

C O R R E C T E D

The State Board of Regents met on Wednesday, July 16 and Thursday, July 17, 1986, at the State University of Iowa. The following were in attendance.

	<u>July 16</u>	<u>July 17</u>
<u>Members of State Board of Regents</u>		
Mr. McDonald, President	All sessions	All sessions
Dr. Harris	All sessions	All sessions
Mrs. Anderson	All sessions	All sessions
Mr. Duchon	All sessions	All sessions
Mrs. Murphy	All sessions	All sessions
Mr. VanGilst	All sessions	All sessions
Mr. Greig	All sessions	All sessions
Mr. Tyler	All sessions	All sessions
Miss VanEkeren	All sessions	All sessions
<u>Office of the State Board of Regents</u>		
Executive Secretary Richey	All sessions	All sessions
Director Barak	All sessions	All sessions
Director Maxwell	All sessions	
Director True	All sessions	All sessions
Director Volm	All sessions	
Director Wright	All sessions	All sessions
Assoc. Dir. Runner	All sessions	All sessions
Assoc. Dir. Stanley	All sessions	All sessions
Asst. Dir. Peters	All sessions	All sessions
<u>State University of Iowa</u>		
President Freedman	All sessions	All sessions
Vice President Ellis	All sessions	All sessions
Vice President Remington	All sessions	All sessions
Associate Vice President Small	All sessions	All sessions
Asst. to President Mears	All sessions	All sessions
Asst. to V.P. Davis	All sessions	All sessions
Director Stork	All sessions	
Director Bauer	All sessions	All sessions
Director Cargile	All sessions	All sessions
<u>Iowa State University</u>		
President Eaton	All sessions	All sessions
Vice President Christensen	All sessions	All sessions
Vice President Madden	All sessions	All sessions
Vice President Moore	All sessions	All sessions
Assistant to President Crawford	All sessions	All sessions
Director Lendt	All sessions	All sessions
<u>University of Northern Iowa</u>		
President Curris		All sessions
Provost Martin	All sessions	All sessions
Vice President Conner	All sessions	All sessions
Vice President Follon	All sessions	All sessions
Director Chilcott	All sessions	All sessions
Director Stinchfield	All sessions	All sessions
<u>Iowa School for the Deaf</u>		
Superintendent Giangreco	All sessions	All sessions
Business Manager Kuehnhold	All sessions	All sessions
<u>Iowa Braille and Sight Saving School</u>		
Superintendent DeMott	All sessions	All sessions
Business Manager Benny	All sessions	All sessions

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The following business pertaining to general or miscellaneous business was transacted on Wednesday, July 16, 1986.

President McDonald introduced State Representative Minette Doderer and President Gordon Eaton.

APPROVAL OF MINUTES. The minutes of the June 18-19, 1986, meeting were approved as corrected by general consent of the board.

ACADEMIC PLANNING SEMINAR -- UNIVERSITY OF NORTHERN IOWA. The board received the final installment of the University of Northern Iowa academic planning report on the morning of July 16, 1986.

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

Regent Anderson indicated she did not feel the referrals to the Interinstitutional Committee on Educational Coordination should be on the consent docket.

ACTION: President McDonald stated the consent docket was approved by general consent of the board.

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION. a. Policy on Approval of Centers and Institutes. The Board Office and Interinstitutional Committee on Educational Coordination recommended approval of the addition to the policy on approval of centers and institutes, as follows: For purposes of policy interpretation, a "major commitment of funds" refers to any amount in excess of \$25,000.

The adoption of this new guideline means that all future centers or institutes being proposed by the universities would need to have specific board approval only if the commitment of institutional funds exceeded \$25,000 total for all institutional contributions to the proposed organization.

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MOTION: Dr. Harris moved that the board approve the addition to the policy on approval of centers and institutes as recommended. Mr. Duchon seconded the motion, and it passed unanimously.

b. Post Audit Report. The Board Office recommended the board receive the post-audit report on the Transportation Planning Program at Iowa State University and request that the university undertake a review of this program to ascertain why it has not met part of its initial objectives.

At the May board meeting Iowa State University submitted a post-audit report on its Transportation Planning Program. This was referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation. The interinstitutional committee reviewed this report and recommended that the board receive the report and continue the program.

The Transportation Planning Program was approved by the Board of Regents in August of 1980. Its objective was to provide an opportunity at Iowa State University for study and research that would prepare a student for a career in the planning of and development of policies for transportation systems and facilities. It was proposed that seven departments would participate in this program. The effect of the new program was to increase the numbers of students in a few courses, primarily at the graduate level, in response to the projected demand by students seeking a graduate degree in Transportation Planning according to the university.

The proposed program was similar to the graduate program in Urban Transportation at the University of Iowa. The principal difference between the programs was the increased emphasis in the proposed program on Intercity Transportation and on policy formulation and the fact that the interdepartmental program at Iowa State University would offer a degree with a major in Transportation Planning in contrast to a certificate awarded upon completion of the Urban Transportation program at the University of Iowa.

At the time the program was proposed, it was estimated that enrollment for the next five years would be 6, 12, 18, 24, 24 graduate majors. This estimate was made by expanding the number of applicants who have inquired of the participating departments in recent years concerning a degree program of this nature according to the program proposal.

The actual enrollments in the program have been considerably less than those projected. Last year, there were two students in the program. Complete data on the previous five years, as required by the Procedural Guide, was not provided, so the conclusion of the Board Office was based on limited information. This current year there is one student in the program.

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Projections for the next three years increase from three the first year to eight in the third year. A major consideration in the Board Office's recommending approval of this program in the first place was the university's argument that there was a large demand for this program. This argument was used as part of the justification for duplicating the certificate program at the University of Iowa.

Because enrollments appear to have not been near the numbers projected, the Board Office recommended that the university develop a report on enrollments in this program and report back to the board by November 1986. It was hoped the review would identify the reasons for the discrepancy between the enrollments projected for the program and actual enrollments. It was difficult to see how a program with so few students could have a critical mass necessary for offering a masters degree program in this area.

Vice President Christensen indicated the university felt the request of the Board Office was legitimate and would comply.

The program post-audit indicated that employment practices for graduates, one each year, have been excellent. Apparently, all of the graduates have been able to find employment in the field.

When the program was proposed, the university estimated an incremental increase of \$18,000 the first year and \$16,000 for each year thereafter. The post-audit report would appear to indicate that these expenditures were not made. The report noted that "all needs met by faculty, staff, and facilities of participating departments." This would seem appropriate given the nature of the proposed funding (i.e., graduate assistantships) and the low number of students who actually participated in the program.

MOTION:

Mr. Greig moved that the board receive the post-audit report and request that the university undertake a review of the program to ascertain why it has not met part of its initial objectives. Mr. Tyler seconded the motion, and it passed unanimously.

c. Establishment of Center for Physical and Computational Mathematics. The Board Office recommended approval of the establishment of a Center for Physical and Computational Mathematics at Iowa State University.

At the June board meeting Iowa State University proposed the establishment of a Center for Physical and Computational Mathematics. This proposal was referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation. The interinstitutional committee completed its review and recommended approval. The interinstitutional committee also noted that this item could be treated as a

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routine informational item under the "Centers Policy" adopted by the board since no state or university funds were required to operate the center.

The center was requested for the purpose of providing institutional visibility which would facilitate the acquisition of federal and industrial research support in physical and computational mathematics. In addition, the center would be used as a mechanism for encouraging interdisciplinary work that required a significant contribution from a mathematician's knowledge of disciplines outside mathematics. The center would not duplicate any centers which currently exist in Iowa. No state funds were requested for the establishment or operation of the center. Initial funding was being sought from the Department of Defense. Additional funds would be sought from the Department of Defense and industry.

Since the university had initially requested "approval" of the center, it was recommended that it be approved by the board. It is expected, however, that in the event that the center should require a substantial amount of state funding, this matter would be brought back to the board for reconsideration.

MOTION: Miss VanEkeren moved that the board approve the establishment of a Center for Physical and Computational Mathematics at Iowa State University. Mrs. Anderson seconded the motion, and it passed unanimously.

d. Approval of Graduate Major and Minor in Veterinary Parasitology at Iowa State University. The Board Office recommended approval of the masters degree with a major and minor in Veterinary Parasitology at Iowa State University.

