This waiver would apply exclusively to patients residing within a limited geographic area of UIHC consistent with federal regulations, and would be used to maintain the UIHC obstetrical patient service at the 2,000 minimum number essential for sustaining health education programs at the University of Iowa.

Regent Anderson stated one of the points in the proposal is that the program remain a nonquota program in the rest of the state.

Ms. Rhodes stated they did not believe 2,000 deliveries was optimal, but they were trying to be responsive to the concerns. She stated they needed to assure both the number of deliveries and the kinds of patients.

Regent Anderson stated one of the things she had noticed was that the hospital was trying very hard to find a reasonable compromise to guarantee the quality of education. She said the board had to be very activist in supporting this proposal. She said the board had responsibility to take a strong position. She stated she had been to the hospital and talked with the people running the obstetrical program and had visited Westlawn where the women stay. She said the quality of medical care and personal care was

something of which the board should be proud. She urged the board to not only go on record in support of the proposal but to take measures individually to support it.

President McDonald thanked Regent Anderson for her comments and her involvement in the program. He said what was at stake was the quality of medical education at the University of Iowa.

Regent Harris stated he had a number of questions about the program. He indicated he was reluctant to say much because he was afraid it would be viewed from a negative point of view. He said frankly did not think the decentralization program was going to work. He said he hoped someone was looking into the question of who was going to deliver these babies. He said there has been a very significant decline in the number of physicians who are delivering babies.

Dr. Pitkin said that was a very pertinent question. He said nearly 50 percent of births were attended by family practitioners and rising malpractice costs were greatly affecting the family practitioner. He added that in Iowa only 4.6 percent of physicians specialize in ob/gyn whereas the percentage nationally was 7 percent.

Regent Anderson stated Regent Harris was absolutely right, and the university hospital people had recognized that all along. She said they were facing a political reality of at least trying to preserve something of the patient base through care of the women in the 9-county area. She said she did not want to go on record that decentralization was in the best interest of the women served.

Dr. Pitkin stated the number had caused his faculty to study alternatives of how to meet the educational needs. He said it was quite likely that one of their recommendations would be that the department would not be able to offer obstetrical experience to family practice residents.

Regent Duchon asked what should be the role of the board in this issue.

Regent Anderson stated what they were really asking was to support the proposal as a part of the legislative program. She said the board members also needed to be out front, vocal and activist individually in support of this position.

President McDonald stated the concerns expressed by Regent Harris were also concerns of the board.

Regent Anderson stated she had letters from health care providers in three counties who are already testifying to the problems the new program is causing them.

Regent Duchon asked if there was any merit in meeting with the legislators. He said he did not think he could speak alone with any great authority.

Regent Harris stated he was not sure what he had already said had anything to do with the proposal before the board. He asked the board to go back to what he had said initially about the fact there would be fewer family practitioners delivering babies. He said beginning in June 1987 his malpractice rate because he delivered babies was going to increase to far beyond the point where he could afford it. He said someone should take a look at that because doctors would not be able to deliver babies simply because they could not afford it.

Regent Duchen said the whole world knew about this.

Regent Anderson stated there were people in this state who did not seem to understand.

Regent Harris stated that as trustees of the hospital the board needed to support the efforts being put forth by the university and hospital.

MOTION: Regent Harris moved that the board receive the report on Governance of University of Iowa Hospitals and Clinics; and approve the proposed amendment to the Bylaws, Rules, and Regulations of the University of Iowa Hospitals and Clinics and its Clinical Staff and endorse the indigent obstetrical patient program proposal. Regent Duchen seconded the motion.

Regent Duchen asked what would happen after the board passed the motion.

Regent Anderson stated the board would need to defer to Frank Stork as to with whom and when the board could meet with the legislature.

VOTE ON MOTION: The motion passed unanimously.

President Freedman stated he was grateful to the board for its support. He noted one of the things that the board had especially emphasized is its desire for the institutions to strengthen areas of excellence within the institution. He said there were no areas in the university which could surpass the College of Medicine. He said every ranking of Colleges of Medicine he had seen had the University of Iowa in the top three, and now there was a threat to the educational quality of the college. He said the proposal represented a sound effort to deal with decentralization but preserve academic quality. He stated the University of Iowa had the only program in the state to train obstetrics/gynecology specialists, and one of the alternatives would be to reduce the size of the program if the births fall below 2,000. He said that Dr. Pitkin had told him that 60 percent of the ob/gyn residents remain in Iowa. He said another alternative would be not to offer training to undergraduate medical students and family practice residents. He indicated all the alternatives would affect the educational quality of the University of Iowa and the result of that is the attractiveness of the university to faculty in obstetrics and gynecology.

**REGISTER OF PERSONNEL CHANGES.** The register for November 1986 was approved as part of the consent docket.

**APPOINTMENT.** The board was requested to approve the appointment of Henry T. Madden as Acting Director of the Institute for Entrepreneurial Management in the College of Business Administration, effective January 1, 1987, at an academic-year, half-time salary of \$20,000.

**ACTION:** President McDonald stated that the appointment of Henry T. Madden as outlined above was approved by general consent of the board.

**ANNUAL TENURE REPORT FROM THE UNIVERSITY OF IOWA.** A summary of the University of Iowa's tenure report appears in the General portion of these minutes.

**ANNUAL REPORT ON INTERNATIONAL PROGRAMS.** The Board Office recommended the board receive the annual report on international programs from the University of Iowa.

Starting in 1984, the Board of Regents requested that the three universities prepare annual reports on international programs and activities. This report represents the first of the three university reports.

The chart below shows a summary of the agreements between the University of Iowa and foreign universities. Sixteen of the agreements are university-wide, nineteen are college-wide and six are department-wide.

Country	Type of Agreement			Total
	University-wide	College-wide	Department-wide	
China, Peoples Republic	7	4	1	12
Denmark		2		2
France			3	3
Germany, Federal Republic	1	1		2
Iceland	1			1
Indonesia		1		1
Japan	1	1		2
Jordan		1		1
Mexico		2		2
Poland		1		1
South Korea	1	1		2
Taiwan	2	1		3
United Kingdom	1	2	2	5
Upper Volta	1			1
Venezuela	1	2		3
<b>TOTAL</b>	<b>16</b>	<b>19</b>	<b>6</b>	<b>41</b>

The number of agreements reported this year (41) is seven more than last year (34). The nature of the agreements reflects the same types as last year (i.e.: exchanges of faculty and students, and collaboration in research projects). In the future, the reports should include a dollar estimate of the costs associated with each agreement.

**ACTION:** President McDonald stated the Annual Report on International Programs was received by general consent of the board.

**UNIVERSITY CALENDAR FOR 1987-88.** The Board Office recommended the board approve the university's calendar for 1987-88, including the 1987 summer session.

