

The State Board of Regents met in Des Moines, Iowa, on Monday, July 13, 1981. Those present were:

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Members of State Board of Regents:

Mr. Brownlee, President	All Sessions
Mrs. Anderson	All Sessions
Mrs. Jorgensen	All Sessions
Mr. McDonald	All Sessions
Mrs. Murphy	All Sessions
Mr. Nolting	All Sessions
Mr. Neu	All Sessions
Mr. Wenstrand	All Sessions

Office of State Board of Regents:

Executive Secretary Richey	All Sessions
Director Barak	All Sessions
Director McMurray	All Sessions
Director Sonnenschein	All Sessions
Director Volm	All Sessions
Director Wright	All Sessions
Ms. Baker, Secretary	All Sessions

State University of Iowa:

President Boyd	Exc. 2:20 p.m.
Vice President Bezanson	Exc. 2:20 p.m.
Vice President Moll	Exc. 2:20 p.m.
Assistant Vice President Small	Exc. 2:20 p.m.
Assistant to President Mahon	Exc. 2:20 p.m.
Director Hawkins	Exc. 2:20 p.m.
Acting Director Brisben	Exc. 2:20 p.m.

Iowa State University:

President Parks	Exc. 1:30 p.m.
Vice President Christensen	Exc. 1:30 p.m.
Vice President Hamilton	Exc. 1:30 p.m.
Vice President Moore	Exc. 1:30 p.m.
Assistant Vice President Madden	Exc. 1:30 p.m.
Assistant to President Henry	Exc. 1:30 p.m.

University of Northern Iowa:

President Kamerick	Exc. 1:25 p.m.
Provost Martin	Exc. 1:25 p.m.
Vice President Stansbury	Exc. 1:25 p.m.
Director Kelly	Exc. 1:25 p.m.

Iowa School for the Deaf:

Superintendent Giangreco	Exc. 11:20 a.m.
Business Manager Kuehnhold	Exc. 11:20 a.m.

Iowa Braille and Sight Saving School:

Superintendent DeMott	Exc. 11:25 a.m.
Business Manager Berry	Exc. 11:25 a.m.

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The following business pertaining to general or miscellaneous items was transacted on Monday, July 13, 1981.

APPROVAL OF MINUTES. Due to the assignment of additional duties to the minutes secretary during the month of June, the minutes for the June board meeting were not completed. President Brownlee noted that the June minutes would be approved at a subsequent board meeting.

ACCREDITATION OF IOWA BRAILLE AND SIGHT SAVING SCHOOL. It was recommended that the board receive the report on the accreditation of the Iowa Braille and Sight Saving School.

The Board Office noted that on previous occasions the board received information regarding accreditation of the Iowa Braille and Sight Saving School. The Commission on Accreditation of the National Accreditation Council notified the school by letter that it has been accredited for the maximum award of accreditation allowable under the commission's policies.

The Board Office said the school should be congratulated for achieving this accreditation.

President Brownlee received the report on the accreditation of the Iowa Braille and Sight Saving School and congratulated the school.

DETAILED OPERATING BUDGETS FOR FISCAL YEAR 1981-82. It was recommended that the board allocate the Western Iowa Continuing Education appropriation as follows:

University of Iowa	\$37,207
Iowa State University	58,194

The Board Office explained that in June 1981 the Regents authorized the Regent institutions to begin operations at a specified preliminary budget level. In total, that budget level was \$449.6 million in general funds. The final detailed operating budgets submitted for approval matched that total for general operations. Minor adjustments in the distribution of expense occurred and were noted by the institutions. There were no new policy issues.

General Program Operations

In the category of income, the final detailed income budget for Regent institutions matched that in the preliminary budget approved in June.

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Appropriations comprised \$275.5 million or 61% of the total proposed budget. Institutional income accounted for 39% of general program operating budgets. Institutional income for general universities only accounted for 26% of operating costs. Institutional income at the special schools accounted for approximately 4% of operating costs.

In the area of expenditures, the Board Office reported that the final detailed education and general operating budgets matched those in the preliminary budgets for each appropriation unit. However, each campus reallocated expenditure budgets to some degree from those reported in the preliminary budget approved in June 1981. Most of the adjustments were of a technical nature with a few of substance.

An item that remained to be firmed up was the new rates for Blue Cross-Blue Shield insurance for 1981-82. It had not been determined whether insurance rate assumptions in the state's salary adjustment fund would cover actual insurance rate changes.

The Board Office said that even with base appropriation reductions of 4.6%, state appropriations for Regent institutions as previously reported increased approximately 5.2% when compared to the original 1980-81 appropriations. Additional institutional income earned or estimated for 1981-82 made the total estimated increase for 1981-82 10.5%, again when compared to the original 1980-81 budget. The following table summarizes the original 1980-81 budget and compares it to the proposed 1981-82 budget by expenditure category.

<u>Expenditure Category</u>	<u>Original Budget 1980-81</u>	<u>Original Budget 1981-82</u>	<u>% Change 1981-82</u>
Salaries & Fringe Benefits	\$315,877	\$349,383	10.6
Fuel & Purchased Electricity	19,052	22,394	17.5
Supplies & Services	58,839	65,681	11.6
Equipment	4,075	3,422	(16.0)
Books	5,094	5,515	8.3
Building Repairs	<u>3,795</u>	<u>3,223</u>	<u>(15.1)</u>
Total (000s omitted)	<u>\$406,732</u>	<u>\$449,618</u>	<u>10.5%</u>

The impact of the base appropriation reduction was most notable in the equipment and building repairs categories where net reductions in 1981-82 compared to 1980-81 were 16.0% and 15.1%, respectively. Other categories were increased from 8.3% to 17.5%. The single largest increase was for fuel and purchased electricity where state policy was to fund projected increases on a rolling three-year average of energy consumption adjusted for price inflation.

Having undergone a base appropriation reduction with its previously reported implications for program scope, the Board Office said it was instructive to see how the appropriation loss and reallocation process may have affected the distribution of funds among expenditure categories. The table below compares for the most recent three years the shares of total education and general funding for each expense category.

<u>Expenditure Category</u>	<u>Original Budget Distribution</u>		
	<u>1979-80 Budget</u>	<u>1980-81 Budget</u>	<u>1981-82 Budget</u>
Salaries & Fringe Benefits	77.2%	77.7%	77.7%
Fuel & Purchased Electricity	4.5	4.7	5.0
Supplies & Services	14.7	14.5	14.6
Equipment	1.1	1.0	0.8
Books	1.2	1.2	1.2
Building Repairs	1.3	0.9	0.7
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Fuel and purchased electricity, consonant with state policy to meet price inflation on energy purchase, continued to increase its share of education and general funding. Yet, even at an estimated 5% for 1981-82, it remained a modest portion of total outlay. The shares reported for supplies and services and library books when associated with increases reported in the table above indicate the universities and schools are making an effort to protect purchasing power for the range of items and services involved. Equipment and building repairs continue to show a decline in budget shares. In the short run, said the Board Office, the significance of these declines may be obscured; however, over time continued underfunding in these areas will negatively impact the campus operations.

1981-82 Special Purpose Appropriations

Each year the Regents have expenditure authority for a set of appropriations separate from the basic institutional appropriation units. Some of these appropriations are directly to the Regents for allocation to the campuses such as Western Iowa Continuing Education. There is also a set of standing appropriations to meet specialized needs.

The Board Office noted that during the preceding biennium the appropriations averaged approximately \$3.1 million annually while those appropriated for the current biennium average approximately \$1.6 million annually.

Notable by their absence were funding for health education federal capitation grant losses, excess quota patient funding, and census data center funding, all of which were requested for the 1981-83 biennium.

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Mr. Richey noted that an exhibit showing the amounts for salaries and all other budget categories for each unit per institution on an aggregate basis was distributed at the beginning of the meeting. He pointed out that the budgets were substantially in agreement with the policies approved by the board in June.

Vice President Christensen said the allocation for the Western Iowa Continuing Education appropriation was fair and understandable. He pointed out that the board has an obligation to western Iowa to provide the necessary programs and hoped that funding could be increased in the future.

MOTION:

Mr. Wenstrand moved that the board allocate the Western Iowa Continuing Education appropriation in 1981-82 as follows:

University of Iowa \$37,206
Iowa State University 58,194

Mrs. Anderson seconded the motion and it passed unanimously.

REPORT ON FUEL AND PURCHASED ELECTRICITY, 1981-82. It was recommended that the board authorize the University of Iowa to reallocate appropriated funds among its organizational units to cover deficits in the fuel and purchased electricity accounts for 1980-81.

The Board Office reported that all institutions except the University of Iowa were able to control expenditures for fuel and purchased electricity within the original budgets for 1980-81 as approved by the Board of Regents.

The University of Iowa's final figures for 1980-81 were as follows:

<u>Organizational Unit</u>	<u>Under (Over) Budget</u>
General University	\$142,000
University Hospitals	(2,000)
Psychiatric Hospital	(14,000)
State Hygienic Lab	0
Hospital School	(9,000)
Oakdale Campus	(144,000)
	<u>(\$27,000)</u>

The figures for the University and Psychiatric Hospitals are adjusted to exclude support by private paying patients.

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The university realized an increase of \$2.7 million in institutional income over the original budget, which was a much greater difference from the original estimate than for the other institutions.

In view of the modest deficit of \$27,000 and the considerable underestimate of institutional income, the Board Office recommended that the University of Iowa absorb the fuel and purchased electricity deficit. However, it was recognized that the institution may want to reallocate funds among its organizational units to cover the deficits. The Board Office recommended that the university be authorized to make such reallocations.

Mr. Richey explained that under the pass-through policy for fuel and purchased electricity budgets in past years transfers were made at the end of the year to offset any losses by the universities or special schools so that no institution was penalized. This year the expenditures were very close to the budget estimate. The University of Iowa was the only place where there was a problem which amounted to \$27,000. Mr. Richey said this was a nominal amount and it was determined that it was not appropriate to ask for a transfer this year. If this had been a more substantial sum, the Board Office would have recommended the transfer.

Mr. Richey pointed out that there will not be a pass-through policy in the second year of the biennium and that a new policy on fuel and purchased electricity is being developed.

Vice President Bezanson indicated that it was his understanding that the university could reallocate this amount within the university. He noted there was a deficit at the Oakdale Campus which included cost of repairing the bag house filters. He said the university would try to cover the amounts involved by balancing them out. He said that to some extent there would be a net deficit but that the university would do its best absorb it.

MOTION:

Mr. McDonald moved that the board authorize the University of Iowa to reallocate appropriated funds among its organizational units to cover deficits in the fuel and purchased electricity accounts for 1980-81. Dr. Harris seconded the motion and it passed unanimously.

BUDGET OF BOARD OFFICE FOR FISCAL YEAR 1981-82. It was recommended that the board approve the final operating budget for the Board Office of \$623,099 for fiscal year 1981-82.

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The Board Office indicated that the proposed final budget of \$623,099 compared to the approved preliminary budget of \$621,988. The difference of \$1,111 was reflected in additional health insurance adjustment funds allocated by the State Comptroller.

The revised budget reflected the salary of the executive secretary as established by the Governor for fiscal year 1982. The additional amount for the salary increase was offset by increasing the anticipated salary savings. The assessments to the institutions for operation of the Board Office for the fiscal year were identical to those actually assessed for fiscal year 1981.

There were no other changes in the proposed final budget from the approved budget.

MOTION: Mrs. Murphy moved that the board approve the final operating budget for the Board Office of \$623,099 for fiscal year 1982.

PLANNING FOR SUPPLEMENTAL BUDGET REQUEST FOR FISCAL YEAR 1981-83. It was recommended that the institutions review their operating and capital budget needs for fiscal year 1982-83 to ascertain whether supplemental funds are needed and, further, that the Board Office submit a report to the Board of Regents on tuition policy for preliminary consideration by the board in September.

The Board Office explained that the Governor's budget recommendations to the General Assembly for the 1981-83 biennium were made with the premise that a supplemental review of the needs of the agencies and the institutions would be made for the second year of the biennium to ascertain if adjustments were needed or possible. The Governor's budget recommendation for the Board of Regents were adopted without major change by the General Assembly. The 4.6% adjustment in appropriations was restored in the second year of the biennium. Salary policy was set generally for the biennium with an average budget adjustment of 8% per year.

It was pointed out that the issue of the Regents' capital needs will be before the General Assembly in any case during the 1982 Session. The Governor's recommendation for \$58 million in bonding authority for the universities for the biennium was approved by the General Assembly. The General Assembly added three capital projects to the authorized bonding list but did not provide sufficient bonding authority for funding. The resolution adopted by the General Assembly and signed by the Governor also required that the list of construction projects to be funded by bonding during the second year of the biennium be subject to review by the Joint Appropriations Subcommittee.

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During the legislative session strong suggestions were made by persons in both the legislative and executive branches of the state government that the board should review tuition policy annually and adjust the rates annually. Several efforts by legislators to raise tuitions beyond the rates established by the Regents for the 1981-83 biennium were unsuccessful.

The institutions have met on an informal basis to discuss their budget needs for the second year of the biennium and have assigned tasks to various study groups within the institutions to ascertain the needs. It was anticipated that the institutions will work together in developing a joint request for submission to the board in September for preliminary consideration. It was anticipated that the board would give further consideration to the institutional requests and take final action in October.

The Board Office staff has been instructed by Mr. Richey to begin a study of tuition policies and the rates set by comparable institutions for the current year to ascertain the standing of Iowa relative to regional and national rates. The staff was also instructed to study in substantial detail the effect of changing national policies on student assistance as they might affect accessibility to the institutions and the levels of tuitions and fees that should be established. It was expected that this report would be ready for board consideration in September. At that time the board could address the issue of annual versus biennial review of tuition policy and give preliminary consideration to the levels of tuitions that should be charged in the second year of the biennium, if the board deems an annual review to be appropriate. It was anticipated that the board would not act until the October meeting on actual rates of the second year of the biennium, if it determines that the rates should be reviewed annually.

It was noted that the State Comptroller has stated that the probable date for submission of supplemental budget requests for the second year of the biennium will be November 1.

President Kamerick opened discussion by indicating that the budget committee of the five Regent institutions had met. The committee plans to submit recommendations for a supplemental budget request to the board. Work has been assigned to various committees and a report is expected to be made to the board in September. This will probably include a recommendation and a summary of what has been accomplished up to that time.

President Brownlee asked if the committee was concerned with both operating and capital budgets. President Kamerick indicated that it was concerned with both areas but that the emphasis has been on the operating budgets.

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President Brownlee noted that associated with the committee's report would be a review of tuition policy by the Board Office. Mr. Richey indicated that the Board Office staff would review tuition policies of the board as they relate to the issue of annual fees, annual establishment of rates, competitive rates, and rates of comparable institutions in the 11-state area and regionally. These studies are expected to ascertain what has happened to student assistance in view of the major changes that have taken place in federal programs.

Mr. Richey indicated these studies would be reported to the board unless the board objected to them. The board was being informed of the studies to give members a chance to make any comments. Mr. Richey asked board members if there were particular areas to which board members wanted the Board Office to pay attention. President Brownlee said that if board members had ideas about the particular directions the Board Office study should take, they could indicate them at the meeting or directly to the Board Office.

He noted that the matters of the supplemental budget requests and a tuition review would be discussed by the board in September and that a final determination on them would be made at the October board meeting.

Regent Jorgensen thought it would be wise to study the tuition policies. She noted that it is hard to anticipate what the inflation rate will be. She felt it was important to have enough time to let students and others know if there is going to be a change in the tuition policy. Regent Wenstrand agreed that such a review was essential. He noted that hopefully by the time the board considers these reports the student assistance policies on the national level will be known. This will be a primary consideration of the board.

Mr. Richey said that the Board Office had asked the institutions for help in gathering information. He said that normally the tuition rates are formulated by the Board Office and discussed with the institutions. The institutions, by board directive, discuss the proposed rates with representatives of the student body. He noted that because of this policy of consultation with the students, there could be some news reports about the policy before the September board meeting. The board will not have an opportunity to consider this until that time. He noted that the board's actions would depend on student feelings.

President Brownlee asked if there were any comments or objections to the procedure outlined. There were none. President Brownlee indicated that the budget committee would work on the supplemental budget request and the tuition study would go forward. He reminded board members that they could make comments on the tuition study directly to the Board Office.

PROPOSED CHANGES IN BIDDING PROCEDURES AND AMOUNTS FOR CONSTRUCTION CONTRACTS AND PURCHASE ORDERS FUNDED BY ACADEMIC REVENUE BONDS. Two recommendations were made to the board:

1. That the board amend Procedural Guide references, as appropriate, to account for legislative action in Senate File 146 which provides for an increase in the amount setting out certain bidding requirements from \$5,000 or \$10,000 to a uniform \$25,000 level. This change affects Procedural Guide references 9.01A and B, 9.02A, 9.02B(1), and 8.07.
2. That the board add a section to 8.07 of the Procedural Guide, as shown below, to revise that section to account for the change in the procedure for award and ratification of contracts that involve the executive secretary.

The Board Office explained that in Senate File 146 the Legislature increased the value of contracts for public improvements from \$10,000 to \$25,000, which require certain procedures if work is done by outside contract. The bill also changed to a \$25,000 cap those projects which would require a public hearing prior to initiation of the work. The bill became effective July 1.

Enactment of this bill created the need for several changes in the Regents' Procedural Guide:

1. Section 9.01, public hearing, section A, would read as follows:

Before any municipality shall enter into any contract for any public improvement to cost twenty-five thousand dollars or more, the governing body proposing to make the contract shall adopt proposed plans and specifications and proposed form of contract, fix a time and place for hearing at the municipality affected or other nearby convenient place, and give notice by publication in at least one newspaper of general circulation in the municipality at least ten days before the hearing.

2. In Section 9.01B the reference to \$10,000 as a requirement for holding a public hearing would be changed to \$25,000. It is probable this will have to be filed as an administrative rule change.
3. In Section 9.02, Construction, Repairs, or Improvements, Section A, a reference to \$10,000 would be changed to \$25,000.
4. Section 9.02B, Public Bidding Procedures, is an insertion of Code 262.34. That section would be changed to read as follows:

When the estimated cost of construction, repairs, or improvement of buildings or grounds under charge of the state board of regents exceeds twenty-five thousand dollars, the board shall advertise for bids for the contemplated improvement or construction and shall let the work to the lowest responsible bidder. However, if in the judgment of the board bids received

are not acceptable, the board may reject all bids and proceed with the construction, repair, or improvement by such method as the board may determine. All plans and specifications for repairs or construction, together with bids thereon, shall be filed by the board and be open for public inspection. All bids submitted under this section shall be accompanied by a deposit of money or a certified check in an amount as the board may prescribe.

5. Section 8.07, which covers the purchase of equipment funded by academic revenue bonds, contains the \$10,000 figure in both sections A and B which would be increased to \$25,000. Those particular equipment orders are to be treated in much the same manner as construction bids. This amendment may also have to be filed as an administrative rule change.

The Board Office recommended amending Section 8.07 as follows:

- D. The procedures set forth in Section 9.06 of this Guide shall also apply to purchase of equipment, as described in Section B above, funded by academic revenue bond proceeds.

The Board Office noted it has been several years since the board has had equipment funded by academic revenue bonds. However, a substantial amount of equipment for Iowa State University for the Quadrangle and Library Addition was included in the projects authorized by the 1981 Legislative Session. The procedures in the Procedural Guide have not been updated since 1972 to account for the change made in award of contracts and the role of the executive secretary in that process. Those procedures are set forth in section 9.06 of the Procedural Guide.

Mr. McMurray began discussion by explaining that Senate File 146 increased the amount under which procedures for bidding projects become effective. He said the Code had had a number of references to amounts ranging from \$5,000 to \$25,000 and that the bill made these amounts uniform at the \$25,000 level. A number of changes needed to be made in the Regents' Procedural Guide to correct references to \$5,000 or \$10,000.

Because of the proposed sale of academic revenue bonds for Iowa State University and because some bonds will be used to purchase equipment, the Procedural Guide was reviewed to determine if the section relating to equipment funded by academic revenue bonds needed to be updated to reflect the role of the executive secretary in the award of contract procedures. The suggested amendment shown above would bring that section into conformity with other construction contract procedures.

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Mr. Richey noted that in January the board acted to raise the amount that could be done by campus work forces to \$50,000. If a project exceeds \$50,000, the institution usually must go through a competitive bidding process. If a project does not exceed \$50,000, the institution has the option of doing the work by the internal work force or outside contract. This was done based on advice from the Attorney General's office and in consideration of the employment situation. He pointed out that this was a different policy from the one being discussed and said the two should not be confused.

Regent Jorgensen said she understood the policy and approved of using the institutional work force. However, she expressed concern about the long-range effect. As the budgets improve she would like to see the amount reduced to \$25,000. This would keep the in-house work forces competitive by having to go through a bidding procedure. She suggested reviewing this before the end of the fiscal year. Regent Jorgensen pointed out that the board does not know how much work is taking place between \$25,000 and \$50,000. She said the board needs to be sure the work is being done competitively and at a realistic cost.