At the May meeting of the Board of Regents, the board referred a proposal from Iowa State University for a Masters Degree (major and minor) in Veterinary Parasitology to the Interinstitutional Committee for Educational Coordination and the Board Office for review and recommendation. The interinstitutional committee completed its review and recommended approval.

The Board Office also reviewed this proposal and determined that this program met or exceeded all of the board's criteria for approval of new academic programs. The program appeared to be one of high quality and was consistent with the mission of Iowa State University. The proposed program met an identifiable need for persons trained in this particular specialty. Finally, the costs for the program were minimal although it should be pointed out that the university indicated the source of additional financial resources would be ongoing research projects. The university did not indicate the source of these research grants nor what would occur in the event that such research funding were to be terminated.

Vice President Remington noted that this program was offered at only one other university in the country.

MOTION: Mr. VanGilst moved that the board approve the establishment of a masters degree with a major and minor in Veterinary Parasitology at Iowa State University. Miss VanEkeren seconded the motion, and it passed unanimously.

e. Post-audit Reviews of the Bachelor of Arts Degree, Major in Computer Information Systems; Bachelor of Arts Degree, Major in Computer Science; Bachelor of Arts Degree, Major in Public Administration; Bachelor in Technology Degree, Major in Energy and Power Technology; and Army Reserve Officers Training Corps Program at the University of Northern Iowa. The Board Office recommended the board receive the post-audits reports and approve continuance of the programs.

Last month the University of Northern Iowa submitted the above-mentioned post-audit reports to the board, and they were subsequently referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation. The interinstitutional committee reviewed the post-audit reports and recommended that the board receive the reports and continue approval of these programs.

Bachelor of Arts Degree, Major in Computer Information Systems. The Computer Information Systems major was approved by the board in 1981. It was to focus specifically on mathematical, programming, software, and computer system notions most useful in a business setting and also to require a substantial amount of work in relevant courses selected from the School of Business.

The post-audit report on this program appeared to confirm all the estimates and projections proposed in 1981. Enrollments in the program have met or exceeded those originally projected for most years of the program's existence. There has been a relatively high number of students in the program who have dropped out (approximately 50 students). This dropout rate is not unusual, however, for a program of this type which often attracts students whose abilities are insufficient to support study in this field. The Board Office the institution may wish to review the admission policies for this program to see if a better job of pre-screening could reduce the dropout rate. Placement of graduates has been very high, and most have found positions in the field appropriate to the intent of this major. Accreditation in this relatively new field is not sufficiently developed to have been a factor in the Computer Information Systems Program. No clear association has been identified for accreditation in this area.

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It is difficult to tell whether or not this program has actually exceeded cost estimates submitted to the board at the time this program was proposed. At that time, the estimated incremental cost for the Computer Information Systems Program was combined with the estimated cost for the Computer Science degree which was also proposed at the same time. The combined actual costs for both programs, however, does exceed the amount originally projected. However, given the demand in this field and the increased enrollment over that originally projected, the costs for actually implementing the program appeared to be reasonable.

This program appeared to meet and even exceed the original objectives of the program. The Board Office recommended that this program be continued.

Bachelor of Arts Degree, Major in Computer Science. The computer science major was intended to provide a strong background in traditional computer science (with an emphasis on programming and other software skills) and supporting study in mathematics was also to be included. The student pursuing this major could supplement preparation by taking additional course work in a number of areas--for example, courses in mathematics and physical science to prepare the graduate for scientific programming. The program appeared to have met these programmatic objectives.

Enrollments projected at the time the program was proposed have been met or exceeded by actual enrollment in the program. Accreditation for the program has not been sought due to the underdevelopment of accreditation activities for this field. As noted with the Computer Information Systems degree, the original incremental cost estimates for the Computer Science program were combined with the Computer Information Systems program making it virtually impossible to tell whether or not the costs for this particular program have been consistent with those projected. The combined actual costs of the two programs does exceed the combined cost that was originally projected. The additional cost for the program appeared to be justified, however, on the basis of the increased enrollment for the program over that which was originally projected.

Graduates from the program appeared to be finding adequate opportunities for employment in the field. The dropout rate for this program, like that for the Computer Information Systems program, was rather high (115 students since the program was initiated). This, however, was not inconsistent with a program of this type in which students' backgrounds and abilities prove to be insufficient to support study in the field. The Board Office indicated a review of admission requirements might be in order for this program to reduce the dropout rate.

Regent Murphy expressed concern over the dropout rate.

Vice President Martin stated that there were times when students underestimated the requirements of the programs.

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Regent Harris stated he felt there ought to be better advising of students.

Vice President Martin stated he appreciated the suggestion.

The Board Office believed that this program met or exceeded the original objectives and recommended its continuance.

Bachelor of Arts Degree, Major in Public Administration. This program was proposed in 1981 by the Political Science Department at UNI. The department had already offered a liberal arts major in political science and a teaching major in political sciences. The public administration major was proposed to offer students a third option. This new option would be a major which provided a broad background in American government, while teaching specific skills and professional knowledge useful to public administrators. This major was proposed to meet the needs of students who wished to enter the public service job market with a more explicit set of job-related skills and knowledge than is offered by the traditional political science major. The program appeared to have met these objectives.

Enrollment in the program exceeded that which was initially proposed for both majors and non-majors. There have been only three dropouts since the program was initiated--two of these were having severe academic difficulties in the program and left the university. The other dropped out for personal reasons. The university felt that, by requiring a 2.5 grade point average for admission to the major, it kept academic dropouts to a minimum.

There have been 14 graduates in the program since its initiation. Two of the graduates have enrolled in graduate school--one in law school and one has been accepted in Iowa State University's Master of Public Administration Program. Of the graduates from 1982 to 1985, five currently are employed in public sector positions. One (noted earlier) enrolled in law school; two are working in the private sector; and one is of unknown employment status. The post-audit report noted that government employment freezes and retrenchment in many government agencies during the past four years reduced the opportunities for public sector employment.

With respect to the success rate for obtaining the preferred first job, the university reported that most undergraduate public administration majors do not have well developed job preference rankings prior to graduation. Graduates that the university was aware of reported satisfaction with their present positions.

There is no formal accreditation process for undergraduate public administration programs. However, the university reported that its program was informally reviewed at its inception by two individuals from outside the state. One who was particularly familiar with the standards of the National Association of Schools of Public Affairs and Administration (NASPAA). This

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person advised the university that its program was more than adequate to meet NASPAA standards.

At the time this program was proposed, the university anticipated additional incremental costs in the area of \$21,000 to \$25,000. Actual expenditures for this program, as reported by the university, were significantly less than those initially reported by the university. Total actual cost through the third year of the program was \$20,778. The costs reported by the university, however, did not include approximately \$16,000 to \$20,000 included in the original estimate for additional faculty. The request for the new program indicated that it would be impossible to offer this major without an additional staff position. The university reported that, in between the time in which the program was proposed at UNI and actually considered by the Board of Regents, a faculty member was added to the department. So depending on how incremental costs were actually calculated, the actual costs may have exceeded the proposed cost by approximately \$15,000.

Bachelor in Technology Degree, Major in Energy and Power. This program was proposed to enable students to pursue a major program of study in the energy and power discipline, where before only an emphasis area within a general industrial technology major was available. This proposal was prompted by the rapid growth of technologies in this field during the past decade. The proposed curriculum was to address the need for more extensive technical knowledge and skills by students entering employment in industrial occupations involving conversion, control, transmission, and utilization of energy.

UNI's program is still the only program in the state in this area. Enrollments in the program for majors met or exceeded those estimated at the time the program was initially proposed. Contrary to Regent post-audit requirements, the program has not kept records with respect to dropouts.

The university reported that 25 respondents to a recent follow-up study of graduates were employed in 25 different positions. The university stated that the broad balance of job titles for this degree reflected the original purpose for establishing the program.

The university reported that success rate for obtaining jobs for graduates of this program was nearly 100 percent. A response from a recent survey of immediate supervisors of 17 graduates indicated that graduates were adequately prepared in all areas and, in some instances, they were more than adequately prepared. The program has not been accredited. However, the university indicated that accreditation was currently being considered.