The calendar proposed for the 1987-88 academic year is comparable to that previously approved for the 1986-87 academic year. Comparison of significant dates in the two calendars is as follows:

	<u>1986-87</u>	<u>1987-88</u>
Beginning of Advising & Registration	Aug. 25	Aug. 24
Opening of Classes	Aug. 27	Aug. 26
Homecoming	Oct. 11	Oct. 24
Thanksgiving Recess	Nov. 26 - 28	Nov. 25 - 27
Close of First Semester Classes (10 PM)	Dec. 12	Dec. 11
Examination Week	Dec. 15 - 19	Dec. 14 - 18
Beginning of Advising & Registration	Jan. 15	Jan. 14
Opening of Classes	Jan. 19	Jan. 18
Spring Vacation	March 21 - 29	March 19 - 27
Close of Second Semester	May 8	May 6
Examination Week	May 11 - 15	May 9 - 13
Summer Session Classes Begin	June 10 (86)	June 9 (87)
Summer Session Classes End	Aug. 1	July 31

The Board Office has reviewed the number of class meeting days in the 1986-87 calendar with the number of such days in the 1987-88 calendar. The comparison is as follows:

	<u>Total Days</u> <u>1986-87</u>	<u>Total Days</u> <u>1987-88</u>
1st Semester	74	73
2nd Semester	75	75

This proposed calendar for 1987-88 was the subject of some criticism recently. The criticism was that the students would be receiving fewer instructional days for their tuition dollar in 1987-88 than they received in

1986-87. The Board Office review of the calendar indicated that they are substantially equivalent and therefore acceptable.

The 1987-88 calendar will meet the current requirements of the state's collective bargaining agreements for holidays.

**MOTION:** Regent Anderson moved that the board approve the University Calendar for 1987-88. The motion was seconded by Regent VanGilst, and carried unanimously.

**PHASED RETIREMENT REQUESTS.** The Board Office recommended that the board approve the phased retirement requests of Mr. Don J. Sinek, Landscape Architect, and Mr. Donald E. Laughlin, Associate Research Scientist, effective January 1, 1987.

Mr. Sinek proposes to reduce his appointment to 80 percent effective January 1, 1987, and to retire fully on October 1, 1987. Mr. Laughlin proposes to reduce his appointment to 50 percent effective January 1, 1987, and he anticipates retiring fully on January 1, 1988.

Mr. Sinek was initially employed at the University of Iowa in 1950; Mr. Laughlin in 1958. Both meet the service and age requirements for eligibility for phased retirement.

**ACTION:** The Phased Retirement Requests were approved as a part of the consent docket.

**PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM.** The Board Office recommended the board approve the following changes in the university's professional and scientific classification plan:

1. From Manager, Patient Scheduling and Registration, in pay grade 09 (\$22,870 - \$36,245) to Manager, Scheduling and Ancillary Services in pay grade 10 (\$24,750 - \$39,595), and
2. From Optician (Contact Lens) in pay grade 05 (\$16,960 - \$26,650) to Optician (Contact Lens) in pay grade 06 (\$18,370 - \$28,845).

The assignment of the additional responsibilities reported in the university's request have led to the proposed one pay grade increase for each of the above classes. The proposed pay grades are based on point count evaluations of the classification and funds are available to implement the changes.

**MOTION:** Regent Duchen moved that the board approve the changes in the University's Professional and Scientific Classification Plan as presented. The motion was seconded by Regent Anderson, and it carried unanimously.

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**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS FOR THE PERIOD OF NOVEMBER 10, 1986, THROUGH DECEMBER 5, 1986.** The Board Office recommended the board approve the capital register.

The final register for the University of Iowa has been received and reviewed by the Board Office.

The following change order is referred to the board for action:

Human Biology Research Facility

Mid-America Construction Company of Iowa, Iowa City, Iowa

Change Order #3

Add \$ 54,043.97

The university requested approval of Change Order #G-3 to Mid-America Construction Company. The change order involved additional work by Mid-America, the general construction contractor, resulting from misplaced caissons and a design error in the tunnel location. The caissons were installed by the site excavation contractor, McComas-Lacina Construction Company. 42 of the 129 caissons were not located in the intended locations. As a result, the architect had to redesign the grade beams in order to accommodate the misplaced caissons. The change in the grade beam sizes and locations resulted in additional work that must be accomplished by Mid-America.

The university indicated in the capital register that,

"The university does not accept any responsibility for either of the errors that produced this situation. There has been a contract change order submitted to McComas-Lacina which will reduce their contract by an amount equal to the costs of the work resulting from the misplaced caissons. That change order has not been returned. Progress payment requests submitted by McComas-Lacina received subsequent to knowledge of the caisson problem have been returned to McComas-Lacina unpaid. No decision has been made concerning the utility tunnel-related costs."

Two other contracts with Bob A'Hearn Plumbing and Heating for the mechanical work and Meisner Electric for the electrical work on the Human Biology Research Facility are also impacted by the misplaced caissons. The university indicated that the respective change orders related to the caissons are under \$12,000 and \$5,000. The university has approved the change order with A'Hearn Plumbing and Meisner Electric in accordance with Regent procedures.

The complete register is on file in the Board Office.

MOTION:

Regent Duchen moved that the board approve the Register of Capital Improvement Business Transactions for the period of November 10, 1986, through December 5, 1986. Regent Greig seconded the motion.

Regent Tyler asked as a result of the change order was the university paying for someone else's mistake. Mr. Richey stated the university would seek reimbursement from the excavation contractor.

VOTE ON MOTION: Approved unanimously.

**LEASE OF PROPERTY.** The Board Office recommended that the board approve a lease with tenant COMPUTER AIDED DESIGN SOFTWARE, INC. (CADSI) for the use of approximately 3,661 square feet of office space (Rooms A101, A103, A104, A105, A108, A109, A125, A126, and M2) in the Technology Innovation Center at the Oakdale Campus, in Oakdale Hall, for a period of one year commencing January 1, 1987, and ending December 31, 1987, at a rate for the period of \$31,118.50 (landlord, renewal).

The university reported that CADSI will use this space for offices, applied research, product development, and new business marketing. CADSI meets the university's requirement for assistance in the Technology Innovation Center.

The rental rate for the period will be \$8.50 per square foot per year. The university anticipated that new tenants at the TIC will continue to be brought into the facility with a rent of \$6.00 per square foot per year. At last month's board meeting Vice-President Ellis reported that the university was considering a scheme of increasing rents for carryover tenants who are believed by the university to be ready to be independent of the TIC. This is the first such lease to implement this scheme. The university reported that for this tenant, should it elect to continue into 1988, the rent will go to \$10 per square foot per year in 1988 and will be increased by 25% per year thereafter.

MOTION: Regent Murphy moved that the board approve the lease with tenant COMPUTER AIDED DESIGN SOFTWARE, INC. (CADSI) for the use of approximately 3,661 square feet of office space (Rooms A101, A103, A104, A105, A108, A109, A125, A126, and M2) in the Technology Innovation Center at the Oakdale Campus, in Oakdale Hall, for a period of one year commencing January 1, 1987, and ending December 31, 1987, at a rate for the period of \$31,118.50 (landlord, renewal). Regent Tyler seconded the motion, and upon the roll being called, the following voted:  
AYE: Anderson, Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanGilst.  
NAY: None.  
ABSENT: VanEkeren.

**CAMPUS VIDEO SYSTEM.** The Board Office recommended that the board approve the agreement with Heritage Cablevision for entertainment programming; and approve subscriber rates as identified by the university.

In July 1986 the board approved, on the capital register, the enhancement of the university's telecommunications system in an amount of approximately \$420,000 to enable the underground cable to carry television. The enhancement was financed by an internal loan and was a change order to an existing contract. At that time the university agreed to present its eventual contract with Heritage Cablevision as well as its subscriber rate structure to the board for its approval.

The university reported it had established terms and conditions of the proposed contract with Heritage which includes a requirement that the university pay Heritage for feeding its signal to the university on the basis of the actual number of subscribers to the service. Within this requirement the university will be able to offer access to certain channels (master antenna service) free to anyone connected to University Video System. All residents of single and family housing at the university will be connected to the system.