President Brownlee suggested that each institution provide a report on the projects completed by the inhouse work forces in order to give the board an idea of how much work is done between \$25,000 and \$50,000. Mr. Richey indicated there would be a year's experience under the board's bidding policy in January. President Brownlee suggested that a report be made to the board in February.

Vice President Moore suggested that the criteria for the report would depend on whether projects are scheduled during the academic year or between academic terms, whether or not the institutions accept layoffs, and retention policies. He said these criteria affect the economy and quality of work done. Most of the time the work done by the inhouse force is of better than average quality.

Vice President Moore pointed out that there was an unusual situation in the past year because there was a budget cut after final budgets were approved. Because of this there was a significant reduction in building repair funds at each of the institutions. This resulted in decisions being made on criteria that were essentially different than in past years.

Regent Jorgensen agreed that there was a change in the last year from the way the board has normally done business and said a report as suggested would be helpful.

President Brownlee indicated that the Board Office would develop guidelines for the report and that suggestions from the institutions would be welcomed.

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President Brownlee said that the institutions and board office had received complaints from the construction industry about the board's policy. He said he wanted the industry to know that he planned to pay attention to this problem and encourage the board to make sure that the institutions are very careful in the selection of projects to be completed by the inhouse work force. He said the board recognized the complaints and that it would investigate the whole area and be careful to do the proper thing.

President Brownlee pointed out, however, that the current action was not concerned with the inhouse work force question but was to bring the Procedural Guide into compliance with Senate File 146.

MOTION:

Mrs. Andersen moved that the board amend Procedural Guide references, as appropriate, to account for legislative action in Senate File 146, which provides for an increase in the amount setting out certain bidding requirements from \$5,000 or \$10,000 to a uniform \$25,000 level, which affects Procedural Guide references 9.01A and B, 9.02A, 9.02B(1), and 8.07 and add a section to 8.07 of the Procedural Guide, as shown above, to revise that section to account for the change in the procedure for award and ratification of contracts that involve the executive secretary. Mrs. Jorgensen seconded the motion and it passed unanimously.

President Brownlee indicated that the Board Office would respond, where appropriate, to letters received from anyone expressing interest in the bidding policy to let them know that the issue has been addressed by the board and that it will continue to be addressed in the future.

REVISION OF REGENTS MERIT SYSTEM RULE CONCERNING REDUCTION IN FORCE (AFFIRMATIVE ACTION). It was recommended that the board approve the following revision (underlined) in the Regents Merit System rule on staff reduction:

3.104(4) Reduction in force.

e. There will be competition among all employees in the class of position or positions affected by the layoff based on a retention points system that will consist of points for length of service and performance evaluation of all employees in the

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class within the organizational unit or units affected. However, five (5) percent of the employees in the class within the organizational unit or units may be exempt from the procedure with approval of the resident director for purposes of affirmative action. Such five (5) percent shall be not less than one (1) person.

The Board Office reported that in a review of merit rules concerning staff reduction by the Board Office and institutional officials the only modification considered appropriate was the addition of an affirmative action exclusion provision. The provision would allow the Regent institutions, in a time of staff reduction, to avoid negative influence on affirmative action gain which had been made at the institutions.

The Board Office explained that since staff reduction considers length of service with the institutions, recent gains made in affirmative action growth at the institutions could be totally destroyed through a staff reduction which did not recognize the State of Iowa's and the Board of Regents' commitment to affirmative action. In allowing 5% of the employees in an affected class to be exempt from the staff reduction procedure for affirmative action purposes, the gains made in placement of women and minorities in merit positions in more recent years can be protected during a time of staff reduction.

The proposed revision is permissive and, therefore, provides flexibility. It is in keeping with such an excusion included in the collective bargaining agreement for organized employees. Experience under the contracts showed that the provision adequately covered protected classes. It was expected it would do the same in the non-organized group.

Mr. Richey said that this proposal on affirmative action would allow a certain number of positions on a selective basis to be exempt from reductions in force because of affirmative action. The institutions could choose whether or not to do this and would consider specific facts in each case. President Brownlee noted that the proposal was an attempt to avoid a negative influence on the affirmative action efforts of the board and institutions.

Regent Anderson questioned what effect the proposal would have. Mr. Richey said it would give the institutions the authority to exempt positions if they wish. He said it was important in terms of maintaining affirmative action.

Regent Anderson indicated a concern that the provision would hold up in court. She approved of the proposal but was concerned about its legality in the case of a person who is laid off as a result of another person being exempted from layoff because of affirmative action.

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Mr. Richey did not know and said the Board Office would pursue this question. President Brownlee suggested that the use of the word "may" would provide protection.

Regent Anderson questioned how the provision would protect affirmative action since the word "may" was used. Regent Neu indicated that without the change the institutions would not have any authority to exempt positions and would have to lay people off based strictly on seniority. The use of the word "may" would give the institutions an opportunity to make a determination about exempting positions. He said this was an effort to maintain the efforts in affirmative action and not let them slip. He pointed out three alternatives: 1) to do nothing; 2) the proposed revision; and 3) to use the word "shall." President Brownlee said the provision would authorize and encourage the institutions' efforts and make affirmative action possible.

Regent Neu presumed that the affirmative action programs would continue and said that in a time of layoffs the provision would give the institutions more flexibility to not undermine existing affirmative action. He did not view the proposal as a step back in regard to affirmative action.

Regent Anderson was not sure the proposal would provide enough protection to affirmative action but did not think that it could be legally made stricter. Regent Nolting indicated that based upon his experience the revision would provide adequate protection for affirmative action. He pointed out that the language of the proposal indicated it would apply to each unit. There are sometimes units that are all male or all female. He assumed the institutions would proceed with the idea of providing affirmative action and work this out.

Regent Anderson said she would be interested in a review of the actual effect of layoffs under this policy and whether there was any question about it or challenge to it.

Asst. Vice President Small said there was a case dealing with the affirmative action program in Detroit pending before the Supreme Court. This case deals with the question of whether business bodies may make this kind of effort on affirmative action voluntary. So far it has been upheld in the Court of Appeals. Therefore, said Asst. Vice President Small, it was likely that the proposal was legal.

Asst. Vice President Small noted that a similar provision already exists in the collective bargaining agreements. This provision has not been challenged and there is no reason to believe it is not legal.

President Brownlee indicated that a followup report would be made on the effect of the revision.

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MOTION:

Mr. Nolting moved that the board approve the above revision in the Regents Merit System rule on staff reduction.
Mr. Wenstrand seconded the motion and it passed unanimously.

FIDELITY BONDS FOR INSTITUTIONAL TREASURERS. It was recommended that the treasurer surety bond at Iowa State University be renewed for \$500,000 annually for a period of three years beginning July 1, 1981, and that the treasurer surety bond at Iowa Braille and Sight Saving School be increased from \$50,000 to \$150,000 for a three-year period effective July 1, 1981.

The Board Office reported that at present the University of Iowa treasurer is bonded for \$400,000 with an additional \$500,000 coverage under the institution's blanket employee fidelity bonds. Iowa State University's treasurer is bonded at \$500,000. The University of Northern Iowa's treasurer is bonded at \$400,000. Iowa School for the Deaf's treasurer is bonded at \$100,000 and through June, 1981, the treasurer's bond at Iowa Braille and Sight Saving School was \$50,000.

There has been a continuing review of the adequacy of the level of Regent institution treasurer bonds. The review is done in cooperation with the Regent Banking Committee. Recently, the Board Office and Banking Committee undertook consideration a risk exposure index designed for city treasurers, but with broader applicability. Based on this index, the treasurer's bond at Iowa Braille and Sight Saving School should be raised from \$50,000 to \$150,000 in recognition of the investment portfolio managed by the treasurer at that institution.

The Board Office reported that the State of Iowa has a contract for special surety bonds as well as general employee blanket bonds. The premium costs at Iowa Braille and Sight Saving School could be reduced proportionately by placing the bond under the state contract. The treasurer's bond at Iowa State University now costs less than it would under the state's contract. Therefore, the Board Office advised Iowa State University to continue with its current carrier.

As each treasurer's bond comes up for renewal, consideration will be given to carrier costs and sufficiency of coverage. The exposure index indicates additional coverage may be appropriate.

The Board Office recommended continuation of existing treasurer bond coverage at Iowa State University at \$500,000 and authorization of increased coverage for the treasurer at Iowa Braille and Sight Saving School to \$150,000.

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Mr. Richey pointed out that the proposal was to continue the fidelity bond for the Iowa State University treasurer for another three years but to review whether the amount is adequate. He noted that this is within the province of the Banking Committee.

The bond for the Iowa Braille and Sight Saving Treasurer would be placed under the state contract. This would save money, provide more coverage, and show a spirit of cooperation within the state.

MOTION:

Mr. Neu moved that the board approve renewing the treasurer surety bond at Iowa State University for \$500,000 annual for a period of three years beginning July 1, 1981, and approve increasing the treasurer surety bond at Iowa Braille and Sight Saving School from \$50,000 to \$150,000 for a three-year period effective July 1, 1981. Mrs. Jorgensen seconded the motion and it passed unanimously.

PARENT OR GUARDIAN TRANSPORTATION REIMBURSEMENT - IOWA SCHOOL FOR THE DEAF AND IOWA BRAILLE AND SIGHT SAVING SCHOOL. It was recommended that the board approve maintaining the per mile rate for parent or guardian reimbursement at both institutions at 15¢ per mile and that where more than one child is involved per family, the parents be reimbursed for one trip only.

The Board Office noted that the Code of Iowa was amended in 1980 to allow the Board of Regents to establish travel reimbursement policy for parents and guardians of students at the special schools. This was done in order that special needs at the Iowa Braille and Sight Saving School and Iowa School for the Deaf could be met in an equitable manner.

The Board Office said there are some differences in how each institution reimburses parents or guardians of the students.

Both institutional superintendents recommended that existing parent or guardian travel reimbursement rates be maintained at the current 15¢ per mile. The Board Office supported this recommendation because of budget stringencies. When funds become available, said the Board Office, the reimbursement policies should be standardized.

Mr. Richey explained that the board is required by law to review the reimbursement policies annually. He said no changes in the policy were proposed because money for it is not available. He indicated that it was recognized that the reimbursement policies differ from other jurisdictions.

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MOTION: Mrs. Anderson moved that the board approve maintaining the per mile rate for parent or guardian reimbursement at Iowa School for the Deaf and Iowa Braille and Sight Saving School at 15¢ per mile and that where more than one child is involved per family, the parents be reimbursed for one trip only. Dr. Harris seconded the motion and it passed unanimously.

BOARD OFFICE PERSONNEL REGISTER. The actions reported in the Board Office Personnel Register were ratified by the board:

Merit Increase:

Ellen L. Discher, Secretary II, to \$12,713 annually (Grade 106, Step 13) after annual merit evaluation, effective June 29, 1981.

COUNSEL FOR IOWA STATE UNIVERSITY. Mr. Richey introduced a supplemental item on obtaining legal counsel for Iowa State University. He explained that there are several outstanding disputes for which legal counsel is required. The nature of the work is such that the Attorney General's staff cannot do the full amount of work. He noted that the Board Office had been in contact with the university and Attorney General's office in regard to special counsel.

Since the board will not meet again until September, Mr. Richey recommended that the board authorize him and the institution to work with the Attorney General's office to obtain legal counsel and to get the approval of counsel of the State Executive Council. He noted that this would involve much consultation.

Mr. Henry explained that the cases involved are cases in which the university is the plaintiff. They are concerned with the area of utilities. Some of these cases were sent to the Attorney General's office several years ago. The facts have now been developed and the university is possibly in a position to bring some plaintiff's suits for recovery on warranties and other damages. The cases deal with technical and mechanical systems so the Attorney General's office recommended using outside counsel in the area of utilities and tort law. The plaintiff cases would be handed under a contingency fee system.

MOTION: Mr. Nolting moved that the board authorize the Board Office and Iowa State University to work with the Attorney General's office to obtain legal counsel and to get the approval of the State Executive Council. Dr. Harris seconded the motion and it passed unanimously.

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NEXT MEETING. The next meetings of the Board of Regents are as follows:

August	NO MEETING	
September 16-17	Iowa School for the Deaf	Council Bluffs
October 21-22	University of Iowa	Iowa City
November 18-19	University of Northern Iowa	Cedar Falls
December 16-17	Iowa State University	Ames

SEARCH FOR PRESIDENT FOR UNIVERSITY OF IOWA. In March 1981 a procedure was developed to select a replacement for President Boyd who resigned to take a position as president of the Field Museum of Natural History in Chicago. During the week of July 13, 1981, the board planned to interview seven candidates for the presidency of the University of Iowa.

President Brownlee began the discussion on the search for the president of the University of Iowa by stating that the board needed to discuss procedures to be used in the final selection process. He said that board members should use this opportunity to make suggestions about the number of votes necessary to be selected as president and make comments on any other procedures that should be settled in advance of the election.

Regent Wenstrand suggested that a 2/3 majority, or 6 votes, should be the minimum number of votes necessary to elect a president. President Brownlee noted that this number of votes had been used in previous presidential searches.

Regent Harris thought a unanimous vote might be appropriate. He said if he were the final candidate, he would like to think that he received the position based on a unanimous vote rather than on a vote of 6-3. He thought this would make the person selected feel better about coming into the position. President Brownlee said that if a candidate received 6 votes, hopefully he or she would soon become the unanimous choice of the board.

Regent McDonald felt a ratio of 2/3 should be required as a minimum. He wondered about voting on all seven candidates at the end of the interviewing process or if there should be a process of elimination so that the board would be taking final action on less than seven candidates.

Regent Anderson thought it would be best to take a final vote on three or four of the candidates. An interim process could be used to narrow the number down by consensus. Regent Anderson did not think a unanimous vote would be necessary but said she would feel more comfortable with a majority vote of 7 instead of 6 votes.

Regent Neu agreed that the list of candidates should be narrowed down to 3 or 4 before the board takes a final vote. President Brownlee indicated that this could be done by consensus among the board members.

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Regent Neu also said he felt a 2/3 vote would be reasonable and said he was uneasy about requiring a unanimous vote. He noted that it could be difficult to get even a 2/3 vote. Regent Anderson indicated that she would accept a 2/3 vote.

MOTION: Mr. Nolting moved that the board require 6 affirmative votes to elect the president of the University of Iowa. Mr. McDonald seconded the motion and it passed unanimously.

Regent Brownlee then introduced Derek Willard, Chair of the Screening Committee on the University of Iowa campus. President Brownlee said that frequently in times of problems or crises, there often arises someone who brings the talents, ingenuity, and devotion to a cause or problem that makes it possible to be solved. He said he was very grateful for and appreciative of Professor Willard. He did the greatest job imaginable of chairing the Screening Committee under difficult circumstances. He said that Professor Willard and the entire Screening Committee did a great job.

President Brownlee asked Professor Willard to review the work of the Screening Committee.

Professor Willard said it has been an honor and a pleasure to conduct the presidential search. He said this was a rare opportunity and a challenge. The number of qualified people that came to the attention of the committee made its task rewarding as well as challenging.

Professor Willard reviewed the procedures used by the Screening Committee to advertise the position and to evaluate credentials of applicants. He explained that upon President Boyd's resignation a standing committee of the Faculty Senate, the Committee on the Selection of the Central Administration, was augmented with representatives from the Alumni Association, the University of Iowa Foundation, the university staff, university students, faculty, and a dean selected by all of the deans to represent them. The members of the committee were people who had experience with central administration and the functioning of people at that level. Professor Willard commended the committee and praised its efforts.

The Screening Committee began by placing advertisements in local, state, and national media including newspapers and educational journals. The committee consulted with groups at the national level including the American Council on Education, American Association of Graduate Schools, and the American Association of State and Landgrant Colleges for suggested nominations. Private foundations, such as the Carnegie Foundation, were contacted through the University of Iowa Foundation and directly. The presidents of the 48 members of the Association of University of National Research Institute were canvassed as were state universities and landgrant colleges.

Professor Willard indicated that the most productive source of contact was through faculty members, alumni, and people contacted through mailings. The University of Iowa faculty supplied many nominations. In addition to the nominations, they also supplied background on the person nominated as to the kind of person, leadership style, and general background. Professor Willard noted that this kind of information put the committee well ahead in its task. He noted that in many cases the people nominated were not nominated by only a single source but by many.

The committee expected that some of the people contacted about the position would not initially be interested in applying for it. This was not because of any problem at the university or in the state, but because the top people in the country are already involved in activities with long-range commitments. In many cases people who initially declined to be considered were recontacted on a very personal level. The committee usually found someone who knew the person or could develop a relationship with him or her.

About 359 people were nominated. The committee had a pool of about 176 people for which it had credentials to review. Not all of the people in the pool applied outright but were persuaded to supply credentials and exchange information. Not all of these cases indicated an active pursuit of the position.

Professor Willard explained the criteria the committee used to evaluate the applicants and noted that the criteria used were the same in every instance. The criteria were as follows:

1. An outstanding or distinguished record of academic or professional service
2. A demonstrated record of administrative achievement
3. Ability to interrelate personnel, financial, and material resources of the university to a board mission of teaching, research, and service
4. Humaneness

He noted that these criteria were set forth in the advertising for the position and were followed very carefully.

The committee did not use a formula to rate the candidates. In the area of humaneness the decisions were very subjective and were based on personal interviews, background information, letters of reference, and other sources.

Fourteen candidates were interviewed on campus. The efforts of the Screening Committee were augmented by separate committees consisting of staff representatives who were leaders among the staff, student leaders, faculty leaders, former presidents of the Faculty Senate, deans, the Chair of the Faculty Welfare Committee, and the Chair of the Faculty Budgetary Committee. All of the deans interviewed the candidates if they were able to be present.

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All of the candidates were briefed. Professor Willard said the interviewing process was viewed as one of giving candidates information as well as receiving information about them. The candidates were given copies of the university catalog and a special brochure covering certain items in the budget. They also had access to the university's long-range planning document and a book generated by the Faculty Senate on educational directions at the university. They were given other information as required.

Professor Willard noted that the principle of affirmative action has long been an interest and commitment of the university. Because of this the university's affirmative action officer sat as a member of the Screening Committee. She attended all of the meetings and participated in all discussions of the candidates. She also served on a recruitment committee which was charged to seek out and persuade candidates to join in this process. Professor Willard said the affirmative action officer was very effective in guiding the affirmative action efforts of the committee and in sensitizing it to issues that she saw.

Regent Harris asked how the committee narrowed its list of candidates to 14. Professor Willard said the committee first reviewed the credentials of all the candidates for completeness. No formal vote was taken until there was some idea of the range there would be. Even those who declined applying for the position were reviewed in the same manner as were the people who did not respond to an inquiry. There was a committee responsible for developing information on these persons without their having to supply it. Their files were reviewed to see whether they should be enticed further to pursue application.

A formal vote was taken in a second round of review. In this case the majority vote held. These were the people who were invited to the campus. They were reviewed again after the on campus interview.

Professor Willard noted that in most cases the vote to invite a candidate to campus was by a clear majority. It was not unanimous in every case.

President Brownlee then began a discussion about the procedures to be used by the board. Chapter 28A of the Code of Iowa provides that all meetings of a public body shall be held in open session with a provision for closed sessions under certain circumstances. He noted that the board had complied with a requirement of revelation in the Code Chapter 68A by immediately announcing the names of the 7 candidates forwarded to the board by the Screening Committee. This announcement was made on Tuesday, July 7, 1981, the day on which the names were received at the Board Office. He said the complete files of the 7 candidates were on file and available for inspection in the Board Office from that date forward. The candidates were: William Bevan, Randall P. Bezanson, Roger C. Cramton, James O. Freedman, Paul Rosenblatt, Margery Wayne Shaw, and Clifford Vaughn Smith, Jr.

President Brownlee noted that Chapter 28A of the Code provides an exception to the open meetings requirement. All meetings shall be open except that the board may meet in a closed session:

To evaluate the professional competency of an individual whose appointment, hiring, performance or discharge is being considered when necessary to prevent needless and irreparable injury to that individual's reputation and that individual requests a closed session.

He noted that all 7 candidates formally requested that their evaluation for possible election to the presidency be conducted in closed session.

President Brownlee said he conferred at length with the Attorney General about the board's procedures in this search to be sure that the board does not violate the letter or the spirit of the statute. The Attorney General assigned Assistant Attorney General Frank Stork to help the board in its efforts. President Brownlee introduced Mr. Stork and thanked him for his willingness to help the board in its search process by being present at all sessions, both open and closed.

President Brownlee indicated that in investigations of people for any position there are many positive comments about individuals and some negative comments. He said negative responses to inquiries could clearly do irreparable injury to the individuals about whom the responses are made. For that reason and because of the request by all 7 individuals, President Brownlee suggested that the board go into executive session.