Initial program costs were estimated to be \$6,400 for the first year; \$11,500 for the second year; and \$11,500 for the third year--for a total of \$29,400. The actual costs reported by the university in the post-audit report were \$29,000 through year four of the program. Costs for the current year and the

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next three years projected by the program total \$85,200. The university did not indicate where it proposed to obtain these funds, of which approximately half was for equipment.

The program appeared to have met the original objectives, and the Board Office recommended its continuance.

Army Reserve Officers Training Corps (ROTC). The ROTC program at the University of Northern Iowa was established in 1981. During its first year, 41 students were enrolled in the basic course and 14 in the advanced course. Enrollments in the program have steadily risen. Current (1985-86) enrollment in the program included 131 students in the basic course and 100 in the advanced course. Since 1984-85, 11 students have been disenrolled from the advanced course. Seven were disenrolled for failure to achieve the required academic standards, and four were disenrolled for medical deficiencies. Sixty-four cadets have graduated and received commissions as second lieutenants. Thirty of these are in active duty with the remainder serving in either the National Guard or the Army Reserve.

The program appeared to have met its original objectives. The program has since earned "host" status which means that the program is no longer a branch program from the University of Iowa. The Board Office recommended the program be continued.

MOTION:

Mr. Tyler moved that the board accept the post-audit reports as presented and approve continuance of the programs. Mr. VanGilst seconded the motion, and it passed unanimously.

ACCREDITATION OF THE B.S. AND PHARM.D DEGREES IN THE COLLEGE OF PHARMACY AT THE UNIVERSITY OF IOWA. The Board Office recommended the board receive the report on accreditation of the B.S. and Pharm.D. degrees in the College of Pharmacy.

In response to the provisions of the Regent Procedural Guide, the University of Iowa provided the board with information regarding accreditation of its B.S. and Pharm.D. degrees in the College of Pharmacy. During the last accreditation of these programs in 1984, the accrediting organization included a requirement that the university provide an interim report on specified issues in 1986. A report was submitted in compliance with this request in April.

The university was notified in June that the American Council on Pharmaceutical Education had reviewed the accreditation status of the professional programs leading to the Baccalaureate of Pharmacy and the Doctor of Pharmacy degrees. It decided that "progress was such that the professional programs will be retained on the list of accredited degree

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programs of colleges and schools of pharmacy to be published by the accrediting association." Below is a summary of the association report.

The report indicated that the accreditation organization's decision was made in recognition of the several achievements since the last review for purposes of accreditation, including attention given to the relationships between the college and the hospital pharmacy services of university hospital; faculty and staff additions; faculty development activities; improvements in physical facilities; and curricular changes.

The report commended the university and the School of Pharmacy for the "studied manner in which the several recommendations and suggestions for improvement were acted upon with acceptance for appropriate modification."

The council emphasized the importance of having realistic plans for additional personnel in the area of student affairs and recommended that such support be provided as soon as possible. Professional curricula should be subjected to comprehensive study and evaluation taking into account the suggestions and recommendations of the evaluation team.

MOTION: Miss VanEkeren moved that the board accept the accreditation report. Mr. Greig seconded the motion, and it passed unanimously.

IOWA COLLEGE AID COMMISSION. The report of the meeting of the Iowa College Aid Commission was received as a part of the consent docket.

The report noted that awards for science and mathematics grants to students indicated a greater percentage were choosing to go to Regent universities.

Awards to 13,509 students were made for the Iowa College Tuition Grant Program. The amount available in FY 1987 will be \$20,733,085.

At its meeting the commission took the first step toward reducing its required insurance premium from .75 percent to .50 percent to students receiving guaranteed student loans. This action would save students about \$22 per year and would reduce contributions to the reserve fund of the commission by \$900,000 per year. The change in policy would be subject to the Administrative Procedures Act, and hearings would be held on the intended action.

LOTTERY FUND DISTRIBUTION. The Board Office recommended the board receive the report.

The board's FY 1986 lottery research and development fund recommendations were transmitted to the Iowa Department of Economic Development on May 23. On June 12, complete grant applications prepared by the universities were

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provided to the Department of Economic Development for its review. The Economic Development board will meet on July 29.

Director True stated there had been a lot of discussion about the endowed chairs and the importance of the board's priorities agreed to in May.

Regent Anderson stated that some of the material the board had received indicated that the Economic Development Department was reaching down into the list of proposed projects below what the Regents had established as priorities.

Director True stated the director of the Department of Economic Development had not made his decision and that it was unclear whether the Regents' priority of endowing faculty chairs would prevail. He noted there were two pools of money related to economic development. One was for research development and the other for more immediate job development programs.

Regent Anderson asked if there was some way the board could take a stronger position in terms of its priorities. She stated she felt it was not the legislature's intent to have the money used solely for immediate commercial return.

Executive Secretary Richey stated that the discussions to date have been with the Economic Development staff, and the proposals have not reached the director of the department. He indicated there had been several opportunities for extensive discussions with the director's staff and others that are involved in the final determination. He noted the case had been made without hesitation that the Regents were concerned.

Regent Greig stated that this was extremely important and asked if some of the Regents should attend the Economic Development board meeting to make a plea.

Executive Secretary Richey stated if that appeared to be indicated, the Board Office would be happy to call on the board. The university administrators have been directly involved, and there has been no problem with access. The university presidents serve on the economic development commission as ex-officio members. He indicated he appreciated the excellent cooperation that the staff of the Department of Economic Development had given the Board Office.

Endowed faculty chairs in laser science, biotechnology, and related fields were the principal emphases in the university proposals as well as in the board's recommendation to the Department of Economic Development. These were considered essential to the universities' continued contributions to Iowa's economic development. A shorter term investment than an endowment would not allow the universities to attract the quality of research talent needed.

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Following board action in May, Pioneer Hi-Bred International was prepared to release a \$500,000 matching endowment gift to Iowa State University. The company intended to provide the funds as soon as the \$500,000 in lottery agricultural biotechnology funds earmarked by the General Assembly were released to Iowa State University. Because of the immediate availability of the Pioneer gift, the executive secretary wrote the Department of Economic Development on June 17 urging that the \$500,000 in lottery funds be released. Although the Pioneer Hi-Bred International funds were received by the university on July 3, the lottery match has not yet been received from the Department of Economic Development.

Board Office staff and university representatives met a number of times with the director and staff of the Department of Economic Development. From those discussions, it was learned that the decision on FY 1986 lottery research and development fund awards would not be available until late July. As a result of this delay in the anticipated schedule, the Board Office and university representatives agreed that FY 1987 requests could not be prepared for board consideration in July, absent any knowledge of how FY 1986 requests are to be treated.

The FY 1987 research and development proposals from the universities were expected to be considered in October or November. That was not the preferred arrangement but was necessitated by the timing of lottery fund draws and the Department of Economic Development's decision-making process. Proposals for the \$3.75 million in FY 1987 legislatively earmarked agricultural biotechnology funds for Iowa State University may be considered at the September board meeting which would allow President Eaton the time to review the proposals and undertake whatever consultation was required. In order to provide President Eaton this time, the Board Office will request an exception from the Department of Economic Development's August 1 deadline.

The Board Office was hopeful that the Department of Economic Development would give appropriate consideration to the board's research and development proposals. Much work went into preparing those proposals, and the board's priorities were determined after considerable deliberation. To assist the Department of Economic Development in its evaluation of FY 1986 proposals, supplemental information on jobs impact and the importance of endowments was provided on July 8.

The Board Office will continue to work closely with university representatives on these research and development proposals. It is expected at the September meeting that a full appraisal could be presented on the FY 1986 awards by the Department of Economic Development. It was also expected that the board would be asked in September to set its priorities for the \$3.75 million in legislatively earmarked agricultural biotechnology funds for Iowa State University.

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ACTION: President McDonald stated that the report on lottery fund distribution was received by general consent of the board.

RULES AND POLICIES ON AFFIRMATIVE ACTION, CONTRACT COMPLIANCE AND PROCUREMENT SET-ASIDES FROM TARGETED SMALL BUSINESSES. The Board Office made the following recommendations:

1. Approve the rules and policies for contract compliance, affirmative action and targeted small businesses.
2. Direct the institutions and Board Office to develop programs and procedures to carry out the board's equal opportunity policy.
3. Direct the executive secretary to file the rules as emergency rules, effective upon filing.
4. Approve \$5,200,000 as the projected annual dollar value of awards to certified targeted small businesses.
5. Designate the appointment of Regent equal opportunity compliance officer as coordinator of the board's equal opportunity program.