The university reported that these rates are projected to cover the capital cost to establish the system, the cost of purchased programming (from Heritage) and the cost of operating and maintaining the system. The university reported that it projects 30 percent of the academic year residents and 5 percent of the summer session residents will subscribe to the basic pay service for \$10.50 per month. The university projected that 10 percent of the subscribers to basic pay service will subscribe to one of the movie channels which range from \$4.95 per month to \$9.95 per month.

The Board Office finds the principle of the Campus Video System acceptable. However, in order to recommend approval of the Heritage contract and the subscriber rates, the Board Office believed the university needed to provide the board additional information as follows:

1. What is the capital cost of establishing the system?
2. Where funds for capital acquisition were borrowed internally, what rate of interest is the Campus Video System paying?
3. Over what period of time is the capital cost being amortized as a part of the subscriber rate structure?
4. What are projected income and expenses for cablevision operations for each of its first five years?

Mr. Richey stated the above information had been furnished and everything appeared to be in order. He recommended approval of the Campus Video System.

Regent Anderson asked if the University would report back to the board on what numbers of people sign up for cable and movie channel services.

Vice President Ellis said they will provide that information.

MOTION: Regent Tyler moved that the board approve the proposed Campus Video System. The motion was seconded by Regent Greig, and it carried unanimously.

President McDonald then asked board members and institutional executives if there were other items to be discussed concerning the State University of Iowa.

Regent Murphy stated she thought it would be appropriate for the board to express to the family of Max Hawkins its heartfelt condolences. She felt the board should recognize Mr. Hawkins' service, not only to the University of Iowa, but to all the Regent universities. She noted, all through his years of service, no one served public education more effectively. She stated she was pleased that the drive was named after him and now everyone will see "Hawkins Drive". The board consented unanimously.

There were no other items to be discussed.

## IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday, December 17, 1986.

**SALE OF ACADEMIC BUILDING REVENUE REFUNDING BONDS, SERIES I.S.U. 1987.** In September, the board concluded the first refunding of outstanding Academic Building Revenue Bonds. The September refunding was for two University of Iowa series amounting to \$23,850,000.

In October, 1986, the board authorized the Board Office, working with the universities, to proceed with arrangements for the sale of Academic Building Revenue Refunding Bonds for Iowa State University and the University of Northern Iowa. At that time, the board approved resolutions directing the advertisement for the sale of bonds and authorizing the Executive Secretary to fix the date for the sale of the bonds.

The refunding of the Iowa State University bonds is the next step in a series of refundings of \$49 million in outstanding bonds to allow substantial restructuring of tuition replacement appropriation needs through 1990. Refunding of selected bond issues will lower debt service requirements for all outstanding Academic Revenue Bonds. In addition, the refunding will permit issuance of \$29 million in new bonds next year without exceeding available tuition replacement appropriations.

The outstanding bonds elected for refunding were those with the highest interest rates issued in 1981 and 1982. The two Iowa State University bond issues being refunded were sold in 1981 and 1982 at interest rates of 11.19 percent and 10.16 percent. The refundings are expected to result in net present value savings due to lower interest rates today as compared to 1981 and 1982.

Because this was a refunding of existing Academic Revenue Bonds, the sale occurred in two steps. The first step was the receipt and opening of bids at 11:30 a.m. in Room 254 of Scheman Continuing Education Building. The board's Associate Director of Business and Finance, Richard Runner, received the sealed bids and oversaw the opening of the bids. Luther Anderson of Springsted, Inc., assisted with the opening of the bids.

The bids were analyzed by Springsted and Price Waterhouse, the accounting firm selected as Escrow Verification Agent.

The Notice of Sale was advertised in the Des Moines Register and The Bond Buyer. Because this is a refunding, no public hearing is necessary.

Associate Director Runner introduced Osmon Springsted, Luther Anderson and Corliss Weeks of Springsted, Inc.

Mr. Springsted stated they were very pleased to report the results of the two sales in the amount of \$15,130,000 for Iowa State University and \$5,250,000 for the University of Northern Iowa. In each instance bids were received from John Nuveen Company, Inc. and Dain Bosworth. The bids for the Iowa State issued were as follows:

John Nuveen	6.4713%
Dain Bosworth	6.4959%

He noted the market had gone up somewhat in the last week. He noted there was not a wide spread between the two bids. Mr. Springsted explained the national tax exempt bond market was measured by the Bond Buyer Index which increased about 20 basis points from 677 to 694. He felt the raising rates were probably due to the large volume. He stated the rates received were higher than those received in September, and it was not possible to meet or better those rates. He stated the purposes of refunding were to save interest costs, and they would restructure the principal payments on these bonds to accommodate additional financing. He said he felt they were very successful and that the sales went well.

Regent Duchen asked if there was anything in the state law that would prevent the board from doing this again.

Mr. Anderson of Springsted, Inc. stated that under the new tax law no more than two refundings could be done after the original bonds are issued; therefore, the bonds being sold today could be refunded at a later time.

MOTION:

Regent VanGilst moved that the board adopt a "Resolution providing for the sale and award of \$15,130,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 1987, and approving and authorizing the agreement of such sale and award." Regent Duchen seconded the motion, and upon the roll being called, the following voted:

AYE: Duchen, VanGilst, Greig, Harris, McDonald, Murphy, Anderson, Tyler.

NAY: None.

ABSENT: VanEkeren.

Whereupon the president declared the motion duly carried and said resolution adopted.

**MOTION:**

Regent Murphy moved that the board adopt a "Resolution authorizing and providing for the issuance and securing the payment of \$15,130,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 1987, for the purpose of refunding Academic Building Revenue Bonds heretofore issued to defray costs of buildings and facilities on the campus of Iowa State University of Science and Technology." Regent Anderson seconded the motion, and upon the roll being called, the following voted:

AYE: Tyler, Anderson, Murphy, McDonald, Harris, Greig, VanGilst, Duchen.

NAY: None.

ABSENT: VanEkeren.

Whereupon the president declared the motion duly carried and said resolution adopted.

**MOTION:**

Regent Murphy moved that the board adopt a "Resolution authorizing the execution of an Escrow Agreement to provide for the payment of Academic Building Revenue Bonds, Series I.S.U. 1981 and 1982." Regent Anderson seconded the motion, and upon the roll being called, the following voted:

AYE: Tyler, Anderson, Murphy, McDonald, Harris, Greig, VanGilst, Duchen.

NAY: None.

ABSENT: VanEkeren.

Whereupon the president declared the motion duly carried and said resolution adopted.

President McDonald directed that all certified checks submitted by bidders except that of the best bid be returned.

**WOI STUDY REPORT.** The Board Office recommended that the board:

1. Receive the report from the university and the Executive Study Committee.
2. Approve the recommendation of the university and Executive Study Committee to create an affiliated organization for the management and operation of WOI-TV. Disposition of the assets of WOI-TV and the continued existence of the affiliated organization must be subject to the Board of Regents consent, as recommended by the university.

3. Direct that the charter for the affiliated organization include establishment of a board of directors to be appointed by the university president with the consent of the Board of Regents. The board of directors should have responsibility for directing the operations and hiring personnel at WOI-TV.
4. Direct that the charter for the affiliated organization include provisions to accommodate the most critical educational contributions of the station and establish a means of coordinating the commercial interests of the station with the educational interests of the university.
5. Direct the university, in consultation with the Board Office, to prepare a recommended charter and detailed organizational plans to execute the recommendations of the board and the Executive Study Committee. The proposed charter and organizational plans are to be presented to the board for its consideration and approval.
6. Instruct the university through its on-going planning and budgeting process to direct available earnings from WOI-TV toward increased agricultural biotechnology research.