He pointed out that all meetings would be held in the Marriott Hotel. No business would be conducted and no discussion would take place concerning the policies or business related to the board's efforts without minutes being taken and a tape recorder running. He noted that the meeting could be recessed from time to time. No substantive decisions could be made in the closed session and the board would be required to go back into open session to take any official action.

Regent Harris asked when the board would again go into open session. President Brownlee said he was not certain. He proposed making a progress report to the public late in the week. He noted that interviews with the candidates were scheduled for every day of the week with the last interview on Friday morning.

Regent Harris wondered when the board would be able to come to a consensus about the candidates and whether this would be done in a public meeting. President Brownlee said arriving at a consensus would not be an official action of the board. He indicated the board would possibly do this on the Saturday following the interviews but was not certain.

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President Brownlee indicated it was possible some of the candidates could withdraw from consideration before the board made its final decision.

Regent Harris was concerned about letting the candidates know of the board's decision. He wanted to be sure that they were notified within a reasonable period of time following the interviews in regard to the board's position. President Brownlee indicated he would be as considerate of the candidates' feelings and their positions as possible.

MOTION:

Dr. Harris moved that the board meeting in executive session for the reasons cited in Chapter 28A51i. Mr. Nolting seconded the motion. On a roll call vote as to whether to enter into executive session, the following voted:

AYE: Anderson, Harris, Jorgensen, McDonald, Murphy, Nolting, Neu, Wenstrand, Brownlee

NAY: None

ABSENT: None

The board, having voted by at least a two-thirds majority, resolved to meet in executive session beginning at 3:45 p.m. and arose therefrom at 5:00 p.m., Friday, July 17, 1981.

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Monday, July 13, 1981.

1981-82 DETAILED OPERATING BUDGETS. It was recommended that the board

1. Approve final appropriation unit budget ceilings as follows:

<u>Appropriation Unit</u>	<u>1981-82 Budget Ceiling (000's Omitted)</u>
General University	\$138,368
University Hospitals & Clinics	107,499
Psychiatric Hospital	7,047
Hospital School	3,901
State Hygienic Laboratory	2,495
Oakdale Campus	<u>2,250</u>
Total	<u>\$261,560</u>

2. Approve an 11.9% rate increase for the University Hospitals & Clinics, Psychiatric Hospital, and University Hospital School, and
3. Approve a 1981-82 operating budget estimating \$16,064,122 in income and an equal sum to operating expense and reserve allocations for the Department of Residence Services.

The Board Office noted that the university did not prepare a requested summary of material program changes initially detailed in the preliminary budget in June 1981. Additionally, the university reported it was unable until possibly September to report full-time equivalent positions budgeted by personnel category for each appropriation unit.

The Board Office noted that the university's total general fund budget for 1981-82 was \$262,560,000. General institutional income amounted to \$126,526,000. Total income from sales and services was estimated at 87,932,000. Other Income, primarily indirect cost reimbursement from grants and contracts and interest income, amounted to \$10,015,000.

Restricted funds at the university were estimated for 1981-82 at \$125,677,000 exclusive of estimated balances at the beginning and end of the fiscal year. Other funds directly managed by the university are stores, service, and revolving funds. Estimated expenditures for these funds were \$44,739,000 in 1981-82. Agency Funds, for which the university acts as agent, including student organizations, medical service funds, tax, and other employee withholding accounts, were estimated at \$145,273,000 for 1981-82.

General University

Enrollment estimates remained as previously reported at 24,944 headcount for the fall term.

Income estimated for the general university remained as reported in the preliminary budget proposal. Student fees will account for 20.7% of operating costs. An additional 6.6% of operating costs will be borne by other institutional income.

Approved tuition and fees for 1981-83 were composed of two elements: tuition to the general fund and fees to the student activity fund. Total tuition and fees collected for the two most recent years and estimated for the 1981-82 year are shown below:

<u>Tuition & Fees</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u> (Est.)
Student Activities			
Including debt service	\$ 1,662,514	\$ 1,791,907	\$ 1,215,159
General Fund Tuition	<u>21,539,000</u>	<u>23,312,000</u>	<u>28,579,000</u>
Total Tuition & Fees	<u>\$23,201,514</u>	<u>\$25,103,907</u>	<u>\$30,794,159</u>

Total estimated increase in tuition and fees for 1981-82 was 22.7%.

Total expense and expense distribution by category matched that reported in the preliminary budget approved in June 1981. The proposed distribution allocated 80.9% to salaries and fringe benefits and 19.1% to all other expense categories. The latter was down from 20.1% budgeted a year ago and the decline would be greater without some reallocation that took place.

Budgeted salary savings for 1981-82 were \$1,850,000 or approximately 1.7% of net compensation. This compared to an originally budgeted \$2,514,220 in 1980-81 which was approximately 2.5% of net compensation. The reduced salary saving requirement, it was reported, was realistic in terms of a revised budget reflecting a 4.6% base appropriation reduction. Based on previous experience, this reduced level of salary savings may result in substantial unbudgeted salary savings.

Budgeted expenditures for 1981-82 as previously reported showed an 11.8% increase over revised budgets for 1980-81. Through the rigorous review and reallocation process described in the preliminary budget proposal, there were some changes in program structure as well as budgeted shares of general fund revenues. A review of the pattern of support for basic programs at the university for FY 1981-82 when compared with the two previous years is shown on the next page. Comparisons were made on original programs budgets. They do not reflect the 4.6% appropriation revision for 1980-81. They do reflect continuing reallocations and new monies received for salaries, fuel and purchased electricity, opening of new buildings, and sewer rate adjustments for 1981-82. The information shown affirms university comments in the preliminary budget that noninstructional programs bore a greater share of the appropriation reversion than the instructional program. The Board Office said that instruction and academic support accounted for 73.1% of resources allocated.

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<u>Program</u>	<u>Support Change</u>		<u>Program Share</u>	
	<u>1980-81</u>	<u>1981-82</u>	<u>1980-81</u>	<u>1981-82</u>
Instruction	+ 9.3%	+13.3%	59.2%	61.2%
Research	+ 7.2%	(0.8%)	0.5%	0.5%
Public Services	+ 6.5%	+ 6.4%	1.2%	1.2%
Academic Support	+11.0%	+ 4.0%	12.5%	11.9%
Student Services	+ 9.0%	+ 2.3%	5.8%	5.4%
Institutional Support	+18.9%	+ 2.7%	7.0%	6.6%
Physical Plant	+ 7.7%	+ 6.1%	13.8%	13.3%
Total			<u>100.0%</u>	<u>100.0%</u>

Changes in program support ranged from (0.8%) to 13.3%, with 13.3% representing the instructional program.

A review of selected instructional programs as reported in the university 1981-82 internal operating budget book showed some moderate redistribution of funding shares among the colleges and related summer session and continuing education programs. The table below reports funding shares for these activities. When comparing final approved budgets for these units for 1980-81 to 1981-82, all units showed budget increases ranging from 6.1% to 26.1%, with continuing education showing the smallest increase and the graduate college showing the largest.

<u>College/Other</u>	<u>Program Share</u>		
	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
Liberal Arts	40.9%	40.8%	38.8%
Business Administration	5.2	5.2	5.5
Dentistry	7.8	7.9	8.1
Education	5.5	5.7	5.7
Engineering	3.6	3.7	3.8
Graduate	2.5	2.5	2.8
Law	2.5	2.5	2.4
Medicine	22.8	22.5	23.6
Nursing	3.1	3.1	3.2
Pharmacy	1.7	1.7	1.7
Summer Session	3.9	3.9	3.9
Continuing Education	0.5	0.5	0.5
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Undergraduate tuition rates increased 14.5% for 1981-82. A portion of the added tuition revenue was set aside for meeting student needs related to the tuition increase. A total of \$591,000 was added including \$30,000 from reallocated student activity fees. The following shows budgeted student aid from general funds for the most recent three years. The increase shown from 1981-82 is 15.8%.

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	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
Budgeted Student Aid - General Funds	\$3,585,726	\$3,737,803	\$4,328,803

Consonant with bond covenant requirements, the board reviewed and acted upon a preliminary budget in March 1981 in conjunction with proposed rate revisions for the university residence system. The preliminary budget reported at that time estimated \$16,028,000 in income and \$13,466,000 in operating expense with the balance to mandatory and voluntary reserves. The university's internal operating budget book for 1981-82 showed estimated income of \$16,064,000 with \$13,453,000 in operating expenses, again with the balances to mandatory and voluntary reserves. The marginal differences, it was reported, were the result of revised estimates of revenue from the mix of participants. Some minor adjustments were also made in estimated operating expense.

University Hospitals & Clinics

The county indigent patient quota was reduced by 10.9%. This was expected to result in 223 patients being identified as excess quota patients in that some counties have not used their full quotas in the past. This amounted to a real reduction of approximately 3.5% on a base quota of 6,436. The quota reduction was the result of a 4.6% base appropriation cut.

Rate changes of 11.9% were approved for University Hospitals & Clinics. Total estimated institutional income proposed here matched that reported in the preliminary budget approved in June 1981. Institutional income, primarily from paying patients, accounted for 79.3% of the budget. Appropriations for indigent patient care accounted for the remaining 20.7%.

Total proposed expense matched that reported in the preliminary budget approved in June 1981. Some reclassifications of expenditure, however, were made. There was a reclassification of \$332,000 from purchased services to both professional and scientific and general service staff salaries. Additionally, \$11,000 was allocated for increased support of pathology faculty. All reallocations were taken from the supplies and service expenditure category.

The detailed operating budget summary showed 68.7% of budget allocated to salaries and fringe benefits and an additional 28.9% allocated to supplies and services. All other expense categories accounted for 2.4% of budget. The share for supplies and services increased while salaries and fringe benefits decreased somewhat when compared to 1980-81.

A continuing review of budget shares by program is shown below. Notably, professional services in medical and allied health education increased their budget share while the other six programs slightly decreased their budget shares.

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<u>Program</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
Professional Services in Medical and Allied Health Education	73.2%	73.5%	75.8%
Dietary Services in Education	4.9	4.5	4.2
Environmental Services	12.0	11.4	10.7
Patient Fiscal and Admitting Services	3.8	4.1	3.3
Other Supporting Services	4.2	4.5	4.2
Patient Transportation	0.8	0.8	0.7
Administration	1.1	1.2	1.1
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Budget salary savings for 1981-82 were reported at \$3.5 million. This compared to \$3.1 million in 1980-81. Budgeted salary savings amount to 4.7% of net compensation compared to 4.8% in the initial budget for 1980-81.

Psychiatric Hospital

There were no changes proposed in income from the preliminary budget approved in June 1981. Institutional income accounted for 32.1% of budget while appropriations funded 67.9% of budget. The 11.9% rate increase would include Psychiatric Hospital and almost all of its institutional income is derived from paying patients.

The proposed expenditure budget remained the same as that reported in the preliminary budget in June 1981. There were no proposed adjustments among expenditure categories. Salaries and fringe benefits were budgeted at 84.8% of the total budget. Supplies and services accounted for an additional 13.8%. All other expense categories accounted for 1.4%.

A comparison of program support in the Psychiatric Hospital establishes budget shares. The Department of Psychiatry is included in the Psychiatric Hospital general fund budget.

<u>Program</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
Department of Psychiatry	28.3%	27.4%	26.2%
Professional Services in Medical Education	50.3	53.1	54.9
Dietary Services	6.5	6.2	5.6
Environmental Services	7.9	7.7	7.7
Admissions, Business Office, and General Supporting Services	7.0	5.6	5.6
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The pattern of budgeted expenditures shows moderate shifts with professional services in medical education increasing its budget share compared to all other programs. There were no programs, however, that took an absolute decrease in budgeted funds.

Budgeted salary savings for 1981-82 were \$518,838. This compared to \$551,375 in 1980-81. The budgeted salary savings rates for the two years were 10.3% and 8.7%, respectively.

State Hygienic Laboratory

A rate change of 12.2% was approved in April 1981, effective July 1, 1981, for the State Hygienic Laboratory service fees. Budgeted income proposed was the same as that previously reported in the preliminary budget. Income derived from services performed accounted for 16.4% of total budget.

Total proposed final operating budget expense matched that approved in the preliminary budget. Salaries and fringe benefits accounted for 83.9% of the total expense budget. Supplies and services accounted for an additional 14.7%. The laboratory does not budget by program. There are, however, two locations. The Iowa City laboratory budgeted 86% of laboratory funds. The Des Moines branch budgeted 14% of the laboratory funds. This was the same funding distribution as in 1980-81.

There were no budgeted salary savings as was the case in FY 1980-81.

Hospital School

The proposed rate increase of 11.9% included the university's Hospital School. Approximately 83% of institutional income is from paying patient earnings. Overall, appropriations accounted for 88% of general fund budget.

Institutional expense, as did institutional income, matched that approved in the preliminary budget in June 1981. Expenditure categories for 1981-82 showed that 85.1% were budgeted to salaries and fringe benefits with an additional 11.2% budgeted for supplies and services. The school maintained its equipment and building repair budget at a level comparable to that in 1980-81.

The distribution of the expenditure budget by program remained approximately constant to begin the three most recent budget years. The following table reports program shares for the three-year period.

<u>Program</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
Professional Services and Medical and Allied Health Education	66.6%	67.4%	66.8%
Dietary Services	5.8	5.9	6.0
Environmental Services	14.8	14.4	14.6
Admissions, Business Office & General Supporting Services	12.8	12.3	12.6
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The University Hospital School budgeted \$319,363 in salary savings for 1981-82 or 9.6% of net budgeted salaries. This compared to budgeted salary savings of \$193,448 in 1980-81 or 6.2% of net budgeted salaries.

Oakdale Campus

The final detail income budget matched that proposed and approved in the preliminary budget in June 1981. At that time, a 37% loss in institutional income was reported. The closing of the Vocational Rehabilitation unit on the Oakdale Campus and reduced indirect cost reimbursement from federal training research grants and contracts resulted in the reduced income. In 1980-81 budgeted institutional income accounted for approximately 15% of total income while in 1981-82 institutional income accounted for approximately 9% of total income.

There was no change in total or in the expense category pattern previously approved in the preliminary budget in June 1981. Wages and fringe benefits accounted for 62.3% of budgeted expenditures. Fuel and purchased electricity accounted for approximately 20% of budgeted expense while supplies and services accounted for another 14%. Building repairs and equipment in 1980-81 accounted for 9% of budget while in 1981-82 it will account for approximately 4% of budget.

A review of program budget for the most recent three years showed that reduction in funding has impacted the dietary services program significantly. Moreover, the environmental services, which includes housekeeping, security, and maintenance and operation, continued to expand its budget share. Fuel and purchased electricity, part of the environmental services program, increased 57% when compared to the 1980-81 budget. This corrected an existing budget problem while expanding the budget share for environmental services. The following table summarized budget shares by program for the Oakdale Campus for the most recent three years.

<u>Program</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
Business Office, Operations Analysis, Systems Development and General Supporting Services	7.5%	6.9%	6.9%
Dietary Services	25.9	24.8	20.9
Environmental Services	58.9	60.6	64.3
Program Clinic & Other Services	4.4	4.2	4.5
Administration	3.3	3.5	3.4
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

It is the nature of the Oakdale Campus operation that much of what happens by way of primary program activity is done by tenants whose support is budgeted elsewhere.

As for activity performed by staff budgeted to the Oakdale Campus, budgeted salary savings for 1981-82 were \$45,621 or 3.3% of net budgeted salaries and fringe benefits. This compared to \$18,445 in budgeted salary savings in 1980-81 or 1.4% of net salaries and fringe benefits.

The Board Office recommended that the final appropriation unit budget ceilings as previously noted, an 11.9% rate increase for university hospitals and school units, a 10.9% reduction in indigent patient county quota allocations, the budget for the Department of Residence Services as well as all other budgets included in the university's 1981-82 internal operating budget book be approved.

Mr. Richey said that generally all of the budgets for the current fiscal year showed a higher relative percentage going to instruction and a lower expenditure for the physical plant. The emphasis in the current year was on instruction to the extent additional funds are available.

President Boyd pointed out that facilities are also part of the instructional budgets because buildings are necessary. He said there is a serious problem in light of what was done in the past year because of the 4.6% reversion. The university is unable to do anything in regard to facilities except on an emergency basis and President Boyd said this results in a problem.

Regent Anderson formally requested a report on the effect on patient care of the reduction in the indigent patient quota. She was concerned that the counties would not, in fact, pick up these patients. President Boyd said this report would be ready at the next board meeting.

MOTION:

Mr. Wenstrand moved that the board approve the final appropriation unit budget ceilings as outlined above, an 11.9% rate increase for university hospitals and school units, a 10.9% reduction in indigent patient county quota allocations, and the budget for the Department of Residence Services as well as all other budgets included in the university's 1981-82 internal operating budget. Dr. Harris seconded the motion and it passed unanimously.

SALE OF \$9,085,000, STATE BOARD OF REGENTS, STATE OF IOWA, STATE UNIVERSITY OF IOWA ACADEMIC BUILDING REVENUE BONDS, SERIES S.U.I. 1981. The Board Office reported that the 1981 Legislature in Senate Concurrent Resolution 35 authorized the sale by the Board of Regents of \$58 million in academic revenue bonds over the next two years. Bonds which can be issued the first year total \$30 million. In June the board approved the division of the \$30 million among the three universities as follows:

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University of Iowa	\$ 9,085,000
Iowa State University	15,600,000
University of Northern Iowa	5,315,000

The application of funds on this first bond sale for the University of Iowa would be:

West Campus Utility Improvements	\$1,917,000
Fire Safety Deficiencies	1,750,000
Chilled Water Plant - Phase IV	1,680,000
Sanitary and Storm Sewer Replacements	1,150,000
Energy Management Program	1,410,000
Planning New Space	490,000
Law Building (Site Clearance)	100,000
Handicapped Accessibility Program	515,000
Issuance Costs	<u>73,000</u>
Total	<u>\$9,085,000</u>

Mr. McMurray reported that most board members had been consulted on Friday, July 10, 1981, regarding the selling of bonds for the University of Iowa at this board meeting. After consideration of the condition of the bond market, a recommendation was made to cancel the bond sales for the University of Iowa and Iowa State University and proceed only with the bond sale for the University of Northern Iowa.

He recommended that the board reject all bids received for the sale of University of Iowa bonds and that the executive secretary be directed to fix a new date for a bond sale during August, September or October, 1981, after consultation with bond consultant, and to publish the advertisement of that sale as appropriate.

MOTION:

This being the time and place fixed by published notice, the board took up for consideration the matter of bids for the purchase of \$9,085,000 Academic Building Revenue Bonds, Series S.U.I. 1981, of said board. Whereupon Mr. McDonald introduced and caused to be read a resolution entitled, "Resolution rejecting all bids for \$9,085,000 Academic Building Revenue Bonds, Series S.U.I. 1981, and directing the readvertisement of said bonds for sale," and moved that said resolution be adopted, seconded by Mrs. Anderson. After due consideration the president put the question on the motion and, the roll being called, the following voted:
AYE: Anderson, Harris, Jorgensen, McDonald
Murphy, Nolting, Neu, Wenstrand,
Brownlee
NAY: None
ABSENT: None
Whereupon the president declared said resolution duly adopted and signed his approval thereto.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes were ratified by the board.

OTHER PERSONNEL TRANSACTIONS. The board was asked to approve the following appointments:

Appointments:

Russell A. May as Director of the Center for Conferences and Institutes, effective July 1, 1981.

David W. Drummond as Director of Environmental Health and Safety, effective July 1, 1981.

Norma P. Burke as chair, Physical Education and Dance, for a three-year terms, effective August 26, 1981.

Ray J. Parrott as Chair, Russian, for a three-year term, effective August 26, 1981.

In addition to the above appointments, President Boyd introduced two other appointments:

Dwight E. Jensen as Director of the Office of Public Information and University Relations, effective October 1, 1981, at an annual salary of \$49,000.

Russell J. Petersen as Head, Department of Accounting, effective August 24, 1981.

President Boyd expressed his appreciation to Joseph Brisben who was Acting Director of the Office of Public Information and University Relations in the past year. President Boyd said he served well and effectively.

MOTION:

Dr. Harris moved that the board approve the appointments listed above. Mrs. Anderson seconded the motion and it passed unanimously.

STUDENT TEACHING CONTRACTS FOR 1980-81 - RATIFICATION. It was recommended that the board ratify student teaching contracts for 1980-81 and it was further recommended that this report be dropped for all three universities and its purpose be accomplished through the docket item which brings to the board the format and conditions associated with this contractual agreement.

The Board Office explained that Sections 4.33 and 7.17 of the Regents Procedural Guide stipulate that the universities may enter into contracts with the board of directors of Iowa school districts for training teachers. The board is required to approve the form of contract each year, and the institutions report to the board the school districts with which contracts were entered into during the previous fiscal year. In the past this has been accomplished at two separate board meetings: one to approve the form of contract and one to ratify the agreements signed by the executive secretary for the previous school year. The Board Office said since the executive secretary is authorized to execute any agreements during the year that meet the criteria established by the board, it was felt that the ratification process is unnecessary once the board has approved the form and conditions and authorized the executive secretary to sign.