Executive Secretary Richey explained that Senate File 2175, the state government reorganization bill, required the Board of Regents and Regent institutions to take certain actions pertaining to contract compliance, procurement set-asides from targeted small businesses, and affirmative action.

In the area of affirmative action, the law required the board to:

- Develop affirmative action plans containing goals and time specifications.
- Designate a position as Regents' affirmative action coordinator.
- Propose affirmative actions standards applicable to the board and each institution under its jurisdiction.
- Gather data necessary to maintain an ongoing assessment of affirmative action efforts.
- Monitor accomplishments with respect to affirmative action remedies identified in affirmative action plans.

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- Conduct studies of pre-employment and post employment processes in order to evaluate employment practices and develop improved methods of dealing with all employment issues related to equal employment opportunity and affirmative action.
- Establish an equal employment committee to assist in addressing affirmative action needs, including recruitment.
- Address equal opportunity and affirmative action training needs by:
 - a. Providing appropriate training for managers and supervisors.
 - b. Insuring that the board and its institutions make training available for all staff members whose duties relate to personnel administration.
 - c. Investigating means for training in the area of career development.
- Require development of equal employment opportunity reports, including the initiation of the processes necessary for the completion of the annual EEO-6 reports required by the federal Equal Employment Opportunity Commission.
- Address equal opportunity and affirmative action rules with respect to employee benefits and leaves of absence.
- Adopt equal employment opportunity and affirmative action rules in accordance with Chapter 17A.
- Submit its annual affirmative action report to the Department of Management by January 31 of each year.

The board and the institutions have acted directly or indirectly on six of the ten provisions as contained in the affirmative action section of Senate File 2175 as it pertains to the board and its institutions. The four areas which remain to be accomplished are as follows:

- Designate an equal employment/affirmative action coordinator.
- Develop affirmative action standards applicable to the institutions and the Board Office.
- Conduct studies of pre-employment and post employment processes in order to evaluate employment practices and develop improved methods of dealing with all employment issues related to equal employment and affirmative action.
- Adopt equal employment and affirmative action rules.

The board is required by Senate File 2175 to establish a contract compliance policy applicable to state contracts, services and programs benefiting from state financial assistance. The statute gives the board the authority for administering its contract compliance program.

The board has had its contract compliance policy and program in place since October 1969. The program is administered by the Equal Opportunity Compliance Officer who works under the direct supervision of the executive secretary. The purpose of the contract compliance program is to ensure that contractors, vendors and suppliers who furnish goods and services to Regent institutions do not discriminate against members of the protected classes. Companies who are found to be underutilizers of minorities and women, particularly, in their work forces are required to take affirmative action in order to overcome employment disparities.

Since 1970 the compliance office has submitted its annual report to the board. The reports list progress which had been made in addition to problems which the compliance office had incurred in carrying out the board's policy.

Preliminary discussions with the contract compliance office of the Department of Management indicate that the Regents contract compliance program will be used by the state in developing policies and procedures for carrying out its contract compliance program.

The board and its institutions are required to adopt a targeted small business set-aside program including the following:

- Set aside for award to certified targeted small businesses at least 2 percent with a goal of up to 10 percent of the value of anticipated procurements of goods and services, including construction, each fiscal year. (Utility services are not to be included in the procurement set-aside program.)
- Work with the director of the Department of Economic Development in developing and making available in all areas of the state, programs which would offer in-depth advice and services to targeted small businesses. The advice and services are to extend to all areas of business management in its practical application, including but not limited to accounting, engineering drafting, grant writing, obtaining financing, locating bond markets, market analysis, and projections of profit and loss. The Department of Management, the area community colleges and vocational schools are to assist in this effort.
- Furnish to the director of Department of Economic Development, upon request, all relevant information as to the Regent set-aside program.

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Regent institutions and the Board Office have had extensive discussions regarding establishing and implementing a Regent procurement set-aside program pursuant to the Senate File 2175.

The statute states that the Board of Regents is to submit a preliminary report of the anticipated purchases and recommended set-asides of Regent institutions to the director of the Department of Economic Development. The Regent institutions were unable to estimate, at this time, the number of anticipated purchases because a comprehensive directory listing certified women and minority vendors and supplies by commodity, equipment, material, or service was not available. The institutions and the Board Office projected that \$5,200,000 would be awarded to certified small businesses for the remainder of fiscal year 1986-87.

The rules and policies to implement Senate 2175 were formulated through the joint effort of the institutions and the Board Office. The Administrative Rules would be filed as emergency rules and would be effective upon filing.

Mr. Richey explained that the law would require the Regent institutions to pay more strict attention to affirmative action but that the major changes were in the area of procurement. In the past it had been a matter of encouraging purchasing departments to work with minority and women businesses. The law now required that 2 percent of purchases be from women and minority businesses. He noted it would be a tremendous task on the part of the institutions to achieve full compliance of the law. He said that because so many of the purchases come from out of state that 2 percent figure translated to 15 percent of purchases from Iowa small businesses. He said it would be a major challenge and would require close interinstitutional cooperation and consultation.

Mr. Maxwell thanked all of his colleagues from the institutions for their assistance in developing the policies.

MOTION:

Dr. Harris moved that the board take action as follows: (1) Approve the rules and policies for contract compliance, affirmative action and targeted small businesses. (2) Direct the institutions and Board Office to develop programs and procedures to carry out the board's equal opportunity policy. (3) Direct the executive secretary to file the rules as emergency rules, effective upon filing. (4) Approve \$5,200,000 as the projected annual dollar value of awards to certified targeted small businesses. (5) Designate the appointment of Regent equal opportunity compliance officer as coordinator of the board's equal opportunity program. Mr. Greig seconded the motion, and it passed with Mr. Tyler voting no.

PROCEDURES FOR THE SELECTION OF A SUPERINTENDENT AT THE IOWA SCHOOL FOR THE DEAF. The Board Office recommended approval of the procedures and schedule for the selection of a superintendent at the Iowa School for the Deaf as outlined below:

The Regents' policy for the selection of presidents and superintendents is as follows:

The Board of Regents is responsible under Chapter 262 of the Code for the selection of institutional heads. The following guidelines describe the general process for the conduct of searches for institutional heads and their appointment. The specific procedures to be used in a given search will be determined by the board and will reflect the unique environment of the institution for which the head is being chosen.

- A. The process shall be consistent with the board's statutory authority to appoint institutional heads and shall provide for regental control of the search, screening, and selection process. All rules, procedures, and policies regarding the search, including a search committee, the time schedule for the search, and the use of consultants shall be established by the Board of Regents.
- B. The process shall provide for confidentiality of the candidates to the fullest extent possible under the Code.

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- C. The process shall provide for participation by institutional constituencies, specifically including the faculty, with respect to the criteria to be used in the selection process and in review of the final candidate.
- D. The process shall be one that can be accomplished within a reasonable period of time set by the board.
- E. Affirmative action/equal employment opportunity procedures shall be fully utilized.
- F. The election of an institutional head shall be the sole responsibility of the Board of Regents.

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

The use of the search firm will provide a professional personnel perspective to the search in carrying out each of the functions noted above.

Consistent with the Regents' policy and recent special school searches, it was proposed that a campus search committee consisting of the following persons be established:

- Professional and Scientific -- One person
- Faculty -- Three persons (one elementary, one junior high, one high school)
- Regents Merit System -- One person
- Department of Public Instruction -- One person
- Alumni -- One person
- ISD Advisory Committee -- One person
- Board Office -- One person (ex officio)

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

In carrying out this responsibility, the committee shall use the criteria noted below. The committee should also utilize all appropriate publications and placement services available to advertise the position and identify potential candidates for the position.