In the board meeting of December 1985, the board requested that an objective and comprehensive study at WOI-TV be done and that a plan be prepared regarding the possible sale of the station. The board directed that Iowa State University undertake a study to determine the potential benefits as well as possible harmful effects that would result if WOI-TV were sold. The study shall include a plan to be followed in the event of a decision to sell. This would include appraisal of market value, all steps required for a sale, and the use of the proceeds to establish new and strengthen existing priority programs within the university.

At the February board meeting a study plan was presented by the university and approved by the board. That study plan called for appointment of an Executive Study Committee. Members appointed to that committee were Thomas A. Loudon, H. Rand Petersen, Harry G. Slife, Warren R. Madden, George Christensen and Wayne R. Moore. The study plan also identified the need to hire expert consultants to appraise the station's value and outline the options and procedures for either a partial or complete sale of WOI-TV. The consultant team of Frazier, Gross and Kadlec, Inc., and First Boston Corporation were competitively selected by the Executive Study Committee. The university was to work in parallel with the Study Committee's deliberations to plan for the use of proceeds from a sale.

The most prominent recommendation of the university and the Executive Study Committee was that WOI-TV not be sold now and be given three years in which to achieve satisfactory financial performance. A major evaluation of the station would again need to be done by the board within three years. If a

satisfactory financial performance cannot be demonstrated under public ownership, then the station could be sold. The university and the Executive Study Committee proposed creation of a nonprofit affiliated organization for the management and operation of the station. A board of directors is recommended which would be advisory to the university and station management.

The Board Office concurred with most of the university's and the Executive Study Committee recommendations. However, the Board Office did not agree with the duties prescribed for the affiliated organization board of directors.

The consultant estimated the market value of WOI-TV to private investors at \$25 million. If the station were sold the Executive Study Committee projected that the duplication of educational services of WOI-TV would cost \$1 million per year.

The consultant analyzed the net present value worth of the station and concluded that during the next five years the net present values of retaining ownership and selling a majority interest in the station would be \$18,986,000 and \$22,525,000 respectively. This analysis incorporated the Executive Study Committee's assessment of the cost of replacement educational services if WOI-TV were sold. The consultant concluded that the \$3.5 million net present value difference was essentially the economic value of selling the station now.

The consultant believed that the station would have been achieving pre-tax positive cash flows of \$2.5 million per year, had it been achieving television industry "norms" determined by the consultant. A number of recommendations are offered which would assist the station in attaining better financial performance.

Conclusions of the Executive Study Committee were as follows:

The Executive Study Committee concluded that divestiture of the station would damage the university beyond what could be offset by purchasing outside services. It was the committee's further conclusion that financial benefits of a sale would therefore need to significantly outweigh the programmatic impact. The committee determined that the consultant's estimate of a \$3.5 million difference in present value between selling and retaining the station was not sufficient to recommend its sale.

Continued university management of the station can be justified only if the financial performance of the station improves. If a reasonable rate of return can be earned on the value of the asset, the committee believed that retention of WOI-TV would be beneficial.

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.

The Board of Regents should approve the university establishing a three-year period in which the station management will be asked to bring the station's financial performance into line with projections provided by the consultant. Independent consultants should continue to be used in setting standards and maintaining performance.

The Board of Regents should review the station's progress annually and reassess the status of the station at the end of the three-year period. If in three years the station has not met its financial goals, the Board of Regents should consider divesting the station.

A nonprofit affiliated organization with an appropriate governing board should be appointed to advise station management and to monitor the station's performance.

An internal accounting system should be developed to allocate the station's educational systems.

The station should not be encumbered by state personnel, procurement and legal management systems.

The university's recommendations were as follows:

The university concurred with the major conclusions of the Executive Study Committee and endorsed the committee's recommendations. The university suggested to the board a number of considerations in carrying out the committee's proposals.

Ultimate control of the nonprofit affiliated organizations recommended by the Executive Study Committee should be with the university and Board of Regents. The board should retain the right to reacquire all of the assets and to eliminate the affiliated organization.

A board of directors is suggested with five persons -- three from the private sector and two from the university administration. The board of directors is recommended to be advisory to the station arrangement and the university president.

Establish operation of the station as an affiliated organization with personnel, salary, procurement and acquisition policies consistent with the television industry.

Remove any constraints on commercial advertising policies and station programming. Establish financial management and accounting systems for WOI-TV which are consistent with the television industry.

Develop a plan for use of the station's operating revenues through the university's budgeting and strategic planning process. It is estimated that net cash flows of over \$1 million per year should be available for reallocation.

In reviewing the uses of revenues from WOI-TV, the university concluded that there was no reason to depart from priorities set by the university's on-going planning and budgeting process. President Eaton is expect to undertake a strategic long-range planning process which would become the basis for the commitment of major resources.

The Board Office recommendation was in general conformance with the conclusions of the Executive Study Committee and the university. The principal differences were in the duties of the affiliate organization's board of directors. The Board Office proposed that the board of directors be given management responsibility for WOI-TV rather than advisory responsibility. To retain an advisory board of directors would not result in substantial changes from the present management organization.

The management recommendations proposed by the university would be different than other nonprofit affiliate organizations and would not give adequate control to a board of directors to mold the station into a commercially profitable enterprise. The university was undoubtedly concerned about losing control of the academic uses for which the station is also utilized. The Board Office shared the university's concern but suggested that appropriate wording of the charter, control by the Board of Regents of the continued existence of the affiliated organization and a directing rather than advising board of directors would better achieve the dual goals of commercial success and academic contribution.

The Board Office reviewed with the university its commitment to agricultural biotechnology research. In consideration of that commitment the Board Office recommended that the university direct available earnings from WOI-TV toward agriculture biotechnology research.

President McDonald asked for comments from the university and the Executive Study Committee.

President Eaton said he would like to begin by making some general remarks of his own. He stated this issue was an issue that was on his plate as he came to the university. He first began to learn about it last year. It seemed to be an issue of great controversy in reading about it in the papers. He came into it with an objective open mind. When he came to the university an Executive Study Committee had already been appointed and the committee had

begun its work. President Eaton said he stood off to the side while the committee came to its conclusions. Some of the members of the committee were members of the university staff and one may think there may have been some bias, but he felt it was more than offset by the presence of external members of the committee and also by their bringing in a consultant and other kinds of expertise. He believes the study is comprehensive and objective. The recommendations put WOI-TV on notice that in order to survive it must present a net income. The Board Office staff made a recommendation that the income be directed toward agriculture biotechnology research. If a satisfactory financial performance cannot be demonstrated under public ownership then the station should be sold. He stated that should the Board of Regents endorse the general approach, the university would proceed with the development of the recommendations for Board approval. This will necessitate careful legal review of the tax and broadcast licensing issues to meet the objectives. The university does not believe it is appropriate to undertake this effort until the Board has acted upon the WOI-TV study. He said WOI-TV is currently an asset. It has a role for education. Iowa State University has operated WOI-TV for over 36 years. Although it was not the university's original intention to develop a money making enterprise, it is clear that the enterprise now has a financial value as well as an educational value. With the input of the Educational Services Working Group and the outside consultants, the Study Committee faced the task of weighing the significant financial value of this asset with its educational role in the university.