Mr. Barak indicated that the report on ratification of student teaching contracts would be eliminated since the board can take care of all actions at one time.

MOTION:

Dr. Harris moved that the board ratify the student teaching contracts for 1980-81 with Iowa school districts and moved that this report be dropped for all three universities and that its purpose be accomplished through the docket item which brings to the board the format and conditions associated with this contractual agreement. Mrs. Murphy seconded the motion and it passed unanimously.

AFFILIATION AGREEMENT BETWEEN BROADLAWNS MEDICAL CENTER AND THE UNIVERSITY OF IOWA COLLEGE OF DENTISTRY. It was recommended that the board approve the agreement between Broadlawns Medical Center and the University of Iowa College of Dentistry for the educational purposes listed in Part II of the agreement.

The Board Office said this agreement would provide for extramural experiences for senior dental students at the Broadlawns Medical Center in Des Moines. The university indicated that the new agreement was an update of an agreement approved by the board in 1975 between the university and Broadlawns. The terms were unchanged except that the new agreement reflected changes in the academic program over time.

The university reported that affiliation with Broadlawns Medical Center has been of mutual benefit to the College of Dentistry and to Broadlawns and that it was considered to be a successful program by the college administration and by the dental students.

The Board Office recommended approval of the affiliation agreement.

President Brownlee indicated that the executive secretary would sign this agreement. Vice President Bezanson agreed to this as long as the university makes the decisions regarding the agreement.

MOTION:

Mrs. Anderson moved that the board approve the agreement between Broadlawns Medical Center and the University of Iowa College of Dentistry for the educational purposes listed in Part II of the agreement. Mr. McDonald seconded the motion and it passed unanimously.

NOTIFICATION OF SELECTIVE ADMISSIONS IN THE COLLEGE OF ENGINEERING, EFFECTIVE FALL 1982. It was recommended that the board authorize the University of Iowa to continue a selective admissions policy in the College of Engineering to maintain undergraduate majors at the current level of approximately 1200 students for the 1982-83 academic year.

The Board Office noted that in February 1981, the university notified the board of the possibility of controlling admissions to the College of Engineering for the fall of 1981. In June 1981, admissions were closed for fall 1981. In June, the board authorized the university to institute selective admission policies in the College of Business Administration. During discussion of this item, reservations about enrollment restrictions were stated and needs for additional resources were expressed.

In the College of Engineering, the university reported that undergraduate enrollment increases of 1983 percent over a seven-year period, with graduate enrollment increases of 59 percent, have more than outstripped the available faculty and laboratory resources. It was projected that without limitations on admissions, undergraduate enrollments could increase at the rate of 10 percent a year for the next five years. Controls were recommended in order to stabilize enrollments at the current level of approximately 1200 undergraduate majors in engineering.

The university recommended that a faculty committee establish and review policies and procedures for admission. Fulfillment of minimum requirements would not ensure admission.

The Board Office noted that Iowa State University limits engineering enrollments by requiring that undergraduates must complete the basic programs with a specified grade point average prior to admission to the professional programs. The Iowa State University College of Engineering also limits admission of out-of-state students to those in the upper one-quarter of their high school graduating class.

The Board Office noted that on a national level level, it was reported that a shortage of faculty members in engineering is leading to enrollment limitations in a number of schools. According to discussions at the conference of the American Society for Engineering Education, the shortage is the result of industrial recruitment of many engineering graduates and the large salary differentials between private industry and education. Concerns have been expressed that these shortages may worsen and that instructional quality may decline as a result. Obsolete facilities and equipment in many colleges and universities are also said to be contributing to problems facing engineering schools. The Society and other groups are planning steps to reduce the present and projected shortages, but in the short run are relying heavily on financial contributions from industry and efforts within higher education.

President Brownlee welcomed Vice President Moll to his first participation at a board meeting. Vice President Moll said that the university had previously indicated it would be coming to the board with a procedure for selective admission to the College of Engineering for the fall of 1982. He indicated that the proposed procedure would be similar to the selective admissions procedure approved by the board in June for the College of Business Administration.

Regent Jorgensen noted that the proposed procedure included the statement:

...that all students meeting the minimum requirements for admission be informed...that satisfying minimum requirements will not automatically assure admission to the College. The most qualified applicants will be admitted up to the number for whom faculty and facilities are available.

Regent Jorgensen asked how a most qualified applicant would be identified. Vice President Moll responded that this identification would be based upon general criteria of high school grades, ACT or SAT scores, and backgrounds in science and mathematics. Other facts would also be considered. The faculty committee would review the general policies and procedures under which admission would take place.

Regent Jorgensen asked if there was a particular date by which students would be notified of their admission or status. Vice President Moll replied that there was no particular procedure but that the college proposed to identify at an early time those students they felt would be highly admissible. There would then be a group of students who would be in a borderline situation. These students would meet the minimum admission criteria and would be admitted depending upon the need to limit enrollment. This would be a staged process. Vice President Moll said these students would be notified of their status.

Regent Anderson asked about the comparison between the procedure proposed for the University of Iowa and the procedure used at Iowa State University to limit admissions in the College of Engineering. Vice President Christensen explained that Iowa State University does not limit enrollment as to admission to the university. Students are asked to take a basic program in English, mathematics, etc. Their performance in the basic program determines whether they go on to the second year of the engineering program.

Iowa State University indicates to students that it is possible for them to complete the program in four years but that they can reasonably expect they might not complete it in four years because of the large number of students as compared to the faculty. This results in an enrollment limitation over a four-year period rather than at the point of admission.

In answer to a question from Regent Anderson, Vice President Moll indicated that the proposal for the University of Iowa referred to admissions of students to the College of Engineering as freshmen.

Regent Anderson asked if there was any way for a person not admitted into the College of Engineering as a freshmen to get into the engineering program based on his or her performance. Vice President Moll said that such a student would be treated like a transfer student from another institution.

MOTION: Dr. Harris moved that the board authorize the University of Iowa to continue a selective admissions policy in the College of Engineering to maintain undergraduate majors at the current level of approximately 1200 students for the 1982-83 academic year. Mr. McDonald seconded the motion.

President Brownlee said this was something that is to be done with regret.

VOTE ON MOTION: The motion passed unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office reported that the Register of Capital Improvement Business Transactions for July 1981 had been received, was in order, and was recommended for approval.

The board was asked to ratify executive secretary award of the following contracts:

Children's Hospital - Electrical Power Utility Service

Award to: DeWitt Electric, Inc., DeWitt, Iowa \$56,347.00

University Hospitals - North Tower Mechanical Room Ventilation

Award to: Universal Climate Control, Inc., Iowa City, Iowa \$33,340.00

Oakdale - Steam Condensate Return

Award to: Jones Plumbing and Heating, Inc., Iowa City, Iowa \$26,600.00

The board was also requested to ratify selection of Shoemaker and Haaland, Coralville, Iowa, for design services to provide contract administration and project quality control during construction of the project. This will be done on an hourly rate basis to a maximum of \$2,238.

Access Road - Waste Storage Facility at Oakdale

Award to: Iowa Road Builders Co., Des Moines, Iowa \$27,914.50

This award is subject to concurrence by the Iowa Department of Transportation since it is funded by the State Parks and Institutional Road Fund.

Access Drive for Art Building Complex

Award to: Hansen Asphalt, Iowa City, Iowa \$13,943.75

This contract is subject to Iowa Department of Transportation since it is funded by the State Parks and Institutional Road Fund.

Communications Center - Replace Roof

Award to: Cedar Service Co., Cedar Rapids, Iowa \$29,629.00

The board was also requested to approve this as a new project. Source of funds is Physical Plant Building Maintenance for \$62,700. The contract award was well within budget.

University Theatre - Replace Roof Over Auditorium

Award to: Slade Bros Roofing Co., Coralville, Iowa \$21,635.00

This is also a new project. Source of funds is Physical Plant Building Maintenance for \$29,800. The contract award was within budget.

Dental Science Building - Replacement of Domestic Water Piping

Award to: AAA Mechanical Contractors, Inc., Iowa City, Iowa \$654,508.00

The Board Office noted that acceptance of Alternate C-3 was use of a liquidated damages clause in conjunction with acceptance of the base bid and Alternate B. There was no additional cost for institution of liquidated damages.

University Hospitals - Neonatal Intensive Care Unit Remodeling

Award to: R.K.'s Home Improvement, Iowa City, Iowa \$94,730.00

Psychiatric Hospital - Exterior Window Refinishing

Award to: Patterson Decorating, Ltd., West Des Moines, Iowa \$29,340.00

University Hospitals - Carver Pavilion, Phase C Shell-In

Award to: Knutson Construction Co., Minneapolis, Minnesota \$1,548,000.00

In May, the board approved a \$4,305,911 project to construct a fifth and sixth floor shell on the Carver Pavilion Facility to provide space for replacing the Department of Pathology clinical laboratory. At that time, the board also authorized the university to negotiate a contract with Hansen Lind Meyer, Iowa City, for architectural services.

The contract has now been negotiated and the board was requested to approve the final contract. Compensation is on the basis of a fixed fee of \$189,000 for basic services and an additional \$15,000 for reimbursable expenses. The basic fee amounts to 4.7% of the estimated cost of construction which is \$4,031,911. The agreement is in the standard format.

The board was requested to approve the following revised or amended project budget:

Hawkeye Sports Arena and Recreation Facilities Project

The university requested approval of a revised project budget totaling \$25,264,950, which was \$1,542,000 higher than the last revised budget of October 1980. The entire amount comes from the University of Iowa Foundation, as the fund raising budgeted amount is now \$9,960,000 rather than the October 1980 revised figure of \$8,418,000.

On the expenditure side, the \$1,542,000 has two components. First, there is a \$1,000,000 increase in the construction budget for the arena itself. This amount would be used to upgrade the quality of seating to provide individual seats with armrests (\$400,000); improve acoustics and air circulation by adding acoustical baffles and higher quality air handlers with lower noise levels (\$500,000); and increase insulation in the roof and walls to improve the energy efficiency of the building (\$100,000). Second, there is an increase of \$542,000 in the contingency fund for the overall project with the intent that these funds would be used for an expansion in the scope of the Field House project. That program would be expanded to encompass the move of the Physical Education Offices and programs from Halsey Gymnasium on the east campus to the Field House; improving physical education/recreation locker facilities

in the Field House to provide additional facilities for women; permitting development of additional recreational space on the east side of the campus in Halsey Gym and North Hall; and providing additional space for students' sports club activities.

The contingency adjustment also reflects potential inflationary increases and a likely beginning construction date of May or June 1983 for Field House construction. The work cannot begin until the arena is occupied and the then current academic year is completed.

The university also requested permission to seek and recommend an architect/engineer for the Field House remodeling project. That project was halted at completion of schematic design and a contract needs to be negotiated for design development and construction documents. Such a contract, as well as architect selection, will be brought back to the board for approval.

The board was then requested to approve a contract change order with L. L. LeJeune Co. on the structural steel, contract #3, in the amount of \$26,562.

The board was requested to approve the following additional new projects:

University Hospitals - Emotionally Disturbed Children's Unit Air Conditioning

Source of Funds: Psychiatric Hospital Building Usage Funds \$80,300.00

The University Architect's Office was selected as architect and inspection supervisor.

University Hospitals - Construction of Hangar for the Air-Care Emergency Helicopter Service

Source of Funds: University Hospitals Building Usage Fund \$94,200.00

This hangar would be a prefabricated metal building on a concrete slab with a concrete landing pad located on the Oakdale Campus. The University Architect's Office was selected as architect and inspection supervisor.

The board was requested to take action on the following consultant contracts:

Relocate WSUI/KSUI to Jefferson Building - Feasibility Study

Ratify selection of Bussard/Dikis Associates, Ltd., Des Moines, Iowa, to perform a feasibility study for new facilities of WSUI and KSUI in the existing Jefferson Hotel, 4th and 5th floors. The study would be performed on an hourly rate basis to a maximum fee of \$7,500.

University Hospitals - Roofing Renovation, Phase 2

Ratify selection of Shive-Hattery and Associates, Iowa City, Iowa, to provide full range of engineering services on this project on an hourly rate basis to a maximum of \$13,600. The board has not approved a project budget to date.

Power Plant Feasibility Study

The university requested approval to negotiate with engineering firms for engineering services to determine the feasibility of and to provide cost estimates for a power plant expansion plan developed by the Physical Plant Department. The new plant is an alternative to the costly plan submitted in 1978 by Stanley Consultants, Inc., which recommended building a new power plant at a cost estimate of \$35 million to \$52 million. The new plan developed by the Physical Plant Department would incrementally add three new 170,000 lb./hr. boilers at the existing power plant site. The first boiler would be installed within the next four to five years at a current dollar cost of \$9 million. The second boiler would be required in about 1995 at a current cost of \$8.5 million with the third boiler coming in about 2005 at a current cost of \$12 million to \$15 million. The reason for the increased cost of the third boiler is that additional coal handling and storage facilities would need to be constructed with that boiler.

The Board Office said it is important that the university begin this process as soon as possible if the goal is to get a new boiler installed in the next four to five years. That schedule would require initial funding in 1983.

University Hospitals - Air Care Support Area, Project No. 81-016

Ratify selection of Engineering Associates, Iowa City, Iowa, to provide final design services and site survey services on this project for a lump sum fee of \$3,200. The board has not approved a project budget to date.

University Hospitals - Preliminary Design Study - Dietary Service

Ratify selection of Hansen Lind Meyer, Inc., Iowa City, Iowa, to provide a preliminary study on an hourly basis to a maximum of \$5,000. This study involves consultation with appropriate user groups for the dietary renovation, layout, equipment location, and access distribution impact of dietary to various locations in the hospital.

Funding for the following three projects depended upon the sale of academic revenue bonds scheduled for this board meeting. Because of the condition of the bond market the sale of bonds was postponed.

Mr. Richey noted that there were no irrevocable commitments involved in these projects except for engineering fees and therefore recommended that they proceed as requested.

West Campus Utility Improvements

The projected application of these funds of \$1,917,000 included \$1,855,000 shown as the bottom line on the facilities budget for the Hawkeye Sports Arena/Recreation Project. The remaining \$62,000 was converted from appropriations to bonding in the deauthorized projects and will restore the Campus Electrical Supply Renovations project to the amount originally appropriated for that project by the 1979 Legislature.

Chilled Water Plan Expansion - Phase IV

The preliminary budget for this project was \$1,680,000. The project includes the installation of two 960,000 ton absorption chillers, required ancilliary equipment, and additional transformer capacity.

The university requested permission to negotiate a contract with Stanley Consultants, Inc., Muscatine, Iowa, for engineering services on this project. The firm was selected because it was the engineer on the first three phases of construction for the plant and possesses the necessary expertise required by the nature of this project.

Phase IV of this expansion must begin in 1981 to permit completion in time to serve the South Pavilion addition to the hospitals and to provide firm capacity for the entire system. It was anticipated that the engineering contract would be presented to the board for approval at a later date.

West Campus Storm and Sanitary Sewer Replacement

The preliminary amount available for this project from bonds is \$1,150,000. The project involves replacement of the west campus sanitary sewer and replacement of the trunk storm sewer serving the general area of the hospitals, Kinnick Stadium, and the Field House, as well as a branch storm sewer line serving the area southeast of the general hospital.

The university requested approval to negotiate with engineering firms at this time to provide project engineering services. Selection of an engineer and a contract would be presented to the board for approval at a later date.

Completion of these projects is essential by the time of the operation of the South Pavilion.

MOTION:

Mr. Wenstrand moved that the board approve the Register of Capital Improvement Business Transactions for July 1981; ratify award of construction contracts made by the executive secretary; ratify action on the consultant contracts; approve the revised budget; approve the contract change order; approve the new projects; approve the negotiation of contracts for engineering services; and authorize the executive secretary to sign all necessary documents. Dr. Harris seconded the motion and it passed unanimously.

LEASES OF PROPERTY. It was recommended that the board approve the following leases:

Space for Regional Office of the Iowa Specialized Child Health Services Program (formerly State Services for Crippled Children), Waterloo, Iowa. This was for the renewal of a lease for office space located at 325 Locust, Waterloo, Iowa. The lease is for twelve months commencing July 1, 1981, for use by the Waterloo Regional Office of the Iowa Specialized Child Health Services Program. The yearly rental charge would be \$4,080.

The Board Office said the lease was consistent with previous lease terms. Either party may terminate upon thirty days written notice.

The rental rate is approximately \$5.10 per square foot. All utilities except electricity are furnished by the landlord. The rental rate increase is 4.6%.

The Board Office said the regional office continues to be used for office and clinic space and recommended that the lease be renewed.

University of Iowa Social Work Training Center at Marycrest College, Davenport, Iowa. The lease with Marycrest College of Davenport, Iowa, is for space to house the University of Iowa School of Social Work Training Center on the Marycrest College Campus at an annual rental of \$3,306.25. The lease commences July 1, 1981.

The Board Office indicated that the renewed lease would allow for continuation of the existing program. The University of Iowa Social Work Training Center coordinates practicum placement of students in the area. Additionally, part-time study is possible from the Quad-Cities Graduate Center through the University of Iowa and regular extension work.

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The proposed annual rental rate is up 9.6% from 1980-81. It is the first rate change proposed since 1979-80.

Office space is in Petersen Hall with approximately 575 feet assigned to the program.

Janitorial services, all utilities including telephone, equipment including audiovisual and reproduction equipment, air conditioning for three rooms, and library privileges for faculty and students are included in the annual rental charge.

The location is considered advantageous to both the University of Iowa School of Social Work Program and the Marycrest College Department of Social Welfare. The Board Office recommended renewal of the lease.

University of Iowa Social Work Educational Center at Drake University, Des Moines, Iowa. The lease with Drake University is to renew space at 2830 University Avenue, Des Moines, Iowa, for one year, effective July 1, 1981, with an annual rent, including equipment and library services of \$13,758.

The Board Office reported that the Drake University space facilitates a combined location for classroom work and assignment to a practicum agency for approximately 25 students. The space also accommodates a full-time faculty member, secretarial help, and commuting faculty. Assigned space is 1,650 square feet. Rent includes janitorial services, all utilities except telephone, equipment including office and audio-visual, classroom space both at the 2830 University address and elsewhere, and academic year library privileges.

There are four elements to the lease:

Space Rental (2830 University)	\$9,950
Other Classroom Rental	1,408
Equipment Rental	1,600
Library Services	800
	<u>\$13,758</u>

The proposed rental is 9% above that for 1980-81. The range of increase for services and space is 7.4% - 10.0%.

Classroom rental charges assume 64 meetings per year. If fewer or greater number of classes are held, charges will be adjusted on the basis of \$22 per room per meeting.

The Board Office recommended that the lease be renewed.

Regional Office of the Iowa Specialized Child Health Services Program (formerly State Services for Crippled Children), Creston, Iowa. This lease is for office space located at 907 West Townline, Creston, Iowa, and commences July 1, 1981. It is for the use of the Creston Regional Office of the Iowa Specialized Children's Health Services Program. The yearly rental charge is \$4,320.

The Board Office reported the cost of \$4.36 per square foot included all utilities. The rent increase is 2.9%.

The university reported that the rate appeared to be fair and equitable and the Board Office recommended renewal of the lease.

Storage Space at 850 South Capitol Street, Iowa City, Iowa. This new lease is for storage space located at 850 South Capitol Street, Iowa City, Iowa, and is for two years effective July 1, 1981, at an annual rental rate of \$19,200.

The Board Office explained that the proposed Hydraulics Laboratory Wind Tunnel Annex would utilize the site now occupied by two wood buildings currently used for work space and equipment storage by the University Department of Physical Plant. The proposed rental of 7,000 square feet of heated storage space would replace the loss of the two wood buildings.

The proposed space has parking, overhead doors, small office, and railroad service at the rear.

The university has an option to renegotiate the space for an additional two years.

The cost per square foot is \$2.75 with utilities paid by the tenant.

The university reported the rental rate and lease terms to be equitable and competitive in the Iowa City area. The university has long had a shortage of central storage space requiring vendors to make deliveries at several places on campus. Consequently, prices for goods and equipment are often higher than they would be if a single delivery point were provided and greater quantity could be ordered. The Board Office recommended approval of the lease.

Faculty Art Studios Located at Church and Dubuque Streets, Iowa City, Iowa. This lease is for the old brick structure at the corner of Church and Dubuque Streets and is for one year commencing July 1, 1981, at an annual rate of \$5,760.

The Board Office noted that this property has been used for some years as faculty art studios.

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The proposed cost per square foot of \$3.60 represents a 9% increase over the cost per square foot on the previous lease.

The university reported that the terms of the lease were reasonable and competitive in the Iowa City area. The Board Office recommended renewal of the lease.