Candidates for the position of Superintendent of the Iowa School for the Deaf shall be individuals with:

1. An appreciation of the unique potentials and responsibilities of a school for the deaf and strive for excellence in a dynamic program of teaching and service to the deaf community.
2. The capability of understanding the educational, technological, social, and economic needs of deaf students and organizations and institutions served by the Iowa School for the Deaf and the ability to initiate imaginative and productive cooperative actions to help meet those needs.
3. Strong and imaginative leadership qualities including the ability to anticipate the needs of the Iowa School for the Deaf in a changing society, to periodically evaluate its programs, and to make decisions consistent with evaluation results and long-range goals.
4. A strong academic preparation in deaf education and a proven commitment to academic excellence and integrity.
5. The ability to select able personnel and to delegate authority effectively and wisely.
6. The ability to listen, to act, and to stand behind decisions.
7. Effective communication skills.
8. An appreciation and understanding of the importance of working in a participative mode of governance within the school.
9. The ability to understand budget and financing operations of the school.
10. The ability to understand how the political processes at the local, state, and national level affect the Iowa School for the Deaf.
11. A commitment to establish a working environment for the faculty and staff which is conducive to optimizing their individual potentials while helping the school achieve its goals.
12. A demonstrated sensitivity to the needs and concerns of minorities, women, and the handicapped.

13. Sufficient experience and demonstrated administrative ability to warrant appointment as superintendent.
14. An appreciation of the needs to maintain positive working relations with the community and other educational and deaf groups in Iowa including the Department of Education.
15. The willingness to interact cooperatively with other regent institutions in Iowa.
16. Ability to work harmoniously with the board and Board Office.
17. The ability and desire to seek funding through state appropriations, federal agencies, industry, foundations, alumni, and other friends of the school.

Proposed Schedule

<u>TASK</u>	<u>COMPLETION DATE</u>
1. Approval of Search Process and Schedule	July 86
2. Appointment of Campus Search and Screen Committee	Sept. 86
3. Appointment of Executive Search Firm	Sept. 86
4. Campus Interviews	Dec. 86
5. Recommendations of Campus Search and Screening Committee and Executive Search Firm	Jan. 87
6. Board of Regents Interviews	Jan. 87
7. Announcement of Appointment	Feb. 87
8. New Superintendent Assumes Responsibilities	July 87

MOTION:

Dr. Harris moved that the board approve the procedures and schedule for the selection of a superintendent at the Iowa School for the Deaf. Miss VanEkeren seconded the motion, and it passed unanimously.

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FINAL OPERATING BUDGETS FOR FY 1987. The Board Office made the following recommendations: (1) Receive the report on final operating budgets for the Regent institutions for FY 1987; (2) Approve the distribution of salary adjustment fund appropriations; (3) Approve the continued support of the Quad Cities Graduate Study Center and Western Iowa Continuing Education programs at the levels specified.

Director True explained that the total amount of the Regent institution final operating budgets for FY 1987 was \$629.5 million and was identical to the total proposed in the preliminary operating budgets. Within this total, some adjustments were made to reflect current estimates of need and internal reallocations. Some of the highlights of the final operating budget requests are noted below:

- The total Regent institution operating budget for FY 1987 of \$629.5 million represented an increase of 4.7 percent over the total revised FY 1986 operating budget. The final institutional budgets are shown on the following page.

State Board of Regents
 INSTITUTIONAL BUDGETS PROPOSED FOR FY 1986-87
 (000s Omitted)

Institution/Organizational Unit	Institutional Income		Appropriations		Institutional Budgets	
	Revised FY 1986	Proposed FY 1987	Revised FY 1986*	Proposed FY 1987	Revised FY 1986	Proposed FY 1987
UNIVERSITY OF IOWA						
General University	\$63,281	\$64,523	\$120,786	\$128,201	\$184,067	\$192,724
University Hospitals	122,733	129,999	25,856	25,251	148,589	155,250
Psychiatric Hospital	3,178	3,333	5,454	5,699	8,632	9,032
Hospital School	836	836	4,011	4,249	4,847	5,085
Oakdale Campus	400	400	2,312	2,382	2,712	2,782
Hygienic Laboratory	940	940	2,187	2,334	3,127	3,274
Family Practice	34	34	1,383	1,447	1,417	1,481
SCHS: Ca/Hemo/HR	131	131	286	314	417	445
SCHS: Clinics	27	49	2,855 **	2,394 **	2,882	2,443
Subtotal	\$191,560	\$200,245	\$165,130	\$172,271	\$356,690	\$372,516
IOWA STATE UNIVERSITY						
General University	\$52,998	\$54,785	\$98,557	\$105,081	\$151,555	\$159,866
Agricultural Experiment Station	3,466	3,111	11,282	11,997	14,748	15,108
Cooperative Extension Service	7,345	6,947	10,868	11,575	18,213	18,522
Subtotal	\$63,809	\$64,843	\$120,707	\$128,653	\$184,516	\$193,496
UNIVERSITY OF NORTHERN IOWA						
	\$13,549	\$14,534	\$38,794	\$41,013	\$52,343	\$55,547
IOWA SCHOOL FOR THE DEAF						
	\$138	\$154	\$4,739	\$4,876	\$4,877	\$5,030
IOWA BRAILLE AND SIGHT SAVING SCHOOL						
	\$130	\$130	\$2,659	\$2,759	\$2,789	\$2,889
TOTAL	\$269,186	\$279,906	\$332,029	\$349,572	\$601,215	\$629,478

*Excludes amounts deducted for new car purchases (\$100,725 at SUI; \$71,300 at ISU; \$25,500 at UNI).

**Includes Federal Block Grants (\$2,421,120 in FY 1986; \$2,393,826 proposed in FY 1987).

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- Appropriations represented 55.5 percent of the total Regent institution FY 1987 income. Sales and services (largely for the University Hospitals and Psychiatric Hospital) represented 21.6 percent; student fees, 18.5 percent; other income, 2.7 percent; and federal funds, 1.6 percent.
- Appropriations of \$349.6 million were 5.3 percent above the revised FY 1986 levels. The increases were all in salary adjustment funds and supplemental salary increase funds.
- The Regent institutions received \$17.6 million in new salary adjustments in FY 1987 plus an additional \$2 million in supplemental salary increase funds for faculty and professional and scientific staff at the universities. These funds remained inadequate to support budgeted salary increases of \$25.9 million. The distribution of salary adjustment funds is shown on the following page:

State Board of Regents
 SALARY ADJUSTMENT FUND
 FY 1986 - FY 1987

Budget Unit	FY 1986 Need (at 100% Level)			Original FY 1986 Salary Bill Funding			Revised FY 1986 Funding	Original FY 1987 Approximate Funding(6)	Revised FY 1987 Funding(7)	Revised FY 1987 Over Revised FY 1986
	Faculty/ P&S(1)	General Service(2)	Total	Faculty/ P&S	General Service	Total	Total	Total	Total	Total
UNIVERSITY OF IOWA										
General University	\$2,225,856	\$619,913	\$2,845,769	\$1,859,990	\$586,199	\$2,446,189	\$2,328,491	\$9,331,027	\$8,952,192	\$6,623,701
University Hospitals	196,340	176,936	373,276	164,067	167,313	331,380	315,435	1,264,056	1,212,821	897,386
Family Practice	25,822	1,760	27,582	21,578	1,664	23,242	22,124	88,669	85,063	62,939
SCHS Clinics, Mus. Dys.(5)	0	0	0	0	0	0	0	0	0	0
SCHS Cancer, Hemo.	6,939	406	7,345	5,798	384	6,182	5,884	23,584	22,626	16,742
Psychiatric Hospitals	66,348	27,373	93,721	55,442	25,884	81,326	77,413	310,218	297,630	220,217
Hygienic Laboratory	28,990	27,000	55,990	24,225	25,532	49,757	47,363	189,789	182,097	134,734
Hospital School	48,676	42,380	91,056	40,675	40,075	80,750	76,865	308,031	295,543	218,678
Oakdale Campus	4,098	22,871	26,969	3,424	21,627	25,051	23,845	95,553	91,687	67,842
SUBTOTAL	\$2,603,069	\$918,639	\$3,521,708	\$2,175,199	\$868,678	\$3,043,877	\$2,897,420	\$11,610,927	\$11,139,659	\$8,242,239
IOWA STATE UNIVERSITY										
General University	\$1,887,090	\$570,599	\$2,457,689	\$1,576,906	\$539,566	\$2,116,472	\$2,014,638	\$8,073,310	\$7,745,562	\$5,730,924
Agricultural Experiment Station	203,276	64,464	267,740	169,863	60,958	230,821	219,715	880,478	844,734	625,019
Cooperative Extension Service	263,864	56,597	320,461	220,492	53,519	274,011	260,827	1,045,217	1,002,771	741,944
SUBTOTAL	\$2,354,230	\$691,660	\$3,045,890	\$1,967,261	\$654,043	\$2,621,304	\$2,495,180	\$9,999,005	\$9,593,067	\$7,097,887
UNIVERSITY OF NORTHERN IOWA										
Organized	\$461,702 (3)			\$385,811						
Nonorganized	207,268			173,199						
SUBTOTAL	\$668,970	\$180,605	\$849,575	\$559,010	\$170,783	\$729,793	\$694,679	\$2,783,807	\$2,670,780	\$1,976,101
IOWA SCHOOL FOR THE DEAF	\$47,366 (4)	\$34,139	\$81,505	\$39,580	\$32,282	\$71,862	\$68,404	\$274,109	\$262,994	\$194,590
IOWA BRAILLE AND SIGHT SAVING SCHOOL	\$16,814 (4)	\$35,970	\$52,784	\$14,050	\$34,014	\$48,064	\$45,751	\$183,352	\$175,929	\$130,178
TOTAL	\$5,690,449	\$1,861,013	\$7,551,462	\$4,756,100	\$1,759,800	\$6,514,900	\$6,201,434	\$24,851,200	\$23,842,429	\$17,640,995