President Eaton concluded: (1) He was told if they sold the station now and invested the proceeds they would have that amount subtracted from state appropriations. (2) The potential use of the station, its equipment, and its staff should be emphasized. One way would be to expand Extension Service across the state. The Extension Service has been reduced by 60 personnel, and they anticipate some further reduction. One of the ways to compensate would be to utilize the uplink and downlink capabilities of WOI. There is under discussion the fact the university could provide instruction to small schools in Southwest Iowa in the areas of math, science and foreign language. (3) He said he had a major concern with an argument made as recently as the morning of the board meeting by the Des Moines Register that, in order to continue to fund research in agriculture, the university should begin to eat part of itself to finance that research. He said that would be tantamount to the University of Iowa selling part of the hospital to finance the laser research facility.

Vice President Madden stated the study began one year ago in December 1985 at the direction of the board. They have carried out the process outlined. He chaired the Executive Study Committee that has been working on this project for the past 12 months. He was very pleased to be a part of the process and pleased with the selection of the committee. He stated he was very appreciative of the off-campus members of the committee. Harry Slife, a former Regent, has a background in the broadcasting industry. Rand Peterson and Tom Loudon also provided excellent input. He thanked the on-campus

members, George Christensen and Wayne Moore, as well as Johnnie Pickett for her staff support. He indicated the committee had done a thorough job of reviewing the issues and tried to develop a comprehensive report. He said the committee utilized an outside consultant, Frazier, Gross, and Kadlec, Inc., and he asked Mr. Kadlec to make general comments.

Mr. Kadlec stated his firm is celebrating forty years of consulting in the broadcast business. They have performed about 1500 projects of which 1400 had to do with evaluations. He was asked to develop a value for a station such as WOI-TV by an outside buyer, and also the economic value of the station to the university. He said they worked in parallel with First Boston. He reported they felt the station was worth \$25 million to an outside investor. The economic value to the university would be \$20 million. This does not recognize all the advantages. The committee felt the \$20 million value to be a little low when looking at the advantages provided. He stated the method of valuation his firm used was one which was well accepted throughout the industry. First, they did a discount cash flow projection over a 9 to 12 year period and projected changes in the market place. Secondly, they looked at comparable sales and at industry multiples. He said they saw areas where the station could improve its performance. He said he was very comfortable with the values they came up with. He indicated broadcasting stations have proven to be extremely good long-term investments. He said if the station was held for three years, it would be worth at least \$30 million in time, assuming that some of the general recommendations were enacted and over that period of time there would be a positive cash flow that the university could use. He said most investors looked at broadcasting properties in that sense.

Regent Tyler asked Mr. Slife as a former member of the industry and from a management standpoint if there was any reason why this three-year goal should not or could not be met.

Mr. Slife said no, he did not, and the three-year period was adequate notice.

Regent Duchon stated there is a lot of emphasis on the TV station. He is still thinking of the total education impact. The university has never been a profit machine and really shouldn't be. He stated that if the station is going to be kept then they should get off the profit kick and say why you really want it. He said he doesn't think they could live in that kind of an environment. He asked what the university recommendation "Remove any constraints on commercial advertising policies and station programming" meant.

President Eaton stated that the station had been a hermaphrodite from the beginning and had been confused about what it really was. They have not engaged in marketing the way they should have. They need to get out and get the maximum amount of revenue.

Regent Duchen stated he was all in favor of making profits but not on the university campus. He asked, how the advisory board would be paid. He said boards of directors in the business community like to have some kind of compensation.

President Eaton said he would like to have the opportunity to bring back to the board the details of the plans.

President McDonald stated the report says there is a lot of shaping up to do. He said he had confidence in the report and confidence in the members of the Executive Study Committee. He said the quality of the members was apparent. From what he has determined in this report and the conclusions reached, and recommendations of the Board Office, he was persuaded to give it a try.

Regent VanGilst stated that looking at it from the agriculture community WOI has always been a station they look to for market reports. Throughout the state this is the station they look to for guidance and help. In the report received they are talking about a 15 percent increase in revenue for the next year. It seems to him that the legislature gave direction that this should be a profit making station. Now he would like to see the committee come up with a plan.

Regent Greig stated he felt President Eaton had expressed the same comments that he was going to make. He felt it was too early to target any profits. The profits should be used toward the university as we go along. He felt the advisory board should determine how much money should be retained. He felt this should be left out of the recommendation and it shouldn't be targeted at this time.

Mr. Richey stated he had endorsed the basic recommendation of the committee and the university. He said the Regent system had come to believe in autonomy, and it was his recommendation that this affiliated corporation be given real autonomy and to have anything it did subject to veto by the university president would put him into the management of the station. He said the re-examination at the end of three years leaves all of the options with the board. He said the recommendation as to the use of funds was not made lightly and was designed to achieve some of the benefits to Iowa State University and the state envisioned by those who wanted to sell the station. He said the Governor had indicated support for the proposal recommended including the use of the increased profits for biotechnology research. He stated the university still was left with flexibility with respect to the assets. He said it should be made clear that the assets of WOI would not be disposed of by the board to the affiliated corporation, and the attorneys would work a transfer of jurisdiction so that the legal ownership of the state remained with the university and the Board of Regents. He further suggested that the corporation be appointed by the president with approval by the Board of Regents.

Regent Anderson asked if the instruction to the university in the use of proceeds would be a problem. She said things were moving and changing direction so rapidly that she was concerned about tying this specifically to a certain area of research.

President Eaton stated he would have preferred somewhat greater flexibility. At the same time, the suggestion of the Board Office was not out of line in any kind of logical way. He indicated he did not feel it was a bad investment.

Mr. Richey stated there were lottery funds that would have to be matched, and this money could be part of the match.

Regent Anderson asked if that part of the recommendation was a three-year recommendation.

President McDonald stated that it was.

President Eaton stated he hoped at the end of the three-year period, the board would be willing to receive a recommendation as to expenditures of those funds.

Regent Harris stated he supported the recommendation that was before the board. Although he is not a businessman, as a member of the board he felt that WOI-TV is a valuable asset. He was glad to hear experts in the field agree with him. He stated the board was very appreciative of the work done by the Executive Study Committee and by the consultants.

MOTION: Regent Harris moved that the board adopt the recommendations of the Board Office and that WOI-TV not be sold at this time. Regent Anderson seconded the motion. The motion passed with one dissenting vote by Regent Duchon.

Regent Duchon requested the Board Office mail copies of all future WOI-TV transactions of the board of directors, minutes of meetings, financial statements including operating statements, cash flow statements, and CPA quarterly reports to his legal counsel, Greffe and Sidney.

Regent Anderson stated that any information going to Regent Duchon should be sent to all board members.

Mr. Richey said that it was standard procedure in the Board Office that whenever anything is mailed to one board member, all board members receive it.

The following business was transacted on Thursday, December 18, 1986.

**REGISTER OF PERSONNEL CHANGES.** The register for November 1986 was approved as a part of the consent docket.

**ANNUAL TENURE REPORT FROM IOWA STATE UNIVERSITY.** A summary of Iowa State University's tenure report appears in the General portion of these minutes.

**ADMINISTRATIVE APPOINTMENT.** Iowa State University recommended the board approve the appointment of Jerelyn B. Schultz as chair of the Department of Home Economics Education, effective January 8, 1987, through June 30, 1988, with salary as budgeted.

**ACTION:** President McDonald stated the appointment of Jerelyn B. Schultz was approved by general consent of the board.