MOTION:

Dr. Harris moved that the board approve the renewal of the lease of office space for the Regional Office of the Iowa Specialized Child Health Services Program, Waterloo, Iowa; renewal of the lease for the University of Iowa School of Social Work Training Center on the Marycrest College Campus, Davenport, Iowa; renewal of the lease for the University of Iowa Social Work Educational Center at Drake University, Des Moines, Iowa; renewal of the lease for the Regional Office of the Iowa Specialized Child Health Services Program, Creston, Iowa; a new lease for storage space at 850 South Capitol Street, Iowa City, Iowa; and renewal of the lease for faculty art studios located at Church and Dubuque Streets, Iowa City, Iowa. Mr. McDonald seconded the motion. Upon the roll being called, the following voted:

AYE: Anderson, Harris, Jorgensen,
McDonald, Murphy, Nolting, Neu,
Wenstrand, Brownlee

NAY: None

ABSENT: None

PHASED RETIREMENT POLICY. It was recommended that the board defer action on the university's request until September in order to permit appropriate consultation and review.

The Board Office explained that the full impact of the proposed plan on phased retirement policy needed to be reviewed together with possible implications of the program for other Regent institutions. For that reason it recommended deferral of the policy until September.

President Boyd said he appreciated the Board Office's recommendation and concurred with it. He noted that the proposed policy was the result of a considerable period of deliberation.

President Boyd noted that this is an area of concern in higher education. The university's proposal is for the opportunity to work the issue out in a given situation rather than making phased retirement an absolute right. The proposal is a request for authority to deal with this problem on a case by case basis depending upon the university's fiscal ability to deal with present circumstances.

Mr. Richey noted that a few years ago the state considered the removal of a mandatory retirement age for state employees. On the national level, Congress was considering this for all people. The state developed a policy that the mandatory retirement provision was removed for state employees in the Iowa Public Employees Retirement System (IPERS). Under the Board of Regents' policy employees in a retirement system other than IPERS can work until age 70.

At that time the board appointed an ad hoc committee to study retirement and the various effects of it. The committee reported that creative programs were needed to encourage retirement in order to improve the vitality of the institutions. It was indicated that proposals would be presented to the board over a period of time. Mr. Richey noted that this was the first proposal to fall into that category.

Regent Jorgensen said that if the phased retirement policy was a way to improve the faculty vitality at the institutions, she would be very much in favor of it.

President Boyd said he felt very strongly about the importance of tenure. He noted that the university produced a document on tenured vitality. Individual assessment and salaries help control faculty vitality. He said he appreciated the issue of vitality but felt tenure to be important and said that those who have the needed qualifications should be recognized.

President Brownlee said if there were no objections, the board would defer action on the phased retirement policy and take it up at a future meeting. There were no objections.

NEW AND CHANGED STUDENT FEES. It was recommended that the proposed student fees dated June 26, 1981, be approved effective immediately.

The Board Office explained that the appropriations reduction caused the general expense (supplies and services) budgets for several student service offices to be reduced substantially for the 1981-82 fiscal year. Rather than discontinue these services, the institution proposed to increase charges now in effect and initiate new charges for certain services which had been free previously.

The charges are for such services as transcript of credits, late registration, catalogs, orientation for new students, returned checks, etc. The institution reported that it found other universities charge for services which were previously free at the University of Iowa.

Revenue should increase by about \$115,000 due to the revised charges.

In view of the limited funds and the modest charges proposed, the Board Office recommended that the student fee schedule dated June 26, 1981, be approved effective immediately.

The fees are shown on the following page.

STATE UNIVERSITY OF IOWA
July 13, 1981

OFFICE OF THE REGISTRAR

<u>Services Provided</u>	<u>Fee 1980-81</u>	<u>Proposed Fee 1981-82</u>
Transcript	\$ 2.00 (first)	\$ 3.00 (first)
	\$ 1.00 (2nd-5th)	\$ 1.00 (all over 1)
	.50 (more than 5)	
I.D. Card Replacement	4.00	\$ 6.00
Late Registration	-----	\$10.00
Catalog	-----	\$ 3.00

CAREER SERVICES & PLACEMENT CENTER

<u>Services Provided</u>		
Reference File/students	\$ 6.00	\$ 6.00
Reference File/alumni	\$ 9.00	\$10.00
Job Bulletin/students	\$ 6.00	\$ 6.00
Job Bulletin/alumni	\$ 9.00	\$10.00
Campus Interview Signup	Included above	\$ 6.00

ORIENTATION

<u>Services Provided</u>		
Administrative Fee, New Freshmen	-----	\$10.00
Administrative Fee, New Transfers	-----	\$ 5.00
Administrative Fee, Parents	-----	\$ 5.00

BUSINESS OFFICE

<u>Services Provided</u>		
Returned check charge	\$ 2.00	\$ 5.00

EDUCATIONAL PLACEMENT OFFICE

<u>Services Provided</u>	<u>Fee 1980-81</u>	<u>Proposed Fee 1981-82</u>
Credentials sent	\$10.00 (up to 15 sets)	\$10.00 (first 10 sets) \$10.00 (up to 10 add'l sets)

Vice President Bezanson said that the student fees were being increased to reflect increasing costs. He indicated that the amounts were chosen to reflect a portion of the actual costs borne.

Regent Jorgensen asked for an explanation of the charge for catalogs and the orientation charge. Vice President Bezanson explained that the \$3 charge for the catalog would be for a single bound copy. He said students can get course listings in other forms for which there is no charge. The catalog is a definitive description of everything offered. Students may get portions of the catalog relevant to them without charge. He indicated that the catalog charge would have very little effect on incoming freshmen.

Vice President Bezanson said that the orientation fee would be for summer orientation. This is an optional program in which the students come to campus with their parents.

Regent Jorgensen said she was concerned about helping the students. She has heard from parents who say these orientation sessions are very helpful. Regent Jorgensen did not want to see a "nickel and dime" policy involved in something as valuable as the orientation program. She said she would hate to have a student not attend because of the cost.

Vice President Bezanson said the orientation charge was directly caused by the current fiscal situation.

Regent Jorgensen asked if it would be possible to approve the fees for one year at a time. Vice President Bezanson indicated that the university would bring this back for approval next year.

Regent Anderson asked how the students would be billed for the orientation charge. President Boyd said the fees are added to the first tuition bill in the fall semester. He noted that the parents do pay some out-of-pocket costs.

Regent Jorgensen asked if other institutions were charging for this. President Parks indicated that Iowa State University was considering asking permission to charge for orientation. He said the cost of orientation is very high and that the university was considering a \$10 fee. He said that experience at other institutions has been that a small charge doesn't seem to make much of a difference to the students. He noted that the university needs money for other things and that it was not unreasonable to shift some of the cost to the people who actually come for orientation.

Regent Jorgensen said she appreciated these comments but was still concerned about the fees.

STATE UNIVERSITY OF IOWA
July 13, 1981

Regent Wenstrand asked about the campus interview signup of \$6 at the Career Services and Placement Center. He asked if this amount was per interview or if it was a one-time fee. Vice President Bezanson said it would be a one-time fee and relates to the cost of conducting the interviewing process.

MOTION:

Mrs. Jorgensen moved that the board approve the proposed student fees dated June 26, 1981, effective immediately and that the student fees be reviewed annually.

Mr. McDonald seconded the motion and it passed unanimously.

PURCHASE OF PROPERTY. It was recommended that the board approve the purchase of property located at 127 Grand Avenue Court, Iowa City, Iowa, for a purchase price of \$58,500 from Sally S. Baldus.

The Board Office noted this property consists of a 3,750 square foot lot on which a two-story frame house and an attached single car garage are located. The purchase price of \$58,500 was based upon two appraisals which were \$57,500 and \$58,500.

This property would fall into Category B - High Priority in the university's land acquisition policy. The university already owns land on two sides of it. The property is adjacent to Slater Hall and South Quadrangle residence hall.

The university intends to use the property for future campus development. Until it is assigned, the house will be used for faculty/staff housing. One of the terms in the contract of interest is that the seller reserves the option to lease the property from the date of possession until the seller finds a suitable replacement home or until June 15, 1982, whichever occurs first, at a monthly rental rate of \$208. Possession is agreed to be on or before January 31, 1982.

The funds for this purchase are available from unexpended balances of Income from Treasurer's Temporary Investments, which is the normal method utilized to fund such purchases at the University of Iowa. Property purchases also require the approval of the State Executive Council.

Vice President Bezanson noted that the university has been acquiring parcels of property in this area as they become available. He said there would still be two or three privately owned parcels which the university hopes to acquire.

MOTION:

Dr. Harris moved that the board approve the purchase of property located at 127 Grand Avenue Court, Iowa City, Iowa, for a purchase price of \$58,500 from Sally S. Baldus. Mr. Nolting seconded the motion. Upon the roll being called, the following voted:

AYE: Anderson, Harris, Jorgensen, McDonald, Murphy, Nolting, Neu, Wenstrand, Brownlee

NAY: None

ABSENT: None

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

NAMING OF HAWKEYE ARENA. President Boyd said the university has a need for structures and over the past ten years the university has been in the process of constructing buildings for which only \$5 million came from the State of Iowa. There has been an emphasis on people in the institution's public and private funds. Several years ago the institution assumed the responsibility of getting funds to replace Old Armory and for a new law building. He expressed appreciation to the board, the Governor, and the General Assembly in succeeding in getting funds for the Old Armory replacement. He hoped that the much needed law school would become a reality in the near future

In addition to the academic facilities, President Boyd noted that the university undertook a project to construct an arena. He said this project had two equally important parts - the arena and a recreation facility. President Boyd said he indicated to the University of Iowa Foundation that he would not leave his post as president of the university until that project was finalized and the necessary measures taken to assure its completion. That has now been accomplished. In addition to the arena, there will also be a west campus roadway.

To bring his role to a conclusion, President Boyd formally expressed his appreciation to all those who made the arena project possible. He proposed calling the arena the Carver-Hawkeye Arena-- Hawkeye to recognize the past, present, and future athletes and coaches and to recognize the fans and students whose gifts, fees, and ticket charges made the arena possible.--Carver to recognize Roy Carver and his family for their support of this project and the university in general.

President Boyd said that Mr. Carver always came forward when needed to assist the University of Iowa in a major way. In 1977 when the General Assembly made no provision for increases in faculty salaries, Mr. Carver made a generous gift to the university to develop a university wide set of distinguished professorships and to provide student aid to bring minority students to the campus.

Mr. Carver also made gifts for the Art Museum, Hancher Auditorium, and the restoration of the House of Representatives Chamber in the Old Capitol.

He assisted the university with additional funds for research and operations at University Hospitals and assisted the College of Medicine.

President Boyd said that Mr. Carver's gifts for the arena made it possible for him to deliver on the recreation aspect of the project and not allow it to take second place to the arena. The gift exceeded \$2 million.

For these reasons, President Boyd suggested that the arena be named the Carver-Hawkeye Arena.

The university noted that the name was recommended by the Committee on Building Names and the Campus Planning Committee.

Regent Murphy said she was sympathetic to all of President Boyd's remarks. However, she expressed a reservation about the name. She did not want to diminish the board's appreciation for Mr. Carver's extraordinary generosity to the university. However, she felt that when the fund drive was made for the arena, it was understood that it would be called the Hawkeye Arena and that the appeal was to Hawkeye fans for their support.

Regent Harris did not feel this way. He thought of Hawkeye Arena as being the name of the project. He said he could not speak for the fans but did not believe that this name would bother them.

Regent McDonald said this was an appropriate recognition of the tremendous interest and contribution of the Carver family. He also thought it appropriate as a fan.

MOTION:

Dr. Harris moved that the board approve naming the new arena The Carver-Hawkeye Arena. Mrs. Anderson seconded the motion. The motion passed with Mrs. Murphy opposed.

NAMING OF WEST CAMPUS ROADWAY. President Boyd proposed designating the name of the west campus roadway as Hawkins Drive in recognition of Max Hawkins who is a wonderful alumni, a great Hawkeye athlete, and a university representative.

The university noted that this name was recommended by the Committee on Building Names and the Campus Planning Committee. The recommendation was made in recognition of Mr. Hawkins' outstanding contributions to the university and his advocacy on behalf of the university through the years including the role he played in making this road a reality.

Mrs. Murphy said she has known Max Hawkins for a long time. She said she would take great pleasure in driving on Hawkins Drive.

MOTION: Mrs. Murphy moved that the board approve naming the west campus roadway as Hawkins Drive. Mr. Neu seconded the motion and it passed unanimously.

President Brownlee said this was a small way of saying thank you to Mr. Hawkins.

LEAVE OF ABSENCE FOR PRESIDENT BOYD. President Brownlee said that in the past 8 years he has appreciated the intellect and devotion to the university and public by President Boyd. He said it was difficult to know how to say thank you for this association.

For technical reasons, President Brownlee proposed that the board extend President Boyd's leave of absence as professor in the College of Law from 10 years to 12 years. He said this would reflect both his commitment to his new position and his ultimate desire to return to the University of Iowa when his services are completed at the Field Museum.

MOTION: Mr. McDonald moved that the board extend President Boyd's leave of absence as professor in the College of Law at the University of Iowa from 10 years to 12 years. Dr. Harris seconded the motion and it passed unanimously.

President Brownlee noted that this action should be reflected in both the records of the College of Law and the President's Office.

President Boyd said that in the past 17 years the board has been open, tolerant, gracious, and wonderful and that he would miss all of the members.

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was conducted on Monday, July 13, 1981.

FINAL BUDGET 1981-82. It was recommended that the board approve the final operation budgets for 1981-82 as follows:

General University	\$114,190,632
Experiment Station	12,095,505
Cooperative Extension Service	<u>13,789,957</u>
Total General Program Operations	<u>\$140,076,094</u>
Restricted Program Operations	31,915,383
Auxiliary Enterprises	<u>60,491,955</u>
Total Budget for Operations	<u>\$232,483,432</u>

Auxiliary enterprises include \$19,689,535 for the university housing system.

GENERAL UNIVERSITY

Funding. The total income budget of \$114,190,632, including \$83,793,632 of appropriations and \$30,397,000 of institutional income, remained unchanged from the preliminary budget. The institutional income included \$27,350,000 of student fee income.

Expenditures. The institution reported reallocation of funds among several expenditure categories from that proposed in the preliminary budget and explained the changes. Briefly, after allocation of the essential program adjustments (opening new buildings), the reallocation consisted of about \$600,000 from supplies and services and \$1.2 million from general service staff salaries to faculty and institutional officials' salaries in the amount of \$1.5 million and professional and scientific staff salaries in the amount of about \$300,000. Both adjustments amounted to about 2.7 percent in the budgets for faculty and institutional officials and professional and scientific staff and a reduction in the budgets of about 5.5 percent for general service staff and supplies and services.

As stated in the preliminary budget information, the \$232,000 from the essential program adjustments consisted of \$52,000 for general service staff, \$60,000 for fuel and purchased electricity, \$105,000 for supplies and services, and \$15,000 for equipment.

The Iowa State University Budget Book for 1981-82 stated the budgets for each academic college and department. A comparison of budgets for 1981-82 with respect to the original budget for 1980-81, and similarly for 1980-81 with respect to 1979-80, showed the following percentage increases:

<u>College</u>	<u>Percentage Increase 1980-81 Over 1979-80</u>	<u>Percentage Increase 1981-82 Over 1980-81*</u>
College of Agriculture	8.5%	7.6%
College of Design	14.0	7.5
College of Education	7.2	6.9
College of Engineering	9.9	10.6
College of Home Economics	6.7	6.3
College of Sciences and Humanities	9.4	9.8
College of Veterinary Medicine	11.1	15.2
Graduate College	6.6	7.8

*Original budget for 1980-81

These figures show the largest percentage increase for the College of Veterinary Medicine in the amount of 15.2 percent. The Colleges of Engineering and Sciences and Humanities were increased about 10 percent, and the remaining colleges in the range of 6 to 8 percent.

Analysis of a portion of the individual departmental budgets showed changes ranging from a reduction of approximately 4 percent to increases of about 27 percent for Computer Science and 25 percent for Veterinary Clinical Sciences. The significant variation in budget increases among the departments and colleges was interpreted to reflect variations in student enrollment and realignment of position salaries as faculty turnover occurs.

The percentage increases in funding for the various university programs for 1981-82 over the original budget for 1980-81 are as follows.

<u>Program</u>	<u>Percentage Increase 1981-82 Over 1980-81*</u>
Instruction	9.4%
Library	8.2
Physical Plant	16.0
Administration	1.6
General	12.4
Student Affairs	11.1
Information and Development	4.7
Research	10.3
Equipment, Building Repairs and Reserves	(6.3)
University Extension	4.9
Total - General University	<u>9.6%</u>

*Original budget for 1980-81

The largest increase, in the amount of 16.0 percent for the Physical Plant, was due primarily to increase in the budget for fuel and purchased electricity and the reduction of about \$900,000 of credits for utilities. The increase of 12.4 percent in the General program was due primarily to increase from \$421,000 to \$670,000 for Iowa State University Center support. The program entitled Equipment, Building Repairs and Reserves included \$1 million reserved for temporary teaching assignments to provide flexibility for adjusting the faculty to the student enrollment when the enrollment becomes known. When this reserve is applied to instruction, the percentage increase for instruction will be brought up to about 10 percent.

AGRICULTURE AND HOME ECONOMICS EXPERIMENT STATION

Income. The proposed final budget of \$12,095,505 consisted of \$2,997,575 of institutional income and \$9,097,930 of state appropriations. The institutional income consisted of \$2,870,575 of federal funds and \$127,000 of sales and services. The federal funds were based on estimates subject to final action by Congress. Federal funding figures will not be known until the federal budget for the fiscal year beginning October 1, 1981, is established.

There were no changes in the income budget from that proposed for the preliminary budget for 1981-82.

Expenditures. The budget for faculty and institutional officials was reduced from the preliminary budget by \$153,000 as a consequence of detailed adjustments and split of salaries between the general university and the Experiment Station. The institution reiterated its proposal to freeze approximately 15 percent of the research assistant positions.

The \$153,000 was reallocated in the proposed final budget in the amounts of \$12,000 to professional and scientific staff salaries, \$7,000 to general service staff salaries, \$80,000 to supplies and services, \$20,000 to equipment, and \$34,000 to building repairs. All but \$20,000 of the \$153,000 was directed to non-salary items in support of the work of the Experiment Station. The institution recognized the serious need for building repairs and increased the budget from zero to \$34,000.

COOPERATIVE EXTENSION SERVICE IN AGRICULTURE AND HOME ECONOMICS

Income. The proposed budget of \$13,789,957 was to be supported by federal funds of \$5,111,000 and state appropriations of \$8,678,957. As is the case for the Experiment Station, the federal funds estimate was subject to final consideration by Congress and the establishment of a firm budget for the federal fiscal year beginning October 1, 1981.

There was no change in the proposed income budget from that set forth in the preliminary budget.

Expenditures. The supplies and services budget was reduced by \$86,000 from the preliminary budget to accommodate budget increases of \$14,000 for faculty and institutional officials and \$71,000 for professional and scientific staff. These adjustments related to working out the detailed budgets, including the effect of funding splits with other units of the university and various county extension councils.

OTHER PROGRAMS

Restricted Program Operations consist of contracts and gifts both for special purposes and auxiliary enterprises such as the university housing system, concert series, and inter-collegiate athletics.

The amount estimated for contracts and gifts for 1981-82 amounted to \$31.9 million, as compared with \$31.0 million for 1980-81. It was difficult for the institution to estimate this figure because of the multitude of contract proposals and potential change in the success rate in view of the current change in federal funding policy.

The auxiliary enterprise budget estimate of \$60.5 million may be compared with \$54.0 million for 1980-81. The budget for auxiliary enterprises included total income from the university housing system of \$19,689,535, which was estimated to support operating expenses of \$16,685,084, and bond requirements and reserves of \$3,004,451. These figures were identical with those approved by the Board of Regents last winter.

IOWA STATE UNIVERSITY

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The final budget contained relatively modest revisions of the preliminary budget for general program operations which resulted from detailed calculations. The adjustments were intended to optimize performance of the various operating units within the resources available. Accordingly, the Board Office recommended that the budgets of \$114,190,632 for the general university, \$12,095,505 for the Experiment Station, \$13,789,957 for the Cooperative Extension Service, \$31,915,383 for contracts and grants, and \$60,491,955 for auxiliary enterprises for a grand total budget of \$232,483,432 be approved. The auxiliary enterprises included \$19,689,535 for the university housing system.

President Parks said that Iowa State University tried to give priority to having teachers in the classroom because the university has had a serious problem of not having enough teachers. The university tightened the budget wherever it could and set aside a million dollars to hire temporary teachers. President Parks said this was not the best of arrangements but it was the best one available considering resources. He said this fund would be used in those areas where there is heaviest pressure to get students into the classroom.