(Cumulative) (Cumulative)

- (1) Increase of 2% on July 1, 1985; assumes no increase in health insurance costs.
- (2) Increase of 1% on January 1, 1986, plus merit step increase; assumes no increase in health insurance costs.
- (3) Increase of 2% on July 1, 1986, plus \$65,280 health insurance.
- (4) Increase of 7% on January 1, 1986, would require \$82,890 at ISD; \$29,425 at IBSSS.
- (5) Funding is not provided by the Salary Bill for SCHS Clinics and Muscular Dystrophy; need is estimated at \$23,845 for Faculty and P&S, \$14,108 for General Service, and \$37,953 total.
- (6) Assuming a distribution of total funds comparable to that of FY 1986.
- (7) Reduced by 3.85% and by \$52,000 in total.

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- Appropriations for the University Hospitals for FY 1987 were reduced by \$1.6 million as a result of the legislature's partial decentralization of the obstetrical indigent patient care program and expansion of the medically needy program.
- Student fee income to the general was projected to be \$116.7 million in FY 1987, an increase of 4.95 percent over FY 1986.
- The budgeted tuition income included approximately \$397,000 in revenues from the student computing fee approved by the board for the University of Northern Iowa. Additional board-approved fees related to computing - the computer laboratory fee and the special engineering fee at Iowa State University and the engineering fee at the University of Iowa - are not included in the tuition income estimates. These fees were expected to generate a total of over \$1 million to be used for the purchase and support of computing equipment at the universities.
- A decrease of at least \$750,000 was expected in federal funds in FY 1987. Most of this was projected by Iowa State University's Experiment Station and Cooperative Extension Service. A far sharper decrease was also possible depending upon Gramm Rudman decisions.
- Salaries represented over 78 percent of the total Regent institution operating budget for FY 1987. Overall increases in salary totals were projected to be 5.6 percent.
- Average increases in faculty salaries for continuing faculty were estimated by the universities to be 6.0 percent at the University of Iowa; 5.9 percent at Iowa State University; and 6.4 percent at the University of Northern Iowa. A Board Office analysis of a random sample of 100 faculty members at each of the institutions suggested that the average increases for continuing faculty may be somewhat higher than estimated for the University of Iowa and Iowa State University. The Board Office analysis yielded estimates of 7.4 percent at the University of Iowa and 6.5 percent at both Iowa State University and the University of Northern Iowa.
- Average salary increases at the special schools were 6.26 percent at the Iowa School for the Deaf and 6.06 percent at the Iowa Braille and Sight Saving School.
- Supplies and services represented 14.9 percent of the Regent institution total FY 1987 expenditures. Fuel accounted for 4.1 percent; equipment and repairs 1.8 percent and books 1.1 percent.

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- Each of the Regent institutions reported on downsizing and restructuring efforts necessary in response to reductions in state and federal funding.

Prior to FY 1986, appropriations for the Quad Cities Graduate Study Center and the Regents Western Iowa Continuing Education program had been made directly to the Regents and subsequently distributed to the universities. Beginning in FY 1986, these appropriations were incorporated within the general university budgets of the University of Iowa and Iowa State University.

The University of Iowa reported that the FY 1987 budget for the Quad Cities Graduate Study Center would be maintained at its FY 1986 level of \$126,000.

Iowa State University reported that it was continuing its support of the Western Iowa and off-campus programs for FY 1987 with a total proposed budget of \$150,394. This was \$2,390 less than in 1986 and reflected part of the impact of 3.85 percent reversion.

The University of Iowa indicated that its share of the Western Iowa program budget had been increased from \$42,776 in FY 1986 to \$44,039 for FY 1987.

Regent VanGilst asked the total amount of the actual shortfall.

Mr. Richey explained that the tuition replacement shortfall for FY 1987 was not expected to take place due to the bond refunding. He noted the 3.85 percent reversion caused a reduction of \$14 million in the base budget. He indicated the institutions had embodied that reduction in their budgets. They have handled the reduction in varying ways, but a large part was in the areas of building repairs, equipment, library books, and the freezing of positions.

MOTION:

Mr. Greig moved that the board receive the report on the final operating budgets for FY 1987; approve the distribution of salary adjustment fund appropriations; and approve the continued support of the Quad Cities Graduate Study Center and the Western Iowa Continuing Education programs. Mr. VanGilst seconded the motion, and it passed unanimously.

✓ **COST OF INSTRUCTION, 1984-85.** The Board Office recommended that the board receive the unit and variable cost of instruction reports for 1984-85 and that the universities submit updated estimates of unit costs for the 1985-86 year by mid-January 1987.

Mr. Richey explained that the cost of instruction reports had to be read carefully and the assumptions had to be kept in mind throughout. He noted that the reports had been done since the early 1960's and were utilized for years as a part of the formula to request funds for enrollment growth. He added that these reports were what the private colleges referred to when making their requests for state support.

Standardized methods of computation were used, and both unit costs and variable costs were reported. Unit costs represented the cost of instruction of a full-time equivalent student at a given level. Unit costs included both fixed and variable costs. Variable costs are those which change in proportion to the number of students. A committee with representatives from each university and the Board Office regularly reviewed the procedures for preparation of the reports and recommended changes as needed for improvement.

The average undergraduate unit cost is used as a basis for determination of the funding goal for the Iowa Tuition Grant Program. The College Aid Commission approved a policy statement one year ago which proposed that the Iowa Tuition Grant Program be funded at a level equivalent to the average undergraduate cost at Regent institutions less the average tuition paid to the Regent institutions per student.

Highlights of the report are as follows:

- * The overall Regent university general fund unit cost of instruction for 1984-85 was 9.4 percent above that reported two years earlier, representing a 4.7 percent average increase. During the same period, the Higher Education Price Index increased by 12.5 percent or an average annual increase of 6.25 percent.
- * The composite general fund unit cost of instructing a student at the Regent universities in 1984-85 was \$5,350. This composite cost ranged from \$3,184 for a lower division undergraduate student to \$18,240 for a professional level student.
- * The composite general fund unit cost of instruction for all student levels was highest at the University of Iowa (\$5,985), largely as a result of costly advanced graduate and professional level programs. The composite unit cost at Iowa State University was \$5,114. The composite at the University of Northern Iowa was \$4,290.