**PHASED RETIREMENT REQUEST.** The Board Office recommended that the board approve the request of Donald E. Sanderson, Professor of Mathematics, for phased retirement effective January 1, 1987. This request was approved as a part of the consent docket.

**DEPARTMENTAL REORGANIZATION AND REQUESTS FOR ESTABLISHMENT OF A CENTER AT IOWA STATE UNIVERSITY.** The Board Office recommended that this report be referred to the Interinstitutional Committee on Educational Coordination.

Iowa State University requested the approval to transfer the Weed Science section of the Department of Plant Pathology, Seed and Weed Sciences to the Agronomy Department. The university requested authorization to create a Seed Science Center out of the Seed Science section and to name the remaining portion of the department as the Department of Plant Pathology. This change would provide the focus and development opportunities for the respective units.

**ACTION:** President McDonald stated that the report on Departmental Reorganization and Requests for Establishment of a Center at Iowa State University be referred to the Interinstitutional Committee on Educational Coordination by general consent of the board.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS FOR THE PERIOD OF NOVEMBER 21, 1986, THROUGH DECEMBER 18, 1986.** The Board Office recommended the board approve the capital register.

Permission to Proceed with Project Planning

Center for New Industrial Materials  
Source of Funds: U.S. Department of Energy

Budget \$10,000,000

The university requested permission to initiate planning for a center for new industrial materials. The center will perform intermediate range research aimed at producing new materials on an industrial scale. The objective of the center is to establish an institutional environment to transfer basic research on the development of new materials into commercially viable products.

The university indicated that the center will be funded in part by the U.S. Department of Energy grant of \$6 million. This initial level of funding has been appropriated by Congress. Additional funding may come from federal, private, or state sources.

Rudi/Lee/Dreyer, Architects, Ames, Iowa, were retained by the Ames Laboratory to initiate preliminary programming and planning on the project in 1985. The funds for the center have now been appropriated to the university rather than the Ames Laboratory. The university anticipates retaining the same architect for the final design and construction services on the project.

#### Project Descriptions and Budgets

##### Beardshear Hall--North First Floor Renovation

Source of Funds: Income from Treasurer's Temporary Investments

Original Budget \$365,000  
Amended Budget \$460,000

In November the board approved the current budget of \$460,000. This month the university reported the transfer of approximately \$25,000 from project reserves to purchase fan coil units and lighting fixtures. These items were not part of the construction contract work. The university will purchase the items in order to expedite ordering and receipt of the material.

The overall budget amount remains unchanged. The project continues to be funded by Income from Treasurer's Temporary Investments.

##### Utilities--Turbine Generator No. 4 Overhaul

Source of Funds: Utility Repair Funds

Revised Budget \$300,000

In September this project was approved by the board with a budget of \$220,000. The university is requesting approval of a budget increase because of additional required work. During tear-down and inspection of the turbine generator, the manufacturer recommended that additional work was necessary. The university indicates that it is cost effective to undertake the additional work during the scheduled overhaul. The repairs will ensure continued and reliable operation of the turbine generator.

The budget increases from \$220,000 to \$300,000. Additional funds are from the utility repair account.

Utilities--Replace Steam Generators No. 1 & 2

Source of Funds: Utility System Revenue Bonds  
Utility Repair Funds  
Investment Earnings on Bond Proceeds  
Overhead Reimbursement for  
Use of Facilities

Original Budget \$26,500,000  
Revised Budget \$30,425,000

The university requested approval of a \$3,925,000 budget increase on this project. The project involves the purchase and installation of two fluidized bed boilers and associated power plant equipment.

The need for the increased budget is a result of 1) additional Environmental Protection Agency requirements imposed subsequent to initiation of the project, 2) higher than estimated bids received on the last three contracts, 3) revised estimates by project engineer, Burns and McDonald, for the remaining construction portions of the project to be bid in early 1987. The combination of the three factors resulted in the university's need to substantially increase the budget in order to complete the project.

The budget increase will be financed through a combination of utility repair funds, overhead reimbursement for use of facilities, and investment earnings on bond proceeds. The budget increase represented an addition of 15 percent to the original budget.

Consultant Agreements

Utilities--Heating Plant Control Optimization Study  
SEGA, Inc., Stanley, KS  
(Engineering Services)

This project involves developing a computerized model so the Physical Plant can optimize the control of the heating plant. The study will enable the university to simulate operation of the heating plant under various operating conditions and allow personnel to efficiently operate the boilers, turbines, and purchase electricity.

The university is requesting approval of a consulting agreement with SEGA, Inc., to undertake the study. The firm has had similar experience at a large land grant university in Texas and John Deere.

Funding for this project is from U.S. Department of Energy Exxon Oil Overcharge funds. The project was included in the Regents' request for use of these funds. The Board Office has received preliminary indications that this project has been approved by the Department of Energy. The university will proceed with the project only after receipt of the funds.

Construction Contracts

The following contract award was made by the Executive Secretary on behalf of the board:

Beardshear Hall--North First Floor Renovation

Award to: Harold Pike Construction Company, Ames, Iowa  
(7 bids received)

This project involves modernizing the architectural, mechanical and electrical systems in the North Wing of Beardshear Hall. The project will continue the university's efforts to bring the building into compliance with current building codes. A portion of this project will renovate the northeast corner of the first floor for the staff of the President's Office and other central administrators.

Charles Herbert and Associates is the architectural consultant on the project.

The university reported completion of one construction contract during the reporting period. The project, Agronomy Addition--Phase II-Electrical, and the name of the contractor, Menninga Electrical, Inc., Pella, Iowa, are identified in the register. Inspection of the work found that the contractor complied with the plans and specifications. The university recommended that the work be accepted as complete.

The entire register is on file in the Board Office.

MOTION:

Regent Anderson moved that the Register of Capital Improvement Business Transactions for the period of November 21, 1986, through December 18, 1986, be approved by the board. Regent Tyler seconded the motion, and it carried unanimously.

Regent Tyler asked what the status was of the Soil Tilth project.

Vice President Madden said it was a federally funded project and is managed by them. He said it was his understanding the contract had been awarded. He stated they haven't done anything on it as yet but they should be starting the groundwork yet this winter. As far as he knew, there is nothing to prevent it from moving ahead.

Regent Tyler said he hoped the Board Office or the institutions were looking into the fact that since the deregulation of natural gas it is possible now for a legal entity to go and purchase natural gas at the wellhead and then contract with a pipeline for delivery of that natural gas at the University of Northern Iowa or wherever, and he stated he knows especially in the case

of an anhydrous ammonia plant in Iowa that it reduced the cost from three dollars to two dollars. He felt that ought to be pursued.

Vice President Madden stated that they are actively doing the pursuing of that matter. He said right now the economic support for moving in that direction doesn't look good. The freight rates for Western Coal should be dropping very substantially. He said they are actively working on this and will keep the board informed.

**LEASES.** The Board Office recommended approval of a lease with MTEC PHOTOACOUSTICS, INC. for the use of approximately 276 square feet of space in the university's Iowa State Innovation System Center (ISIS), in the room commonly known as 104, for six months, commencing January 1, 1987, at a rent of \$660 for the term, with renewal by mutual consent for six month intervals commencing July 1, 1987.

At the June 1986 board meeting, the board approved the first leases for the Iowa State Innovation System Center which is housed in the building commonly referred to as the Lab of Mechanics building. The facility houses a part of the university's effort in providing incubation facilities and activities for business and industry in Iowa.