President Parks said the salary funding was stretched as far as possible because salaries are the most important item. This meant cutting down vigorously, and possibly unwisely, on nonsalary items such as supplies and services, general expense, and building repairs.

Regent Jorgensen said that in view of what was being done for the faculty, she hoped some headway could be made. She said she was becoming concerned about nonpersonnel budgets. She felt it would be a false economy to continue this trend over a long period of time and that problems would be created in the long run if the problems of supplies, general expense, and facilities are not addressed. President Parks agreed. He hoped the university would be able to do better next year with the restoration of the 4.6% reversion to the base budget and through efforts for private giving to supplement the budget.

MOTION:

Mr. McDonald moved that the board approve the budgets of \$114,190,632 for the general university, \$12,095,505 for the Experiment Station, \$13,789,957 for the Cooperative Extension Service, \$31,915,383 for contracts and grants, and \$60,491,955 for auxiliary enterprises, for a grand total budget of \$232,483,432. Mr. Nolting seconded the motion and it passed unanimously.

IOWA STATE UNIVERSITY
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SALE OF \$15,600,000, STATE BOARD OF REGENTS, STATE OF IOWA, IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY ACADEMIC BUILDING REVENUE BONDS, SERIES I.S.U. 1981. The Board Office reported that the 1981 Legislature in Senate Concurrent Resolution 35 authorized the sale by the Board of Regents of \$58 million in academic revenue bonds over the next two years. Bonds which can be issued the first year total \$30 million. In June the board approved the division of the \$30 million among the three universities as follows:

University of Iowa	\$ 9,085,000
Iowa State University	15,600,000
University of Northern Iowa	5,315,000

The application of funds on this first bond sale for Iowa State University would be:

North Campus Storm Sewer	\$ 908,000
Heating Plant Improvements	1,290,000
Library Addition	4,200,000
Fire Safety Deficiencies	1,185,000
Quadrangle Equipment and Utilities	1,020,000
Campus Utility Improvements	1,036,000
Library Addition Equipment	1,520,000
Energy Management Program	1,340,000
Gilman Hall Renovations	3,000,000
Issuance Costs	<u>101,000</u>
Total	<u>\$15,600,000</u>

Mr. McMurray reported that most board members had been consulted on Friday, July 10, 1981, regarding the selling of bonds for Iowa State University at this board meeting. After consideration of the condition of the bond market, a recommendation was made to cancel the bond sales for the University of Iowa and Iowa State University and proceed only with the bond sale for the University of Northern Iowa.

He recommended that the board reject all bids received for the sale of Iowa State University bonds and that the executive secretary be directed to set a new date for a bond sale during August, September, or October, 1981, after consultation with bond consultant, and to re-advertise that sale as appropriate.

IOWA STATE UNIVERSITY
July 13, 1981

MOTION:

This being the time and place fixed by published notice, the board took up for consideration the matter of bids for the purchase of \$15,600,000 Academic Building Revenue Bonds, Series I.S.U. 1981, of said board. Whereupon Mr. McDonald introduced and caused to be read a resolution entitled, "Resolution rejecting all bids for \$15,600,000 Academic Building Revenue Bonds, Series I.S.U. 1981, and directing the readvertisement of said bonds for sale," and moved that said resolution be adopted, seconded by Mr. Neu. After due consideration the president put the question on the motion and, the roll being called, the following voted:

AYE: Anderson, Harris, Jorgensen, McDonald, Murphy, Nolting, Neu, Wenstrand, Brownlee

NAY: None

Whereupon the president declared said resolution duly adopted, and signed his approval thereto.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes were ratified by the board.

INDUSTRIAL SECURITY AGREEMENT. It was recommended that the board adopt the resolution required periodically by the Industrial Security Manual of the Department of Defense.

The Board Office noted this industrial security agreement was similar to the one approved by the board for the State University of Iowa in June. It puts limitations on access to classified information.

MOTION:

Mrs. Jorgensen moved that the board approve the resolution required by the Industrial Security Manual of the Department of Defense.

WOI-AM-FM - COMMUNITY ADVISORY BOARD. It was recommended that the board accept the WOI-AM-FM Advisory Council Resolution dated May 19, 1981.

The Board Office said that Mr. Forsling, Manager of WOI-AM-FM informed the Board Office that the Advisory Council was formed to comply with the Public Telecommunications Financing Act of 1978. Informal meetings were conducted. During the past year, an effort was made to formalize the council. Accordingly, the advisory council policies and procedures dated May 19, 1981, were adopted to comply with the Act.

It was expected that the council would provide the station and the Board of Regents with more specific advice regarding programming and other policies of the station to meet the specialized educational and cultural needs of the communities served as a consequence of its establishing formal council policies and procedures.

The resolution of the advisory council resolves that the:

WOI-AM-FM Advisory Council represents to the governing body of the stations that the programming and other policies of WOI-AM-FM are meeting the specialized educational and cultural needs of the communities served by the stations.

The Board Office recommended that the board accept the resolution dated May 19, 1981, as adopted by the WOI-AM-FM Advisory Council.

President Brownlee accepted the WOI-AM-FM Advisory Council Resolution dated May 19, 1981, on behalf of the board.

AREA EXTENSION OFFICE LEASE - CEDAR RAPIDS, IOWA. It was recommended that the proposed lease with the Grant Wood Area Education Agency for the benefit of Iowa State University and its Cooperative Extension Service be renewed for the period September 1, 1981, to August 31, 1984, at an annual rate of \$3.85 per square foot, with an escalator clause to provide for an increased rate to pay lessor for certain increases in lessor's operating costs.

The Board explained that the lease was for approximately 1,484 square feet of office-meeting space at 4401 Sixth Street, S.W., Cedar Rapids. The new rate (\$3.85) represented a 10% increase over the rate (\$3.50) paid during the preceding 39 months.

The lease provides that lessor will furnish utilities and janitorial services and supplies. Lessor's operating costs represent approximately 90% of the lease rate.

The Board Office's recommendation was made contingent upon the satisfactory conclusion of the negotiation of the proposed escalator clause which would permit the lessor to adjust proportionately the annual rate at any time lessor's operating costs increase more than 5% over the operating costs of the preceding base year, and contingent upon deliver of the lease to the Board Office by July 13, 1981.

MOTION:

Mr. Wenstrand moved that the board approve the renewal of the lease with the Grant Wood Area Education Agency for the period September 1, 1981, to August 31, 1984, at an annual rate of \$3.85 per square foot, with an escalator clause to provide for an increased rate to pay lessor for certain increases in lessor's operating costs.

Mr. Nolting seconded the motion. Upon the roll being called, the following voted:

AYE: Anderson, Harris, Jorgensen,
McDonald, Murphy, Nolting, Neu,
Wenstrand, Brownlee

NAY: None

ABSENT: None

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office reported that the Register of Capital Improvement Business Transactions for the period of June 20 through July 13, 1981, had been received, was in order, and was recommended for approval.

The board was requested to ratify executive secretary award of the following construction contracts:

Pearson Hall - Ground Floor Extension, Access Flooring

Award to: Swanson Gentleman, Inc., Des Moines, Iowa \$55,748.00

There was an irregularity in this bid in that the bidder to whom award was recommended failed to submit specified EEO information with the bid. The irregularity was waived since the EEO information was submitted prior to award of contract and the firm had done prior work at Regents' institutions and was on file with the compliance officer.

Pearson Hall - Ground Floor Extension, Fire Suppression System

Award to: Guardian Technology, Inc., Cleveland, Ohio \$29,796.00

There was an irregularity in this bid in that the apparent low bidder submitted as bid security a check that was designated "official check." The irregularity was waived since the vice president of the bank on which the check was drawn (AmeriTrust of Cleveland, Ohio) confirmed by letter that the check would be honored in the same manner as a certified check. The funds are held in escrow and will be payable upon proper presentation.

On July 9, 1981, the Board Office received a letter from the other bidder, Central Alarms, Inc., Des Moines, Iowa, contending "that Owner acted and proposes to act in a manner violative of the Contract Documents" and stating that "Central Alarms, Inc., as the low and only bidder who complied with the requirements of the Contract Documents, demands that the contract for this project be let to Central Alarms, Inc."

The Board Office explained that at the time of bid opening, there was some confusion when it was discovered that the bid security of Guardian Techonogy was "an official check." Iowa State University officials hesitated as to whether or not the bid should be read or automatically disqualified. The determination was made that the bid should be read into the record and then determine whether the bid security tendered was according to specifications. Cashier's checks are not acceptable. The question revolved around whether the check was a cashier's check or a certified check, as an "official check" was new to persons reading the bid.

Board of Regents' institutions experienced similar problems over the past few years in making an on-the-spot determination as to whether a bid bond submitted by certain vendors was in accordance with board specifications. The basic policy is, unless it is clearly a cashier's check, to read the bid into the record and then determine whether the bid security is proper. If it is improper, the bid is disqualified. Only in cases of cashier's checks is the bid security disqualified on the spot. In this instance, the university followed the proper procedures.

The Board Office noted that the bid of Guardian Technology was \$8,200 lower than that of the other bidder. Since the bid security was proper and since Guardian Technology gave every indication of performance according to the specifications of the board, the Board Office found no reason to honor the complaint of Central Alarms, Inc. The Board Office recommended that the board ratify award of contract to Guardian Technology, Inc., and disallow the complaint of Central Alarms, Inc.

The university also submitted an amended project budget for approval on the Pearson Hall - Ground Floor Extension project. The amount remained the same - \$425,000 - funded by Overhead Reimbursement for Use of Facilities. The amended budget showed the two contract awards with the only other difference being a reduction in the amount of physical plant work from that approved in the June budget from \$205,000 to \$120,500.

The board was requested to approve the following new projects:

Flood Control Levee

Source of Funds:	Residence Hall Parking Account	\$ 9,000	
	Overhead Reimbursement for Use of Facilities	<u>30,000</u>	
	Total		<u>\$39,000.00</u>

Industrial Education II - Renovation for Graphic Communications

Source of Funds: Building Repairs \$39,000.00

This project will renovate a locker room area in the Old Veterinary Clinic Building to allow the graphic communications function in Industrial Education to be relocated from Temporary Building O. This move will vacate Temporary Building O and allow it to be demolished. The entire project would be done by Physical Plant forces if the board approves.

Utilities - Heating Plant - Replace Economizers - Boilers 3 and 4

Source of Funds: Overhead Reimbursement for Use of Facilities \$300,000.00

Buchanan Hall - Kitchenette

Source of Funds: Dormitory System Surplus \$59,000.00

Dairy Nutrition Farm - Manager's Residence

Source of Funds: Plant Funds Unallocated \$50,000.00

This project would build a three-bedroom residence with basement as a residence for the farm manager. Currently the manager is housed in a mobile home.

Razing and Disposal Projects

The university requested permission to demolish the following structures:

- Plant Introduction Station - Steel Quonset Building
- Swine Nutrition Station - Eleven Experimental Swine Housing Units

Source of funds for this demolition work is Agricultural Experiment Station Accounts.

The board was requested to take action on the following consultant contracts:

Friley Hall Renovations - Phase III

In May the board granted permission to the university to negotiate for architectural services on this project and to examine the feasibility of employing a construction manager. Those negotiations are completed and the university requested approval of a contract for architectural services with Brooks, Borg and Skiles, Des Moines, Iowa on an hourly

rate contract to a maximum of \$65,000. The university also requested approval of a construction management contract with James Thompson and Sons, Ames, Iowa, on an hourly rate basis with a maximum compensation of \$80,000. The university also presented an initial project budget totaling \$950,000 funded by Dormitory System Surplus Funds.

The main reason for the employment of a construction manager is to meet the concerns of the university over timely completion of this phase. The project would be done in the summer of 1982 and the switch to the semester system limits the amount of time in which to undertake a project of this magnitude.

Mechanical Engineering and Engineering Science and Mechanics Building

In April 1980 the university was given approval to negotiate an agreement for architectural services on this project. The negotiations are now completed and the university recommended the selection of Charles Herbert & Associates of Des Moines.

Compensation to the firm would be on an hourly rate basis to a maximum of \$830,000. Source of funds for architectural services is the Iowa State University Achievement Fund. The architect's agreement will provide for design through the schematic phase only with additional architectural services to proceed only upon written authorization by the Owner's Representative.

The construction cost, as contained in the Board of Regents' capital request and also as considered in the second year bonding authorization, is \$13,600,000. An additional \$1,820,000 is needed for utility connections and equipment. The proposed plan is to construct a 95,450 gross square foot structure to replace space in the existing Mechanical Engineering Building and the Laboratory of Mechanics Building.

Actions on Bond-Financed Projects

The Board Office noted that the board allocated \$15,600,000 to Iowa State University in academic revenue bonds with the intent that nine projects would be funded from this source. The following entries on the Register involved three of those projects.

Because of the market conditions, the bond sale for Iowa State University was postponed. Mr. Richey noted that approving the actions requested for these projects now would prevent some delays and save money. He said that the library addition was already under contract and the need to increase the financing the university must find would not do any harm. He said these funds would have to be acquired in some way in the fall. President Brownlee indicated that the funds might have to be short-term financed.

North Campus Storm Sewer

Award to: D.C. Construction Co., Ames, Iowa \$469,424.00

The university submitted a project description and budget for approval. The budget totals \$958,000 of which \$908,000 would be funded from academic revenue bonds.

Quadrangle Remodeling - Phase I

A total of \$1,020,000 would be provided in academic revenue bonds proceeds including \$715,000 for movable equipment and \$305,000 for utility distribution improvements. A revised project budget was presented for approval which increased the total project costs to \$5,454,000.

Utilities - Heating Plant Improvements

Award to: Baker Mechanical, Inc., Des Moines, Iowa \$359,700.00

The university presented a project budget for approval totaling \$1,570,000 of which \$1,290,000 would be academic revenue bond proceeds.

In July 1979, the board directed the university to retain the services of an outside consultant to investigate thoroughly the circumstances of a fire in the heating plant as well as any factors in operations or maintenance of the plant which might be corrected to avoid future casualty losses.

The resulting study by Stanley Consultants, Inc., Muscatine, Iowa pointed out significant facilities improvements which needed to be undertaken in the power plant to enhance safety, reliability, and efficiency of the plan. Projects include:

- A closed coal-bunker filling system
- A new central control room
- Improvements in plant ventilation
- A comprehensive plant fire protection system

Bids were taken on July 7 on the first contract to accomplish the closed coal-bunker filling system and a combustion air heating system.

The board was requested to ratify action by the executive secretary on the following special item:

Emission Reduction Program

An amendment was filed on June 11, 1981, to the emission reduction program filed with the Iowa Air Quality Commission, Department of Environmental Quality. The amendment called on Iowa State University to test its boilers on July 12, 1981. Also, the amendment calls on Iowa State University to make certain reports once compliance is achieved and puts into effect certain actions should Iowa State University not achieve compliance with the tests of July 12.

IOWA STATE UNIVERSITY
July 13, 1981

MOTION:

Mrs. Murphy moved that the board approve the Register of Capital Improvement Business transactions for the period of June 20 through July 13, 1981; ratify award of construction contracts made by the executive secretary; reject the complaint of Central Alarms, Inc.; approve the amended budget; approve the new projects; approve use of physical plant forces on the one project; authorize demolition of buildings; approve the consultant contracts; ratify the amendment to the emission reduction program; and authorize the executive secretary to sign all necessary documents. Mr. Wenstrand seconded the motion and it passed unanimously.

President Brownlee then asked board members and institutional executives if there were additional matters to be raised for discussion pertaining to Iowa State University.

David Henry thanked the board and Iowa State University for the privilege of working with them for four years. He said it was a great honor to work with them and the Legislature and he appreciated the opportunity.

President Parks said it was a real pleasure for Iowa State University to have Mr. Henry's services and that he wished him the very best. President Parks noted that Reid Crawford will replace Mr. Henry as assistant to the president.

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Monday, July 13, 1981.

It was recommended that the board approve the final budget for the University of Northern Iowa general program operations in the amount of \$41,535,000 and other budgets in the amount of \$15,938,392 for a total budget for the University of Northern Iowa operations in the amount of \$57,473,392. The total proposed budget included restricted programs, auxiliary enterprises and revolving, stores and agency funds. The budget for the residence system operations was included in the amount of \$9,021,000.

Income. The proposed budget of \$41,535,000 for general program operations was to be funded by \$32,722,958 of State appropriations, \$8,171,042 of student tuition and \$641,000 of other income. There was no change in these figures from the preliminary budget as approved by the Board of Regents.

Expenditures. The institution reported shifts in funds among the three salary categories from that set forth in the preliminary budget. These shifts were not expected to cause any changes in program. Some of the adjustment was due to an increase in the overhead charge by the general university for services provided to the residence system. The proposed overhead charge was more nearly consistent with that charged by other Regent institutions. Also the proposed budget contains a lower charge-back by the revolving and stores accounts.

The other significant change from the preliminary budget involved an increase of \$274,000 in the supplies and services budget. Funds were shifted from the salary categories to operate the new word processing system, academic computing service, administrative data processing center, fire protection, personnel training grants and travel.

Increases in the 1981-82 budget relative to 1980-81, which reflect the institutional assessment of its priorities according to program were as follows:

<u>Program</u>	Percentage Increase
	<u>1981-82 over 1980-81</u>
Instruction	8.1
Research	4.5
Public Service	1.2
Academic Support	6.3
Scholarships and Fellowships	16.4
Student Services	0.9
Plant Operation and Maintenance	4.1
Institutional Support	0.7
Total	<u>5.9%</u>

The total budget for 1981-82 was proposed to increase by 5.9% over 1980-81. The largest increase of 16.4% was for scholarships and fellowships. The next largest increases were for instruction (8.1%) and academic support (6.3%) both of which contribute directly to students' educational programs. The lowest increases were for institutional support (0.7%), student services (0.9%) and public service (1.2%).

The proposed budgets for individual instructional departments for 1981-82 were compared to the budgets for 1980-81. The budget changes ranged from a reduction of about 3.5% to an increase of 19.1% for industrial technology. There was a significant variation in budget increases among the departments which would be expected to reflect variations in student enrollment and realignment of positions following faculty turnover.

Reserve and undistributed accounts were established to provide flexibility for various purposes and were compared as follows for the 1981-82 proposed budget as compared with the budgets for 1980-81:

<u>Item</u>	<u>1980-81</u>	<u>1981-82</u>
Undistributed-Temporary Instruction	\$ 55,728	\$136,113
Enrollment Increase Contingency	90,000	-
Undistributed General	252,282	149,498
Total	<u>\$398,010</u>	<u>\$285,611</u>

The reserve for undistributed-temporary instruction was to provide flexibility for meeting changes in teaching workloads. The enrollment increase contingencies established for allocation as needed when actual enrollments are known was deleted from the 1981-82 budget. The undistributed-general reserves were to provide flexibility for responding to critical situations throughout the year in case salary lapses do not materialize. The budgeting flexibility to meet shifting needs during the course of fiscal year 1981-82 was reduced by about \$112,000 from the final budget for 1980-81.

OTHER PROGRAMS

The University of Northern Iowa budget book for 1981-82 showed the following operating programs supported by restricted funds, auxiliary enterprises and revolving, stores and agency funds.

<u>Program</u>	<u>Budgets</u>	
	<u>1980-81</u>	<u>1981-82</u>
Organized Educational Activities	\$ 558,053	\$ 793,760
Current Restricted Funds	1,152,885	1,311,479
Residence System Operations	8,290,000	9,021,000
Student Activities	258,560	522,795
Intercollegiate Athletics	758,896	842,393
J. W. Maucker Student Union	197,207	211,161
Field House Operations	205,300	179,761
Miscellaneous Auxiliary Enterprises	608,172	772,673
Revolving, Stores and Agency Funds	<u>1,976,922</u>	<u>2,283,370</u>
Total Estimated Resources	<u>\$14,005,995</u>	<u>\$15,938,392</u>

The estimated income of \$9,021,000 for the residence system operations was to support operating expenditures of \$7,715,025 and contributions to reserve funds of \$1,305,975. The contributions to the reserve funds included \$200,000 of additions to the surplus fund.

The institution budgeted revolving and stores funds appropriately for control purposes, but these funds duplicate in the total institutional budget figure budgets of users of these services. Agency funds are held by the institution as custodian for various university-related organizations and student groups.

In view of the evident effort of the institution to adjust internal budgets to respond to operating conditions and priorities, the Board Office recommended that the proposed operating budget for the general university in the amount of \$41,535,000 and the budgets for other activities in the amount of \$15,938,392 for a total of \$57,473,392 be approved. The total proposed budget included \$9,021,000 for the residence system operations.

President Kamerick indicated that the university allocated more funds this year than in any previous year in an effort to meet stringent budgeting requirements. He said the university was concerned about the necessity for doing this and was particularly concerned about the reduction in funds for the library.