- * The overall composite undergraduate general fund unit cost was \$3,949, comprised of \$3,693 at the University of Iowa, \$4,004 at the University of Northern Iowa and \$4,150 at Iowa State University. The difference between the University of Iowa and Iowa State University may be due, in part, to a greater proportion of undergraduates in more costly science and engineering programs at Iowa State University. The University of Iowa has substantially lower unit costs for undergraduate instruction than either the Iowa State University or the University of Northern Iowa.
- * The variable cost of instruction (the unit cost minus the fixed cost) for the Regent universities was \$3,799 for 1984-85. Variable costs represent 71 percent of total unit costs and increased by an average of 12.8 percent from 1982-83 to 1984-85.
- * Between 1982-83 and 1984-85, the number of full-time equivalent students decreased at the lower division undergraduate, masters and professional levels. Unit cost increases were greatest at these levels. These changes may be attributed to factors including increased number of transfers from other colleges or larger numbers of adult students returning at the upper division level.
- * Expressed in constant dollar terms, the composite general fund unit cost has decreased from a high in 1978-79. This decrease began coincident with the beginning of frequent mid-year appropriations reversions.
- * Changes in the mix of academic programs, increases in graduate programs, specialized and technological programs and changes in the mix of students can cause unit cost changes.

In its simplest terms, the average cost of instruction would be determined by dividing total costs by the total number of students. However, not all institutional costs are classified as instructional and the cost of instruction varies significantly according to student level. The unit cost of instruction is therefore calculated by first determining which institutional costs are related to instruction and by classifying these costs according to student level. The costs included were instruction, research, some academic support, student services, institutional support and part of plant operations and maintenance. The costs excluded were for building repairs, public service, scholarships and fellowships, auxiliary enterprises, health care units, some academic support, and indirect costs.

Unit costs were determined for each of five student levels: lower division (freshmen, sophomore); upper division (junior, senior); masters; advanced graduate; and professional. The student counts representing the "units" in this study were fiscal year full-time equivalents (FTE). Full-time equivalent enrollments were based on 31 credit hours per student per fiscal year for undergraduates and 18 credit hours per student per fiscal year for

graduate students. Each professional student was counted as one full-time equivalent.

The number of full-time equivalent students at the Regent universities increased by 2 percent in 1984-85 over 1982-83. The 10-year increase was 22.8 percent and the increase since 1966-67 was 45.3 percent.

The number of full-time equivalent students increased at both the University of Iowa and Iowa State University in 1984-85 but declined slightly (by 0.8 percent) at the University of Northern Iowa.

The overall Regent composite unit cost of \$5,350 represented an average annual increase of 4.7 percent between 1982-83 and 1984-85. The largest increase in unit cost for the composite was for lower division undergraduate students. A decline in the number of full-time equivalent students at this level contributed to the increase in the cost per student. That decline in lower level undergraduates could be due to transfers from other colleges as well as adults returning to finish degrees. Overall, the undergraduate unit cost was \$3,949, an average annual increase of 5.6 percent between 1982-83 and 1984-85.

Data for 1982-83 and 1984-85 are summarized in the following:

	<u>Total Regent Universities</u>		<u>Average Annual Percent Change</u>
	<u>Unit Cost Per FTE Student</u>		
	<u>1982-83</u>	<u>1984-85</u>	
Lower Division	\$ 2,792	\$ 3,184	7.0%
Upper Division	<u>4,342</u>	<u>4,666</u>	3.7
Undergraduate	<u>3,553</u>	<u>3,949</u>	5.6
Master's	6,548	7,088	4.1
Advanced Graduate	10,704	11,368	3.2
Professional	<u>16,708</u>	<u>18,240</u>	4.6
Composite	\$ 4,892	\$ 5,350	4.7%

The unit costs reported as composites are averages of the components weighted in proportion to the number of students at each level.

University of Iowa. The University of Iowa reported an increase of 2.7 percent in full-time equivalent students between 1982-83 and 1984-85. However, the number of full-time equivalent students decreased at the lower division undergraduate, masters, and professional levels. Growth was observed in upper division undergraduate and advanced graduate enrollments.

The total full-time equivalent enrollment for the University of Iowa was 26,145 in 1984-85.

The unit cost per full-time equivalent student was \$5,985 overall. This represented an average annual increase of 4.7 percent between 1982-83 and 1984-85. The unit cost ranged from \$2,833 for a lower division student to \$17,910 for a professional level student.

<u>University of Iowa</u>			
	<u>Unit Cost Per FTE Student</u>		<u>Average Annual Percent Change</u>
	<u>1982-83</u>	<u>1984-85</u>	
Lower Division	\$ 2,297	\$ 2,833	11.7%
Upper Division	4,307	4,520	2.5
Undergraduate	<u>3,243</u>	<u>3,693</u>	<u>6.9</u>
Master's	6,801	7,311	3.8
Advanced Graduate	12,596	13,317	2.9
Professional	16,459	17,910	4.4
Composite	<u>\$ 5,469</u>	<u>\$ 5,985</u>	<u>4.7%</u>

The largest increases in the unit cost were at those levels for which a decrease in enrollment was reported. The substantial increase in unit cost at the lower division level may also be interpreted as a reflection of an increased emphasis on this level of instruction. However, undergraduate unit costs at the University of Iowa remained below those of the other universities.

Iowa State University. At Iowa State University, the number of full-time equivalent students increased by 2.4 percent from 1982-83 to 1984-85. As was reported for the University of Iowa, the number of full-time equivalent students decreased at the lower division, masters, and professional levels. Growth was observed for upper division undergraduate and advanced graduate enrollments. The lower division decrease was less than that reported for the University of Iowa. The total full-time equivalent enrollment was 25,813 in 1984-85.

The unit cost per full-time equivalent student supported by general funds increased by an annual rate of 4.6 percent from 1982-83 to 1984-85. The composite unit cost of \$5,114 represents a range of unit costs from \$3,492 at the lower division undergraduate level to \$19,434 at the professional level.

Iowa State University

	<u>Unit Cost Per FTE Student</u>		<u>Average Annual</u>
	<u>1982-83</u>	<u>1984-85</u>	<u>Percent Change</u>
Lower Division	\$ 3,157	\$ 3,492	5.3%
Upper Division	4,338	4,750	4.7
Undergraduate	<u>3,756</u>	<u>4,150</u>	<u>5.2</u>
Master's	6,319	7,003	5.4
Advanced Graduate	9,214	9,692	2.6
Professional	<u>17,602</u>	<u>19,434</u>	<u>5.2</u>
Composite	<u>\$ 4,680</u>	<u>\$ 5,114</u>	<u>4.6%</u>

The average undergraduate unit cost of instruction was \$4,150 per full-time equivalent student, an average annual increase of 5.2 percent between 1982-83 and 1984-85. The average annual increases in unit cost reported by level range from 2.6 percent to 5.4 percent and can be attributed to both enrollment changes and the effects of inflation. Iowa State University has substantially higher unit costs for undergraduate education than does the University of Iowa. One reason for this could be the emphasis on undergraduate engineering and science at Iowa State University.

University of Northern Iowa. The University of Northern Iowa reported a decrease of 0.8 percent in the number of fiscal year full-time equivalent students from 1982-83 to 1984-85. Most of this decrease was at the lower division undergraduate level, with a slight drop also reported in advanced graduate students. The total full-time equivalent enrollment was 9,926 in 1984-85.

The unit cost per full-time equivalent student supported by general funds at the University of Northern Iowa was \$4,290, an average annual increase of 4.2 percent between 1982-83 and 1984-85. Unit costs ranged from \$3,199 for lower division undergraduates to \$8,794 for advanced graduate students.

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University of Northern Iowa

	<u>Unit Cost Per FTE Student</u>		<u>Average Annual Percent Change</u>
	<u>1982-83</u>	<u>1984-85</u>	
Lower Division	\$ 2,998	\$ 3,199	3.4%
Upper Division	4,416	4,763	3.9
Undergraduate	3,703	4,004	4.1
Master's	5,836	6,207	3.2
Advanced Graduate	7,578	8,794	8.0
Composite	<u>\$ 3,956</u>	<u>\$ 4,290</u>	<u>4.2%</u>

The average annual increases between 1982-83 and 1984-85 ranged from 3.2 percent to 8.0 percent with the greatest increase being for advanced graduate students.

The unit cost of instruction included both fixed and variable costs. Variable costs represented those which change in proportion to changes in the number of full-time equivalent students. Fixed (or semi-fixed) costs were expected to remain stable within a reasonable enrollment range. Variable costs of instruction were computed by subtracting specified fixed costs from total costs. The fixed costs included research, library books, physical plant operations and equipment. Variable costs included direct instructional costs, general administration and student services.