MTEC Photoacoustics, Inc. meets the requirements the university has for such business enterprises to receive its help.

The lease document is the standard one approved by the board in September, 1986.

As the corporation meets the programmatic requirement of the institution, approval of this lease is recommended.

**MOTION:**

Regent Greig moved that the board approve the lease with MTEC PHOTOACOUSTICS, INC. for the use of approximately 276 square feet of space in the university's Iowa State Innovation System Center (ISIS), in the room commonly known as 104, for six months, commencing January 1, 1987, at a rent of \$660 for the term, with renewal by mutual consent for six month intervals commencing July 1, 1987. Regent Murphy seconded the motion, and upon the roll being called, the following voted:

AYE: Anderson, Duchon, Greig, Harris, McDonald, Murphy, Tyler, VanGilst.

NAY: None.

ABSENT: VanEkeren.

**UNIVERSITY EXTENSION RETIREMENT PROGRAMS.** The Board Office recommended that the board approve the requirement that all employees hired in the university's cooperative extension service after January 1, 1987, participate in the university's TIAA/CREF Retirement Program and social security; and the transfer of employees currently covered by the federal retirement plans to the TIAA/CREF and social security program, if an employee so elects.

The board has been aware over the past year of the funding difficulty the university is experiencing for the Cooperative Extension Program. The loss of federal funds has caused a traumatic change in the operation of the Extension Service. The university is now faced with a major change in federal funding for the retirement programs of employees in the Extension Service. Presently the employer's cost for retirement programs for these employees is 8.45% for employees hired before January 1, 1984, and 14.15% for employees hired after January 1, 1984.

Beginning January 1, 1987, the federal government will offer these employees options in their retirement programs. Employees hired before January 1, 1984, may continue their present program or they may convert to a new program which will be required for all employees hired after January 1, 1984. The new federal program includes employer contributions of 7.15 percent for social security, 14.80 percent for Federal Employees Retirement System, and an optional 5 percent for a matching savings plan for a total of 26.95 percent. The university's proposal for employees hired after January 1, 1987, would provide employer contributions of 7.15 percent for social security and 10 percent for TIAA/CREF for a total of 17.15 percent.

While it is not known how many of the existing staff would agree to transfer to the TIAA/CREF and social security program, requiring such a program for new employees will represent a saving to the university.

**MOTION:**

Regent Greig moved that the board approve the change in University Extension Service Retirement Programs as proposed by the Board Office. Regent Duchon seconded the motion, and it passed unanimously.

Regent Van Gilst asked what was happening on the Meat Irradiation Building, to which Vice President Madden stated they were negotiating with the federal Department of Energy about the project. He said there was approximately \$30 million for these facilities of which a portion was earmarked for the Iowa State project. He said they hoped to proceed on it before the end of the federal fiscal year. He noted the College of Agriculture was heavily involved.

President McDonald then asked board members and institutional executives if there were additional matters to be raised for discussion pertaining to Iowa State University. There were none.

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Wednesday, December 17, 1986.

**SALE OF ACADEMIC BUILDING REVENUE REFUNDING BONDS, SERIES U.N.I. 1987.**

Background for the refunding of selected Academic Revenue Bonds is discussed in the Iowa State University portion of these minutes. The refunding of the University of Northern Iowa Academic Refunding Bond issue is part of an effort to lower debt service requirements through 1990.

The bond issue being refunded for the University of Northern Iowa was sold in 1981 at a new interest rate of 9.73 percent. The refunding is expected to result in savings due to lower interest rates today as compared to 1981.

The refunding of the existing Academic Revenue Bonds occurred in two steps which are discussed in the Iowa State University minutes. The bids were opened at 11:30 a.m. by the board's Associate Director of Business and Finance, Richard Runner, and Springsted, Inc. After analysis of the bids by Springsted, the board's financial advisor reported on the substance of the bids and recommended the exact size of the bond issue. The board has been asked to adopt three resolutions and make an award for the sale of the bonds.

The bids were as follows:

John Nuveen	6.47%
Dain Bosworth	6.4959%

MOTION:

Regent Duchon moved that the board adopt a "Resolution providing for the sale and award of \$5,250,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 1987, and approving and authorizing the agreement of such sale and award. Regent Greig seconded the motion, and upon the roll being called the following voted:

AYE: Duchon, VanGilst, Greig, Harris, McDonald, Murphy, Anderson, Tyler.

NAY: None.

ABSENT: VanEkeren.

Whereupon the president declared the motion duly carried and said resolution adopted.

**MOTION:** Regent Tyler moved that the board adopt a "Resolution authorizing and providing for the issuance and securing the payment of \$5,250,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 1987, for the purpose of refunding Academic Building Revenue Bonds heretofore issued to defray costs of buildings and facilities on the campus of the University of Northern Iowa. Regent Murphy seconded the motion, and upon the roll being called, the following voted: AYE: Tyler, Anderson, Murphy, McDonald, Harris, Greig, VanGilst, Duchen. NAY: None. ABSENT: VanEkeren. Whereupon the president declared the motion duly carried and said resolution adopted.

**MOTION:** Regent Duchen moved that the board adopt a "Resolution authorizing the execution of an Escrow Agreement to provide for the payment of Academic Building Revenue Bonds, Series U.N.I. 1981." Regent VanGilst seconded the motion, and upon the roll being called, the following voted: AYE: Tyler, Anderson, Murphy, McDonald, Harris, Greig, VanGilst, Duchen. NAY: None. ABSENT: VanEkeren. Whereupon the president declared the motion duly carried and said resolution adopted.

President McDonald directed that all certified checks submitted by bidders except that of the best bid be returned.

The following business was transacted on Thursday, December 18, 1986.

**REGISTER OF PERSONNEL CHANGES.** The register for the month of November 1986 was approved as part of the consent docket.

**PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM.** The Board Office recommended approval of the Professional-Scientific new position, Director of Community Services.

As a part of the University's area management team for external relations and services, the Director of Community Services is engaged in strengthening the working relationships between the University of Northern Iowa and civic leaders, businesses, economic development activities, and other community agencies throughout the State of Iowa. The Office of Community Services will

function as a one-stop contact center for Iowa civic and economic leaders and organizations to seek services from the University. The primary emphasis of the office will be to support local economic development efforts by extending the University's technical assistance, research and educational services. Reporting to the Director of Planning and Policy Management, the position has been evaluated at Pay Grade VII and is in the Director IV classification.

**ACTION:** President McDonald stated the position of Director of Community Services was approved by general consent of the board.

**OTHER PERSONNEL TRANSACTIONS.** The following transactions were recommended for approval by the Board Office:

**Impending Vacancy:** The Director of Administrative Services has announced his resignation effective January 1, 1987.

**New Appointments:** Mr. Philip Patton named Acting Director, Financial Aids, effective December 2, 1986, until a permanent successor can be appointed; and, Mr. Duane McDonald, named Director/Conferences and Visitor Services, effective December 2, 1986.

**ACTION:** President McDonald stated the personnel transactions were approved by general consent of the board.

**ESTABLISHMENT OF POSITION OF VICE PRESIDENT FOR DEVELOPMENT.** The Board Office recommended that the board approve the establishment of the position of Vice President for Development at the University.

President Curris reported that establishment of this position will complete the university's major organizational structure. The university has three other vice-presidencies: academic affairs, administration and finance, and educational and student services.