Mr. Richey pointed out that there had been a shift of \$274,000 from the salary category to the supplies and services budget. This change from the preliminary budget was made to accommodate a new word processing system and academic computer services. Vice President Stansbury said this was an effort to increase the efficiency in office operations. When the preliminary budget was prepared, the university

was unable to determine whether it would be able to have a word processing system this fall. Since that time the university has found that it is possible.

Vice President Stansbury said no employees would be laid off but that some currently vacant positions would not be filled. The word processing system is a supplies and services item and there will be money for salary through the payback of the operation. The university anticipates increasing the salary support for the academic computer center.

In the preliminary budget these were listed as salary items. They are actually supplies and services items because they are charged back.

Vice President Stansbury noted that the amount for the fire contract budget was changed from the preliminary budget. The university did not have a final figure on this when it prepared the preliminary budget.

MOTION: Mrs. Anderson moved that the board approve the final budget for the University of Northern Iowa general program operations in the amount of \$41,535,000 and the budgets for other activities for a total of \$57,473,392. Mrs. Jorgensen seconded the motion and it passed unanimously.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes were ratified by the board.

OTHER PERSONNEL TRANSACTIONS. The board was asked to approve the following actions:

Changes of Status

Dr. Daryl Smith, from Professor of Biology to Professor and Acting Head, Department of Biology, effective August 24, 1981, at a salary of \$27,041.

Mr. Daryl Stoner, from Acting Maintenance and Operations Director, Plant Services, at a salary of \$24,000, to Maintenance and Operations Director, effective June 16, 1981, at a salary of \$25,795.

President Kamerick introduced a supplemental personnel item:

Appointment:

Dr. Thomas H. Thompson as acting dean of the College of Humanities and Fine Arts.

President Kamerick explained that Dr. Thompson's appointment would be for one year and had no implications for appointment as a full-time dean.

MOTION: Mr. Nolting moved that the board approve the changes of status and appointment listed above. Dr. Harris seconded the motion and it passed unanimously.

UNIVERSITY OF NORTHERN IOWA CALENDAR YEAR HOLIDAYS FOR 1982 AND 1983.
It was recommended that the board approve the calendars proposed for 1982 and 1983.

The Board Office explained that board policy and the non-professional collective bargaining contracts provide for 11 holidays each year. If a holiday falls on a Saturday, it is observed on the preceding Friday. If it falls on a Sunday, it is observed the following Monday.

Because New Year's Day, 1983, falls on a Saturday, it will be observed on Friday, December 31, 1982, and was shown in the university's proposed calendar as a 1982 holiday. In order to provide 11 holidays each year only one university-designated holiday was proposed for 1982, Thursday, December 23; and three were proposed for 1983, January 3 and December 23 and 26.

The university reported its proposed calendar was supported by affected employees. It was reviewed with the State Director of Employment Relations. Although there was a minor inconsistency with current policy resulting from the required observance of New Year's Day 1983 in 1982, the proposal was consistent over the two-year period it covers with board policy and non-professional collective bargaining contracts. The Board Office recommended approval of the calendar.

President Kamerick noted that the calendar was a little unusual because three holidays fall in 1982 and one in 1983. However, he said it preserved the limit of 11 holidays per year.

MOTION: Mr. Wenstrand moved that the board approve the calendars proposed for 1982 and 1983 at the University of Northern Iowa. Dr. Harris seconded the motion and it passed unanimously.

POLICY AND PROCEDURES FOR LEAVES OF ABSENCE FOR POLITICAL ACTIVITY.
It was recommended that the board defer action on the proposed policy and procedures pending appropriate interinstitutional consultation and Board Office review.

The Board Office explained that currently there is no board-approved policy concerning employees who are candidates for political office. In May 1980, in conjunction with an appeal from a University of Northern Iowa administrator who was denied a leave of absence to run for political

office because of the demands of his job, the president of the board said that the situation at the University of Northern Iowa should be reviewed and that a policy on leaves of absence to run for political office should be devised at the institutions.

Because of the precedent the proposed policy could establish, the Board Office recommended it be deferred so that interinstitutional consultation and Board Office review could occur.

President Kamerick said he had no objection to deferring the proposed policy, particularly in light of the implications it could have for the other institutions. His only reservation was that city elections would be held before the board meets and can take action on the policy in the fall.

Regent Anderson did not think this would be a problem in the case of city elections. Mr. Richey indicated that the proposed policy would be considered by the board in September.

President Brownlee asked if there were any objections to deferring the policy. There were none.

EASEMENT - CITY OF CEDAR FALLS. It was recommended that the board approve granting an easement to the City of Cedar Falls, Iowa, for the construction and operation of a storm water detention basin.

The Board Office noted that the City of Cedar Falls has experienced severe flash flooding in the area of Dry Run Creek. As a result, a study was commissioned by the City of Cedar Falls with Brice, Petrides & Associates, Engineers, Waterloo, Iowa. One of the alternatives on flood control was intermediate excavation storage at Hudson Road. The program involved construction of a storm water detention basin. This alternative was intended to eliminate all losses from floods of less than 50-year frequency and substantially to reduce losses from major floods that occur less often.

Following the issuance of the study, a number of meetings were held between university personnel, staff members from other state agencies, and city staff. In a report to the Governor's Office in September 1980 it was stated that the board and the university would continue to cooperate with the City of Cedar Falls in finding a solution to the flooding problem. One of the cooperative measures suggested was granting a permanent easement for use of land needed for construction of the detention basin by the city. Consideration would be the city's restoration

of the University of Northern Iowa-Dome parking lot adjacent to this storage basin to meet university parking needs. The university stated "the only limitation we have is to be sure that the design will maintain the integrity of the university's parking lot north of the physical education center and developed playfield west of that parking area."

The city recently decided to initiate this project and requested that an easement be granted providing for construction and maintenance of the detention basin. The easement is in standard form. The concerns of the university have been fully met in this easement.

First, a portion of the parking lot north of the University of Northern Iowa Dome will be raised approximately 5 feet at the northeast corner, thus preventing future flooding of that lot and reducing potential erosion. Second, the city, as part of the project, will provide an underground drainage system for the parking lot. That system will be of potential future benefit should the lot be hardsurfaced. Third, the project will eliminate serious flooding downstream and thereby benefit the university's property located in the watershed.

The university and state do not share in the cost of this project except for the easement. Most of the land involved in the easement of the university is unusable in its present state. The easement provides that the city will mow the grass, control the vegetation, and provide other surface maintenance to all areas of the permanent utility and drainage easement. The university will, for the first time, gain recreational use of this portion of its property.

The Board Office said the benefits appeared to be strongly in favor of the university granting the easement. It was pleased that the city is taking steps to alleviate the flooding problem.

The Board Office noted that all easements require the approval of the State Executive Council.

MOTION:

Mrs. Anderson moved that the board approve granting an easement to the City of Cedar Falls, Iowa, for the construction and operation of a storm water detention basin. Dr. Harris seconded the motion. Upon the roll being called, the following voted:

AYE: Anderson, Harris, Jorgensen,
McDonald, Murphy, Nolting, Neu,
Wenstrand, Brownlee

NAY: None

ABSENT: None

RATIFICATION OF STUDENT TEACHING CONTRACTS, 1980-81. It was recommended that the board ratify student teaching contracts for 1980-81 with school districts and that this report be dropped for all three universities and its purpose be accomplished through the docket item which brings to the board the format and conditions associated with this contractual agreement.

The Board Office explained that Sections 4.33 and 7.17 of the Regents' Procedural Guide stipulate that the universities may enter into contracts with the board of directors of Iowa school districts for training teachers. The board is required to approve the form of contract each year, and the institutions report to the board the school districts with which contracts were entered into during the previous fiscal year. In the past this has been accomplished at two separate board meetings: one to approve the form of contract and one to ratify the agreements signed by the executive secretary for the previous school year. The Board Office said since the executive secretary is authorized to execute any agreements during the year that meet the criteria established by the board, it was felt that the ratification process was unnecessary once the board has approved the form and conditions and authorized the executive secretary to sign.

Regent Harris felt the proposal to combine the reports on the student teaching contracts was an excellent one.

MOTION:

Dr. Harris moved that the board ratify student teaching contracts for 1980-81 with Iowa school districts and that this report be dropped for all three universities and that its purpose be accomplished through the docket item which brings to the board the format and conditions associated with this contractual agreement. Mrs. Anderson seconded the motion and it passed unanimously.

SALE OF \$5,315,000 STATE BOARD OF REGENTS, STATE OF IOWA, UNIVERSITY OF NORTHERN IOWA ACADEMIC BUILDING REVENUE BONDS, SERIES U.N.I. 1981. The Board Office reported that in Senate Concurrent Resolution 35 the 1981 Legislature authorized sale by the board of \$58 million in academic revenue bonds over the next two years. Bonds which can be issued the first year total \$30 million. In June the board approved the following division of funds among the three universities:

University of Iowa	\$ 9,085,000
Iowa State University	15,600,000
University of Northern Iowa	5,315,000

UNIVERSITY OF NORTHERN IOWA
July 13, 1981

The use of bond proceeds for the University of Northern Iowa will fund the following projects:

Electrical System Improvements	\$ 800,000
Turbine Generator Supplemental	800,000
Russell Hall Renovation	500,000
Steam Distribution System Improvements	1,315,000
Fire Safety Deficiencies	825,000
Energy Management Program	1,025,000
Issuance Costs	<u>50,000</u>
Total	<u>\$5,315,000</u>

The Board Office presented the details of these bonds as found in the resolution authorized and providing for the issuance of said bonds:

- Bonds will be dated July 1, 1981, in coupon denominations of \$5,000 each. Bonds shall bear interest from the date thereof with the first interest payment being made January 1, 1982, and semi-annually thereafter on the first days of January and July each year. Bonds will mature in numerical order with the first principal payment of \$250,000 due on July 1, 1984, with \$275,000 on July 1, 1985, \$290,000 on July 1, 1986, and \$300,000 annually in 1987 through 2001, inclusive. The type of bonds utilized by the board for academic revenue bonds is essentially 20-year even principal bonds.
- Bonds are redeemable by the board on any interest payment date on or after July 1, 1993, upon terms of par and accrued interest plus a premium equal to 1/2 of 1% of principal amount of any such bonds called for redemption for each year and the stated maturity of such bonds but in any event not to exceed 3% of the principal amount of such bonds.
- Paying agent is the Treasurer of the University of Northern Iowa.
- The university acts as bond registrar.
- Investment of bond funds is limited to direct obligations of the United States Government.
- Other sections of this resolution include provisions on audits, on the arbitrage requirements of the Internal Revenue Service, on how the bonds can be modified by consent of the bondholders, etc. All these provisions are standard with all prior academic bond resolutions.

President Brownlee called the meeting to order at 1:00 p.m. Central Daylight Saving Time in the Cedar Rapids Room of the Marriott Hotel, Des Moines, Iowa. The roll being called there were present S. J. Brownlee, president, in the chair, and the following named board members: Anderson, Harris, Jorgensen, McDonald, Murphy, Nolting, Neu, and Wenstrand.

President Brownlee stated that the meeting was for the purpose of receiving separate sealed bids on sale of \$5,315,000 Academic Building Revenue Bonds, Series U.N.I. 1981 of the State Board of Regents of the State of Iowa.

President Brownlee requested the filing of all sealed bids. After making a second and third call for the filing of sealed bids, President Brownlee announced the closing of receipt of sealed bids.

President Brownlee introduced bond consultant Paul Speer to the board.

President Brownlee directed the executive secretary to open the sealed bids and asked Mr. Speer to read the sealed bids. Mr. Speer reported that four sealed bids were received. The bids were as follows:

<u>Bidders</u>	<u>Net Interest Rate</u>
John Nuveen & Co., Inc. - Chicago and Carleton D. Beh Co. - Des Moines and Dean Witter Reynolds, Inc. - New York and Shearson Loeb Rhodes, Inc. - New York and Dain Bosworth, Inc. - Minneapolis - Joint Managers	9.7325%
Merrill Lynch White Weld Capital Markets Group - New York - Manager	9.99205%
Harris Trust and Savings Bank - Chicago and The Northern Trust Company - Chicago and Iowa-Des Moines National Bank - Des Moines and First National Bank in Dallas - Dallas - Joint Managers	10.6529%
Continental Illinois National Bank and Trust Company of Chicago - Chicago and Blyth Eastman Paine Webber, Inc. - New York and The First National Bank of Chicago - Chicago and Goldman, Sachs & Co. - New York and A. G. Becker, Inc. - New York - Jointly	11.028225%

(The above list of bidders excludes associates. A complete bid tabulation is available with the official minutes.)

After consideration of the bids, Mr. Speer recommended that the board accept the bid of John Nuveen & Co. - Chicago and Carleton D. Beh Co. - Des Moines and Dean Witter Reynolds, Inc. - New York and Shearson Loeb Rhodes, Inc. - New York and Dain Bosworth, Inc. - Minneapolis - Joint Managers at a net interest rate of 9.7325%. Mr. Speer indicated that he was more than satisfied with this bid.

UNIVERSITY OF NORTHERN IOWA
July 13, 1981

MOTION:

This being the time and place fixed by published notice, the board took up for consideration the matter of bids for the purchase of \$5,315,000 Academic Building Revenue Bonds, Series U.N.I. 1981, of said board. After all sealed bids had been opened, the results thereof were incorporated in a resolution entitled, "Resolution providing for the sale and award of \$5,315,000 Academic Building Revenue Bonds, Series U.N.I. 1981, and approving and authorizing the agreement of such sale and award," which was introduced and caused to be read. Dr. Harris moved that said resolution be adopted, seconded by Mrs. Anderson and the roll being called the following voted:

AYE: Anderson, Harris, Jorgensen, McDonald, Murphy, Neu, Nolting, Wenstrand, Brownlee

NAY: None

Whereupon the president declared said resolution duly adopted and signed his approval thereto.

MOTION:

The board took up for consideration the matter of authorizing and issuing \$5,315,000 Academic Building Revenue Bonds, Series U.N.I. 1981. Whereupon Mr. Wenstrand introduced and caused to be read a resolution entitled "A resolution authorizing and providing for the issuance and securing the payment of \$5,315,000 Academic Building Revenue Bonds, Series U.N.I. 1981, for the purpose of defraying the cost of buildings and facilities on the campus of the University of Northern Iowa," and moved that said resolution be adopted.

Mr. Neu seconded the motion and after due consideration by the board the president put the question on the motion and upon the roll being called the following voted:

AYE: Anderson, Harris, Jorgensen, McDonald, Murphy, Nolting, Neu, Wenstrand, Brownlee

NAY: None.

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

MOTION: Mr. McDonald moved that all certified checks submitted by bidders, except for that of the best bid, be returned. Mrs. Anderson seconded the motion and it passed unanimously.

MOTION: Mr. Nolting moved that the firm of Carney, Alexander, Marold & Co., Waterloo, Iowa, be employed as bond auditor. Mrs. Anderson seconded the motion and it passed unanimously.

Mr. Speer said he was very pleased. He noted that in consultation with the Board Office, underwriters, and banks, it was determined that the smallest bond issue of the three Regent universities should proceed. The bond sales for Iowa State University and the University of Iowa were postponed because of market conditions. It was felt that the issue for the University of Northern Iowa would not sell as well on the national market as those for the other universities. By selecting the small issue, the board was able to offer the size of issue appropriate for the Iowa market.

Mr. Speer said the board had again demonstrated the respect it is held in the money market.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office reported that the Register of Capital Improvement Business Transactions for the period of June 9 through July 2, 1981, had been received, was in order, and was recommended for approval.

The board was asked to ratify executive secretary award of the following construction contract:

Renovate Tropical Greenhouse

Award to: Winandy Greenhouse Co., Inc., Richmond, Indiana \$38,697.00

The board was requested to approve the following new project:

Education Center - Replace Eight Exterior Doors

Source of Funds: Building Repairs \$17,000.00

The Board Office explained that the university was authorized to sell \$5,315,000 in academic revenue bonds. Proceeds will go for six different projects. The bonds were sold on July 13, 1981, at a net interest rate of 9.7325%. Actions on projects funded by bond proceeds were as follows:

Electrical System Improvements

The board was requested to approve the project description and budget. This is an \$800,000 project which will provide electrical distribution system improvements to partially consolidate the number of separate substation systems, provide looping capability in the most critical areas,

provide expanded electrical feeding capability from the new turbine to the campus distribution systems and provide the required interconnection between the new turbine and the Cedar Falls utilities/upper midwest electrical distribution system grid.

Turbine Generator Supplemental

The 1979 Legislative Session provided capital appropriations of \$3.4 million for this project. Initially the bonding would have provided an additional \$800,000 in order to complete the project. However, the amount actually needed appeared to be \$1,200,000, making a total project cost to completion of \$4,600,000.

Bids were taken on June 16 on the last two major contracts - Mechanical Equipment, Piping and Erection and Electrical Equipment and Wiring. On Electrical Equipment and Wiring, award was recommended to Miller Electrical Contractors, Inc., Cedar Falls, Iowa in the amount of \$258,991.

On Mechanical Equipment, Piping and Erection, award was recommended to Baker Mechanical, Inc., Des Moines, Iowa, for a total amount of \$919,000. The proposal prices for this division were substantially higher than the original and revised construction cost estimates furnished by Brown Engineering Company. In June 1980 the expected cost for this division given by Brown Engineering was \$500,000. If a 15% inflation rate is assumed over the last year, the low bid received is still approximately 60% higher than expected. Brown Engineering and the university examined the bids received and believed the low bid to be a realistic cost to perform the work. There were a number of items added to this division which were not anticipated at the time the revised estimate was made. However, even with those added, the estimate was a bad one.

The board was also requested to approve a revised project budget increasing this project by \$1,200,000. A sum of \$400,000 will initially come from the Steam Distribution Improvements project. That project consisted of four subprojects. In all likelihood, the fourth and least critical project on that list will be deleted at least until it is determined that funds are available or other capital funding becomes available to complete that project, as originally intended.

Russell Hall Renovation

This is a \$500,000 project. The board was requested to approve the budget.

Bids were taken on the project on June 30. Award was recommended to Young Plumbing and Heating Co., Waterloo, Iowa for a total award of \$351,600. This is well within budget at this point.

STEAM DISTRIBUTION SYSTEM IMPROVEMENTS

The board was requested to approve a project description and budget for \$915,000. It was anticipated that funds are sufficient to complete the first three subprojects and to order materials for the steam loop #3 from the Physical Education Center to Towers Dormitory. The actual installation of the loop will be delayed until further funding is assured.

The board was also requested to approve an engineering agreement with Brown Engineering Company, West Des Moines, Iowa. This agreement would provide full engineering services on two of the subprojects - 1) rehabilitate the steam loop line between Boiler Plant #1 and Boiler Plant #2 and 2) miscellaneous steam line improvements. It was hoped that those projects could be undertaken in this calendar year. Compensation to the engineer would be on an hourly basis to a maximum cost of \$26,800.

Fire Safety Deficiencies

In 1979, the State Fire Marshal conducted an inspection of academic buildings at the University of Northern Iowa. Phase I of this project was funded through a \$500,000 appropriation made in 1980. The remaining corrections pointed out by the State Fire Marshal in the 1979 inspections are estimated to cost \$825,000. The project also includes improvements of building fire alarm systems in general and the inter-connection of the building fire alarm systems with the proposed automated centralized control system. The board was requested to approve the project.

The board was requested to approve an agreement for engineering services for the mechanical and electrical portions of the fire safety project with Gilmore and Doyle, Cedar Falls, Iowa. Compensation is on an hourly rate basis to a maximum of \$33,000. Construction budget for this portion of the work is \$452,000.

Energy Management Program

The amount allocated to the University of Northern Iowa for this purpose out of the \$3,775,000 available to the three universities was \$1,025,000. The board was requested to approve the project description and budget. These funds will be used as follows:

- | | |
|--|------------|
| 1. Purchase of a central control system and connection to seven buildings | \$ 374,900 |
| 2. Retrofit for energy conservation opportunities on seven buildings | 150,000 |
| 3. Extension of the control system to 28 additional buildings | 160,000 |
| 4. Meters on all 35 buildings to measure energy usage | 80,000 |
| 5. Energy conservation opportunities of a non-control nature on 28 buildings (or remainder of funds) | 170,000 |

Bids were opened on June 23 for the centralized monitoring project at the university. Award was recommended to M.C.C. Powers, Des Moines, Iowa for \$374,900. Breakout of the bid is:

- | | |
|--|-----------|
| a. Central computer and software programs | \$165,885 |
| b. Underground wiring, tunnel wiring, and raceways | 19,815 |
| c. Control devices for initial seven buildings | 189,200 |

A single bid was received. Three other bidders were prequalified to bid but did not bid. The university stated in a letter:

From the very inception of this project, it has been the prime concern of the University of Northern Iowa that we obtain good competition. Our repeated concern to the project consultant has been that we do not prepare a proprietary specification. To further preclude even the appearance of a proprietary specification, we had prequalified three bidders in the specification as initially advertised, and subsequently qualified one additional bidder. Regular contacts with these four bidders through the qualification/clarification process, the prebid conference and other prebid communications had lead both the university and Durrant Engineers to expect four bids...rather than just the one bid.