The Vice-President for Development will be responsible for planning, implementing, and evaluating a comprehensive and systematic program designed to increase alumni, corporate, public, and foundation support for the university. The position will also serve as a liaison with the University of Northern Iowa Foundation.

More specific duties for this position will be developed after the position has been filled and will, in part, be based on the abilities of the person selected for the position. Funding for the position will be from the reallocation of institutional resources. The university operated for many years with four vice-presidencies. The one for development was dropped several years ago during reassignment of personnel by the previous administration.

MOTION: Regent Duchen moved that the board approve the establishment of the position of Vice President for Development at the University of Northern Iowa. Regent Greig seconded the motion, and it carried unanimously.

**ANNUAL TENURE REPORT THE UNIVERSITY OF NORTHERN IOWA.** A summary of the University of Northern Iowa's Tenure Report is contained in the General section of these minutes.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS FOR PERIOD OF NOVEMBER 4, 1986, THROUGH DECEMBER 2, 1986.** The Board Office recommended approval of the capital register.

Highlights of the register are as follows:

Approval of Program Statement

**Maucker Union--Phase II Addition**

The project will provide additional needed space for university and student functions by constructing a multi-purpose room, food service area, and expanding the existing coffee house. The addition will accommodate lectures, conferences and social events. The sources of funds are Student Activities Building Funds and Maucker Union surplus funds.

In September, the board authorized the university to initiate planning for the 20,000 square foot addition to Maucker Union. On this month's register, the university is requesting approval of the selection of Thorson Brom Broshar Snyder as project architect. The firm was selected as a result of the search process conducted by the architectural selection committee. 24 firms responded to the university's Request for Proposals, five firms were interviewed on December 2, 1986.

The university has requested authorization to negotiate an architectural agreement with the firm. The consultant agreement will be reported on a subsequent register after negotiations have been completed.

This month the university submits one new project for board approval:

Project Descriptions and Budgets

Institutional Roads--Nebraska Street Extension  
Source of Funds: State Parks/Institutional Roads Funds \$265,000

This project involves construction of Nebraska Street from 27th Street to 30th Street on the west side of the campus. The project is included in the 1987 Parks and Institutional Road program that was adopted by the board last month.

The university requested the board's approval of an agreement between the Board of Regents and the Iowa Department of Transportation for this project. The agreement is the standard contract between IDOT and the board on road construction projects funded from Parks and Institutional Road Funds. The agreement has been reviewed by the Board Office and is in order.

The change in fund source is on the Institutional Roads--Reconstruction of Campus Street and Wisconsin Street project. The board approved a budget increase of \$18,000 on the \$170,000 project in July. The university contributed internal funds at that time. The fund source change involves allocation of an additional \$18,000 from 1986 Institutional Road funds for the project. The allocation of additional road funds to this construction project has been reviewed with the interinstitutional road group and is recommended by the Board Office.

#### Consultant Agreements

Institutional Roads--Nebraska Street Extension  
(27th Street to 30th Street)  
IDOT and Board of Regents  
(Design Agreement)

Maucker Union--Phase II Addition  
Thorson Brom Broshar Snyder Architects, Waterloo, Iowa  
(Architectural Services)

The university requested approval of the architectural firm to provide design services on the addition to Maucker Union. The firm has considerable experience on the University of Northern Iowa campus and has performed satisfactorily on a number of projects. The university will return to the board for approval of an architectural agreement upon completion of negotiations.

Mr. Richey stated that since the Student Union is located in the center of the campus the board would undoubtedly like to see the preliminary plans before the project proceeds to working drawings.

#### Acceptance of Construction Projects

Auditorium Building--Replace Windows and Entrance Doors  
Paul G. Christensen Company, Cedar Falls, Iowa

Inspections found that the contractor complied with the plans and specifications. The university recommends the work be accepted as complete.

MOTION: Regent Tyler moved that the Register of Capital Improvement Business Transactions for the period of November 4, 1986, through

UNIVERSITY OF NORTHERN IOWA  
December 17-18, 1986

December 2, 1986, be approved by the board.  
Regent Murphy seconded the motion, and it  
passed unanimously.

President McDonald then asked the board members and institutional executives if there were additional matters to be raised for discussion pertaining to the University of Northern Iowa.

**NAMING OF BUILDING.** President Curris said he would like the board's approval to name the Art Building after John Kamerick, former university president who will be retiring from the faculty and moving to Florida. He stated Kamerick served as president for 13 years and subsequently has been on the faculty for 2 1/2 years.

**MOTION:**

Regent Murphy moved that the Art Building at the University of Northern Iowa be named after John Kamerick. Regent VanGilst seconded the motion, and it passed unanimously.

There were no other items of discussion.

## IOWA SCHOOL FOR THE DEAF

The following business pertaining to the Iowa School for the Deaf was transacted on Thursday, December 18, 1986.

**REGISTER OF PERSONNEL CHANGES.** The register for the month of November was approved as part of the consent docket.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** The register for the month contained no transactions.

President McDonald asked board members and institutional executives if there were additional matters to be discussed pertaining to the Iowa School for the Deaf. There were none.

## IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to the Iowa Braille and Sight Saving School was transacted on Thursday, December 18, 1986.

**REGISTER OF PERSONNEL CHANGES.** The register for the month of November was approved as a part of the consent docket.

**REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.** This month's register contained no transactions.

**LEASE - CITY OF VINTON (Renewal).** The Board Office recommended that the board approve the lease of a parcel of ground (exact legal description provided in lease to govern) adjacent to the IBSSS campus to the City of Vinton for use as a city park for a term of ten years commencing January 1, 1987, and ending January 1, 1997, for a rent of \$1.00 per year for the term.

In 1967 the City of Vinton became involved in this park area. The city has installed off-street parking, sanitary restrooms, baseball diamonds, playground equipment, an enclosed shelter house, and landscaping. The entire area is maintained by staff from the Vinton Park Department. The area is used by the general public and provides a rest stop and recreational area for visitors and tourists travelling State Highway 218. Students and staff from the school also use the facility.

The lease by which the city uses the parcel expires December 31, 1986. The City wishes to renew the lease for ten years. The lease provides that if the city were to change its use of the parcel or fail to maintain the park, the board could terminate the lease on 30 days notice. Either party may terminate the lease on one year's notice. The City holds harmless the board from any and all claims, demands, or damages arising out of the use of the park. The board is granted authority to approve the master plan for the park. The park is physically separated from the IBSSS campus by 13th Street.

As the lease provides a community service for the City of Vinton, and as the school has no present need for the land, and as the parties may terminate the lease on notice, approval of the lease is recommended.

Business Manager Berry stated they wished to continue this lease for the reasons stated above.

IOWA BRAILLE AND SIGHT SAVING SCHOOL  
December 18, 1986

MOTION:

Regent VanGilst moved that the above approve the lease of a parcel of ground adjacent to the IBSSS campus to the City of Vinton for use as a city park for a term of ten years commencing January 1, 1987, and ending January 1, 1997, for a rent of \$1.00 per year for the term. The motion was seconded by Regent Harris, and upon the roll being called, the following voted:

AYE: Anderson, Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren, VanGilst.

NAY: None.

ABSENT: None.

President McDonald then asked board members and institutional executives if there were additional matters to be raised for discussion pertaining to Iowa State University. There were none.

**ADJOURNMENT.** The meeting of the State Board of Regents adjourned at 2:30 p.m. on Thursday, December 18, 1986.

  
R. Wayne Richey  
Executive Secretary