The university explained that readvertisement of the work is an unacceptable alternative and showed that the system bid will more than meet the university's needs and that it was priced favorably for the university. Durrant Engineers stated "In reviewing the bid, it is our belief that this is an excellent and complete bid and that the system that was bid meets the integrity of the specifications without reservation."

A letter dated July 7, 1981, from Johnson Controls, Systems and Services Division stated "Johnson Controls, Inc., expects the Board of Regents and other concerned parties to investigate the proprietary nature of the specification and take action deemed proper regarding the situation."

Mr. Thomas E. Paulson, Asst. Vice President for Facilities, appeared before the board and said that Johnson Controls alleged that the specifications for the project were proprietary. He said these allegations were completely unfounded and that the university was requesting contract award be made to M.C.C. Powers.

Mr. Paulson noted that a proprietary specification is one which limits competition to a sole source. He pointed out that three major suppliers of central control systems qualified to bid on the project. In addition interested bidders were requested to submit their products for consideration as to whether they met the specifications.

Mr. Paulson felt that Johnson Controls objected to the bid specification because it did not want to bid their model with Direct Digital Control. He said that Direct Digital Control is generally recognized in the industry as the direction in which energy management central control

systems are moving. Direct Digital Control is more cost effective, provides improved system reliability, more precise control, and will allow more economical HVAC controls in future replacements and new installations. The reduced components of Direct Digital Control will ultimately reduce maintenance costs.

Mr. Paulson said the specification prepared by Durrant Engineers was not proprietary. He noted that the University of Northern Iowa's needs are large enough and sophisticated enough to warrant Direct Digital Control with distributive processing. Therefore, the university requested that the board approve the award of contract to M.C.C. Powers.

President Brownlee asked Mr. McMurray if he was satisfied that the complaint by Johnson Control had been answered and explained. Mr. McMurray answered yes. He indicated that a letter would be sent to Johnson Controls in this regard.

MOTION:

Mr. Nolting moved that the board approve the Register of Capital Improvement Business Transactions for the period June 9 through July 2, 1981; ratify award of contract by the executive secretary; approve the new projects and revised budget; award contracts as shown; approve engineering services agreements; approve the award of contract to M.C.C. Powers; and authorize the executive secretary to sign all necessary documents. Mr. Neu seconded the motion and it passed unanimously.

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

IOWA SCHOOL FOR THE DEAF

The following business pertaining to the Iowa School for the Deaf was transacted on Monday, July 13.

FINAL OPERATING BUDGETS - 1981-82. It was recommended that:

1. The board approve the proposed general program operating budget in the amount of \$4,198,784.
2. The proposed restricted program (Title I) budget in the amount of \$173,168 be subject to final approval by the Board of Regents at its September meeting.

The Board Office reported that the proposed final budget amount for general program operations of \$4,198,784 was identical with the preliminary budget approved by the board in June. The budget was to be funded by appropriations of \$4,007,784 and institutional income of \$191,000.

The only change in the expenditure categories from the preliminary budget pertained to salary categories. Detailed calculations showed that the funds needed were less than stated in the preliminary budget by \$19,936 for professional and scientific staff and \$19,005 for general service staff. The institution proposed to allocate these funds (\$38,941) for faculty salaries to provide a total of 3.5 full-time equivalent speech teachers from the general fund.

A need for six speech teachers was established by the self-evaluation study and the review by the Conference on Education of the Deaf, North Central Association, and Department of Public Instruction. It will be possible to fund positions for three speech teachers under Title I, which will satisfy the need for a total of six speech teachers.

Before the 4.6% appropriation cut in 1980-81 there were five speech teachers, four supported by the general funds and one by the Title I. After the cut, general fund support was reduced to three teachers and Title I support increased to two in order to retain five teachers. At this time, only 2.5 full-time equivalent teachers were committed for 1981-82. The institution had four vacant positions and hoped to acquire at least the six recommended.

Although no changes were proposed for non-salaried categories, the institution reported that it is under strength in every department including the food budget, equipment, and building repairs.

The proposed final budget was developed with the anticipation of \$26,000 of salary savings, which was close to the experience for 1980-81.

The proposed final budget for general program operations was developed within the amount of funding available. The Board Office recommended that the proposed budget in the amount of \$4,198,784 be approved.

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In regard to the restricted program (Title I) budget, the Department of Public Instruction (DPI) informed the Board Office and the Iowa School for the Deaf that funding in the amount of \$173,168 was available for 1981-82. DPI recently confirmed this figure with the federal government.

The funding for 1981-82 compared with an amount of \$176,525 for 1980-81 for a reduction of 1.9%. The funding reduction was largely due to a reduction in number of pupils from 274 to 268; whereas the funding allocation per child increased from \$644.25 to \$646.15.

DPI estimated that funding for Title I for 1982-83 will be approximately at the same level as 1981-82 based on bills that have passed both the congressional House and Senate. Such an estimate is subject to change; however, the of the bill on Title I and the handicapped were excluded so far from dramatic reductions.

The Title I funding level will allow for three positions for speech teachers to meet the recommended need for a total of six including those supported by general funds. According to the above funding estimate for 1982-83, sufficient Title I funding should be available to continue employment of the Title I speech teachers during 1982-83.

The institution was preparing the Title I program budget for 1981-82 for approval by DPI. The Board Office recommended that the proposed restricted program (Title I) budget in the amount of \$173,168 be subject to final approval by the board in September.

Superintendent Giangreco noted that the only bright part of the budget was that federal funds were not cut back as much as anticipated. He noted that the school was able to build on some of the recommendations made by different committees this year, such as the need for six speech teachers.

MOTION:

Mr. Nolting moved that the board approve the general program operating budget in the amount of \$4,198,784 and that the proposed restricted program (Title I) budget in the amount of \$173,168 be subject to final approval by the Board of Regents at its September meeting. Mr. Wenstrand seconded the motion and it passed unanimously.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes for June 1981 were ratified by the board.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office reported that the Register of Capital Improvement Business Transactions for June 1981 had been received, was in order, and was recommended for approval.

The board was requested to ratify the following construction actions:

Install Replacement Thermal Windows in Lower Elementary School and
Infirmary Building

In June the board approved a \$78,200 project to provide replacement of windows with more energy efficient windows in both the Lower Elementary School and the Infirmary Building. The school expanded this project to include the Girls' Dormitory and Primary Hall and to install two fire doors on the Main Building.

Bids were received on June 23. A single bid was received. A purchase order was issued to Element Control Company, Omaha, Nebraska, for \$95,517.

Intall Garaventa Wheelchair Lift at Primary Hall

In June the board approved this \$35,000 project. Since that time, several actions were taken:

1. A purchase order was issued to the project architect (Wilscam-Mullins-Birge, Inc., Omaha, Nebraska) on an hourly rate basis to a maximum cost of \$1,000 to provide reimbursement of engineering and installation supervision costs.
2. A purchase order was issued to Continental Elevator, Inc., Omaha, Nebraska (the local distributor for the Garaventa wheelchair elevator) in the amount of \$32,497. This will install a four-stop lift with four 180-degree turns and two 90-degree turns, a call and send station located on each landing, and an audio-visual alarm which alerts walking traffic to the fact that the Garaventa unit is traveling. This is an installed price and includes all labor and materials and controlled wiring and a one-year warranty on parts and workmanship and 90 days free service after installation acceptance.
3. A purchase order was issued to Bluffs Electric, Inc., Council Bluffs, Iowa, for completion of necessary electrical work and connections in the amount of \$500 maximum on a time-and-material basis.
4. Arrangements were made with the firm doing allied work for Butler Construction Co. on the other elevator installations on campus to do necessary plaster repairs at no additional cost.

The installation of this lift or wheelchair elevator will mean that all major buildings at the school will be accessible to the physically

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handicapped. Those buildings include the Main Building, Vocational Building, Gymnasium, the High School, Lower Elementary Building, the Infirmary, and the Girls' Dormitory, in addition to Primary Hall.

Also, the Register showed a deduct contract change order in the amount of \$2,022.74 approved with Butler Construction Company, which has a single contract on the Vocational Building Addition, the access road, and the handicapped modifications program.

Also, the school reported that it has encumbered between \$5,000 and \$6,000 to account for unanticipated problems in drilling the opening for the shaft of the new elevator in the Main Building. The subcontractor ran into some bedrock problems at 48 feet. It was anticipated that there will be additional costs up to \$6,000.

MOTION:

Mr. Wenstrand moved that the board approve the Register of Capital Improvement Business Transactions for June 1981; ratify the purchase orders; ratify the change order; ratify encumbrance of funds; and authorize the executive secretary to sign all necessary documents. Dr. Harris seconded the motion and it passed unanimously.

President Brownlee then asked board members and institutional executives if there were additional matters to be raised for discussion 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 Monday, July 13, 1981.

FINAL OPERATING BUDGET - 1981-82. It was recommended that:

1. The board approve the proposed general fund operating budget of \$2,246,615.
2. A restricted fund (Title I) operating grant of \$50,400 be recognized with the executive secretary authorized to act in the interim on detailed budget plans when received, subject to program approval by the Department of Public Instruction and affirmation by the Board of Regents at its September meeting.

The Board Office reported that the proposed general fund budget of \$2,246,615 was that given preliminary approval in June 1981. Income sources remained 96% appropriations and 4% institutional income. Restricted (federal) fund income was estimated to decline \$78,000 in 1981-82 to \$50,400.

The proposed distribution of expenditure matched that in the preliminary budget with the exception of a minor redistribution of salaries and fringe benefits between professional and scientific and general service staff personnel.

Salary savings were budgeted at the 4 percent level, or \$74,000, compared to \$42,000, or a 3% level, in 1980-81.

Several positions were shifted from restricted fund support to general fund support as restricted fund support continued to shrink.

The primary thrust of the budget plan was to maintain the instructional programs and provide services across the state for children with impaired sight. The school has made every effort to maintain its ability to perform through selective but necessary reductions in staff. Reduced workload, consonant with student headcount reduction, somewhat eased the difficulty normally associated with reduced funding and staff.

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<u>Category of Expense</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
Salaries and Fringe Benefits	78.0%	79.1%	81.6%
Fuel and Purchased Electricity	5.4	5.6	5.5
Supplies and Services	10.1	10.4	10.5
Equipment	2.4	2.2	0.5
Library Books	0.1	0.1	0.1
Building Repairs	4.0	2.6	1.8
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The above table shows the declining share of funding for building repairs and equipment. Both are significant considering that Iowa Braille and Sight Saving School has an aging campus and that specialized technology and media materials should be playing an increasing role in meeting the school's mission. The share for salaries continues to increase.

Planned general fund expenditures by program showed notable changes in instruction and academic support in 1981-82 when compared to 1980-81. The extended school year program was added to the instruction program. It was previously supported primarily from restricted funds. A reduced equipment budget accounted for most of the decline in the share of the academic support program. The table below shows comparative program shares for the most recent three years.

<u>Program</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
Instruction	30.0%	29.1%	34.1%
Academic Support	5.7	8.3	5.6
Student Services	31.5	31.1	29.5
Institutional Support	9.3	9.7	10.1
Physical Plant Support	23.5	21.8	20.7
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

For many years, an important part of the Iowa Braille and Sight Saving School operations funding was from restricted fund sources. The Deaf/Blind Program and program enhancement support from Title I funding, the latter received through the state's Department of Public Instruction, were important sources. As of 1981-82, there is no more Deaf/Blind Program funding, with the final phaseout costing the school \$75,000 in lost revenue. Initial estimated losses of Title I funding were set at 25%, or approximately \$13,000. It now appears losses will be 6%, or about \$3,000 for 1981-82.

The school was not prepared to present a Title I detailed budget at this meeting. It was reported that the budget would be available for Regent action in September.

The Board Office recommended that the executive secretary be authorized to act in the interim on the school's Title I budget when it is received, with final approval contingent on Department of Public Instruction and Regent action no later than September 1981. This action is necessary if the institution is to be ready for the beginning of the school year.

The Board Office also recommended that the Regents approve a general fund budget of \$2,246,615 for operations in 1981-82.

MOTION:

Mrs. Jorgensen moved that the board approve the general fund operating budget of \$2,246,615 and that a restricted fund (Title I) operating grant of \$50,400 be recognized with the executive secretary authorized to act in the interim on the detailed budget plans when received, subject to program approval by the Department of Public Instruction and affirmation by the Board of Regents at its September meeting. Mr. Neu seconded the motion and it passed unanimously.

REGISTER OF PERSONNEL CHANGES. The actions reported in the Register of Personnel Changes for June 1981 were ratified by the board.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office reported that the Register of Capital Improvement Business Transactions for June 1981 had been received, was in order, and was recommended for approval.

The board was requested to take action on the following consultant contract:

In June the board authorized the school to negotiate for engineering services for a Class A energy audit of selected buildings on campus. Those negotiations were completed and a contract executed with Durrant Engineers, Inc., Dubuque, Iowa. Class A energy audits will be undertaken on the following six buildings:

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Main Building	69,280 sq. ft.
Palmer Hall	27,486 sq. ft.
Rice Hall	35,910 sq. ft.
Gymnasium	22,748 sq. ft.
Childrens' Cottage	12,120 sq. ft.
Service Building	<u>10,000 sq. ft.</u>
Total	<u>177,544</u> gross square feet

These audits will be conducted for a fixed fee for basic services of \$13,000.

The energy studies will be an engineering study of energy consuming building systems included the "envelope" (which includes exterior walls and the roof on a building), mechanical and electrical systems. The program goal will be to evaluate each energy consuming system and develop potential energy conservation retrofit projects meeting the State of Iowa's selection criteria.

The Durrant Engineers were selected because of satisfaction with their performance on energy audits at the University of Northern Iowa. That relationship with the university will be continuing over an extended period of time and some of the work on energy for Iowa Braille and Sight Saving School can be done in conjunction with the visits to the University of Northern Iowa campus.

The advantage of the potential interface was apparent through the proposal submitted by Durrant Engineers in that the space will be audited at about 7.3¢ per gross square foot which is less than what the going rate has been for Class A energy audits.

It was anticipated that the work would be done over the summer. The final report should identify numerous energy conservation opportunities which can then be piece-mealed from various funding sources over the next few years.

Mr. McMurray said that the institution and Board Office were quite pleased that The Durrant Engineers could do this work.

MOTION:

Mrs. Jorgensen moved that the board approve the Register of Capital Business Improvement Business Transactions for June 1981; ratify the consultant contract; and authorize the executive secretary to sign all necessary documents. Mr. Nolting seconded the motion and it passed unanimously.

LEASE RENEWALS. It was recommended that the board approve the following lease renewals.

Happy Time Child Development Center. This agreement is between the Board of Regents for the benefit of Iowa Braille and Sight Saving School and the Happy Time Child Development Center for space at the Vinton campus for the 1981-82 school year with a base fee of \$2,160 plus 10% of any income generated by the enrollment of more than 40 students to a maximum of 50 students.

The Board Office explained that the lease agreement provided for defined space on the first floor of the cottage. The base fee of \$2,160 (an increase of approximately 9% over last year) was based on 30¢ per child for 180 days with a guaranteed minimum for 40 children. Happy Time will pay 10% of the fee it collects from any student above the 40 students calculated in the base fee up to the maximum of 50 students. Happy Time increased the daily fee charged from \$7.00 to \$7.50 for the 1981-82 school year.

Iowa Braille and Sight Saving School will provide daily custodial service when the school is in operation. Happy Time operates Monday through Friday, coinciding basically with the period the Vinton schools are in session. Happy Time will use the facilities with minimal utility coverage for those occasions when Iowa Braille and Sight Saving School is not in operation. Minimal food preparation, but not meal preparation will be permitted utilizing a stove and refrigerator provided by Happy Time. Iowa Braille and Sight Saving School will provide meals at \$1 per person per meal.

Happy Times pays for a liability insurance policy which names the State Board of Regents as an insured and which has limits of \$500,000 for bodily injury, \$50,000 for property damage, and \$500 per person for medical payments (\$10,000 maximum per accident).

The Board Office made its recommendation contingent upon the receipt of the lease agreement by the Board Office by Monday, July 13, 1981.

Benton County Extension Office. This agreement is for the use of designated space in Palmer Hall by the Benton County Extension Office at a monthly rental of \$298.55. The Board Office recommended that it be approved.

The Board Office said the proposed \$298.55 monthly rental represented an increase of 5% over the rent charged by Iowa Braille and Sight Saving School from September 1980 to August 31, 1981. The proposed monthly rental was based on a rate of \$2.10 per square foot per year. It includes utilities and provides for minimal heat when Iowa Braille and Sight Saving School is not in session. Custodial services are provided by the Extension Office, subject to the institution's approval.

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The lease agreement presently in force and the proposed renewal have an insurance section providing for insurance coverage to be paid by the Extension Office to the limits set forth by the school. Iowa Braille and Sight Saving School had not yet determined the insurance limits or the necessity of having insurance. Hence, no insurance policy was issued. Iowa Braille and Sight Saving School is attempting to resolve the question of what insurance is necessary for a program jointly funded by the federal government, Iowa State University, and Benton County. The Board Office is assisting the school in the resolution of this question.

The Board Office's recommendation was made contingent upon the delivery of the lease agreement to the Board Office by Monday, July 13, 1981.

MOTION:

Mrs. Jorgensen moved that the board approve the agreement between the board for the benefit of Iowa Braille and Sight Saving School and the Happy Time Child Development Center for space at the Vinton campus for the 1981-82 school year with a base fee of \$2,160 plus 10% of any income generated by the enrollment of more than 40 students to a maximum of 50 students and that the board approve an agreement for the use of designated space in Palmer Hall by the Benton County Extension Office at a monthly rental of \$298.55. Mrs. Anderson seconded the motion. Upon the roll being called, the following voted:

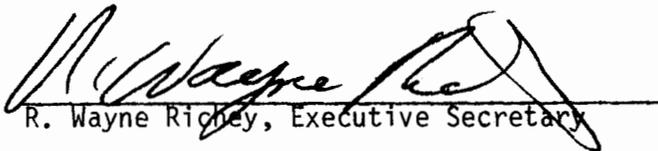
AYE: Anderson, Harris, Jorgensen,
McDonald, Murphy, Nolting, Neu,
Wenstrand, Brownlee

NAY: None

ABSENT: None

President Brownlee then asked board members and institutional executives if there were additional matters to be raised for discussion pertaining to the Iowa Braille and Sight Saving School. There were none.

ADJOURNMENT. The meeting of the State Board of Regents adjourned at 4:00 p.m. on Monday, July 13, 1981.


R. Wayne Richey, Executive Secretary

The State Board of Regents met in Des Moines, Iowa, on Friday, July 17, 1981. Those present were:

July 17, 1981

Members of State Board of Regents:

Mr. Brownlee, President	All Sessions
Mrs. Anderson	All Sessions
Mrs. Jorgensen	All Sessions
Mr. McDonald	All Sessions
Mrs. Murphy	All Sessions
Mr. Nolting	All Sessions
Mr. Neu	All Sessions
Mr. Wenstrand	All Sessions

Office of State Board of Regents:

Executive Secretary Richey	All Sessions
Director Barak	All Sessions
Ms. Baker, Secretary	All Sessions

GENERAL

The following business pertaining to general or miscellaneous items was transacted on Friday, July 17, 1981.

SELECTION OF PRESIDENT FOR UNIVERSITY OF IOWA. President Brownlee convened the board in a special session.

President Brownlee said that the board had spent a long and arduous week conducting interviews of candidates for the position of president of the University of Iowa. He felt the board had done a lot of productive work and that it could take great pride in this.

President Brownlee thanked Professor Derek Willard for his help. He also thanked Assistant Attorney General Frank Stork for being present during the interviews and serving as legal advisor to the board.

President Brownlee outlined some of the criteria the board used in evaluating the candidates. He said the board was looking for a person with demonstrated administrative ability in the field of education, with an understanding of and dedication to excellence in teaching and research, and for a person with an academic achievement record. The board wanted someone with an understanding of the business side of the university. It also wanted someone with humaneness and the ability and willingness to relate to and get along with people.

MOTION: Based on the criteria related to scholarship, administrative ability and expertise, and humaneness, Mr. Neu moved that the board invite James Freedman and Paul Rosenblatt to visit the campus of the University of Iowa and that the board convene at 10:00 a.m., July 31, 1981, to make a final selection of the president. The motion was seconded by Mr. Wenstrand.

Mr. Neu noted that the board was impressed by the numerous strengths of all seven candidates and that the board's task of reducing the number of candidates was very difficult.

VOTE ON MOTION: The motion passed unanimously.

President Brownlee then asked board members if there were additional matters to be raised for discussion pertaining to general or miscellaneous matters. There were none.

AJOURNMENT. The meeting of the State Board of Regents adjourned at 6:40 p.m., July 17, 1981.


R. Wayne Bichey, Executive Secretary