The composite variable costs per full-time equivalent student for 1982-83 and 1984-85 are shown below.

Variable Cost Per FTE Student

	<u>1982-83</u>	<u>1984-85</u>	<u>Average Annual Percent Change</u>
University of Iowa	\$3,748	\$4,167	5.6%
Iowa State University	3,115	3,601	7.8
University of Northern Iowa	3,045	3,346	4.9
Regent University Composite	\$3,369	\$3,799	6.4%

Variable costs represented an average of 71 percent of total costs. This proportion ranged from 70 percent at the University of Iowa to 78 percent at the University of Northern Iowa. It has been recommended that the distribution of costs between fixed and variable categories be reviewed and the interinstitutional subcommittee on unit costs will be completing such a review during the next year.

The entire cost of instruction report is on file in the Board Office.

MOTION: Mr. Tyler moved that the board receive the unit and variable cost of instruction report for 1984-85 and request that the universities submit updated estimates of unit costs for the 1985-86 year by mid-January 1987. Dr. Harris seconded the motion, and it passed unanimously.

SELECTION OF BOND COUNSEL AND FINANCIAL ADVISOR. The Regents Banking Committee and the Board Office recommended that the board:

1. Engage the Ahlers Law Firm as bond counsel and Springsted, Inc., as financial advisor to the Board of Regents, subject to satisfactory contract negotiations.
2. Authorize transitional arrangements for use of bond counsel and financial advisor, as discussed in the report with the Banking Committee.
3. Authorize the executive secretary, with the approval of President McDonald, to negotiate and execute agreements with the Ahlers law firm and Springsted, Inc., consistent with discussions at the Banking Committee meeting and the report on that meeting.

Director True explained selected firms were interviewed on June 24 and 25 by a committee chaired by the executive secretary. The committee included the business vice presidents and other representatives of the institutions and Board Office as well as Earl Willitts of the Attorney General's Office. Five financial advisory firms and four bond counsel firms were interviewed. The firms interviewed were as follows:

Bond Counsel: Ahlers Cooney Dorweiler Haynie Smith & Allbee, Des Moines, Iowa
Belin Harris Helmick Tesdell Lamson
Blackledge McCormick, Des Moines, Iowa
Chapman and Cutler, Chicago, Illinois
Davis Hockenberg Wine Brown & Koehn,
Des Moines, Iowa

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Financial Advisor: Evenson Dodge Inc., Minneapolis, Minnesota
James J. Lowery & Co., Inc., New York, New York
Public Financial Systems, Inc., Minneapolis, Minnesota
Speer Financial, Inc., Chicago, Illinois
Springsted, Inc., St. Paul, Minnesota

Mr. Richey, Mr. True, and each university business vice president provided information to the Banking Committee at its meeting on July 7 on the firms interviewed. Each firm was evaluated using the criteria for selection previously adopted by the board in May.

The unanimous recommendations of the Board Office and university representatives were to engage the Ahlers Law Firm as bond counsel and to engage Springsted, Inc., as financial advisor. It was further recommended that Chapman and Cutler be continued as counsel to complete academic revenue bond refundings already in progress and the fixed-rate conversion of \$68 million in variable rate bonds for which the firm served as the board's bond counsel. The Ahlers Law Firm would be expected to represent the board on all other financings, including newly authorized academic revenue bonds scheduled for sale next year.

In a standard academic revenue bond issue or enterprise bond issue, the Ahler's Law Firm fees would be \$7,500 if the sale were \$5,000,000; \$16,500 if the sale were \$15,000,000; and \$25,000 if the sale were \$30,000,000. Actual out-of-pocket expenses would be in addition to these fees. No separate fees are to be charged for legal advice on financial matters not directly related to a bond issuance. It was noted that the firm was the most experienced Iowa bond counsel.

Springsted, Inc., fees would be \$7,500 if the sale were \$5,000,000; \$15,000 if the sale were \$10,000,000; \$22,500 if the sale were \$15,000,000; and \$30,000 if the sale were \$20,000,000. Actual out-of-pocket expenses would be in addition to these fees. No separate fees are to be charged for advice on financial matters not directly related to a bond issue. It was noted that the firm had the most experience in higher education financing, had an excellent understanding of new federal tax law changes, and a strong understanding of the "Iowa market" for Regents bonds and how it can be preserved. In addition, the firm had advance refunding experience.

To accommodate a smooth transition, it was recommended that Chapman and Cutler be retained as co-counsel on the first Regents bond issue for which the Ahlers Law Firm is engaged. It was recommended that Speer Financial, Inc., serve as financial advisor for the August or September University of Iowa refunding bond sale. Thereafter, Springsted, Inc., would be used as financial advisor.

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The Banking Committee inquired as to possible contract terms for the Ahlers Law Firm and Springsted, Inc. The Board Office suggested that the contract scope of work be as written in the Request for Proposals with up to a three-year initial term and annual renewals thereafter, not to exceed a total of five years. A 30-90 day unilateral termination option for the board would be anticipated, as well as a key personnel provision. Fees would be as described above. The fees for Springsted, Inc., would be \$1.50 per \$1,000 of bonds issued, up to an issuance of \$25,000,000. Thereafter, the fee would be \$1.00 per \$1,000 of bonds issued.

The Banking Committee unanimously recommended to the full board that the Ahlers Law Firm be appointed bond counsel and that Springsted, Inc., be appointed financial advisor to the Board of Regents.

In other discussion, the Banking Committee received a report from university treasurers on recent investment activity.

The University of Iowa reported that it had an endowment of \$13.5 million, and the common stock portion had increased from 16 percent to 20 percent. Treasurer Stevenson reported that he had purchased certificates of deposit in \$100,000 denominations with maturities of six months to 1.5 years. The interest rates were from 7.5 percent to 8.75 percent. Additionally, he was eliminating small holdings and beginning to participate in the Common Fund, a large mutual fund group.

At Iowa State University, Treasurer Madden reported that they had not had as much activity as the University of Iowa. However, they were participating in the Common Fund. Arrangements for collectively managing university and foundation investments were being explored by the university.

Treasurer Conner from the University of Northern Iowa reported that the university was exploring the Common Fund and was principally investing in insured or collateralized certificates of deposit and U.S. Treasury securities.

MOTION:

Mr. Tyler moved that the board: (1) Engage the Ahlers Law Firm as bond counsel and Springsted, Inc., as financial advisor to the Board of Regents, subject to satisfactory contract negotiations; (2) Authorize transitional arrangements for use of bond counsel and financial advisor; (3) Authorize the executive secretary, with the approval of President McDonald, to negotiate and execute agreements with the Ahlers law firm and Springsted, Inc., consistent with discussions at the Banking Committee meeting

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and the report on that meeting. Mr. Duchon seconded the motion, and it passed unanimously.

APPEAL OF EMPLOYEE - EDWIN C. DUNBAR, UNIVERSITY OF IOWA. The Board Office recommended that the board deny the grievant's request for review of a final institutional decision which denied the grievant recovery of sums of money which the employer withheld from the grievant's pay to recover an overpayment by the employer to the grievant.

Director Wright explained the Board of Regents Procedural Guide, Section 4.25, provided that an employee may request review by the board of a final institutional decision. The board may grant the request for review, deny the request, or remand the matter to the institution for further consideration. If the board grants the review, the board identifies the form of the review and establishes a date for the review.

This request for review was addressed to President Freedman by the grievant's attorney, Clemens Erdahl, on May 29, 1986. The letter stated that on three occasions the employer withheld funds from the pay of the grievant other than those authorized by law; that the grievant, through his counsel, requested an explanation of the withholdings; and that the employer had not provided the grievant with a satisfactory explanation of the withholdings.

At the request of the grievant's attorney the request for review and supporting documents were transmitted to the board's executive secretary for review and placement on the docket for board consideration.

It appeared from the letter of the grievant's attorney that the grievant received an overpayment of \$1,790. The university's supporting information indicates facts, as follows:

1. That an overpayment of \$1,790.25 was made to the grievant in November, 1985;
2. That the overpayment resulted from the inappropriate inclusion of terminal vacation pay to the grievant when the grievant was not terminating but rather transferring positions within the university;
3. That the grievant was not eligible for terminal vacation pay;
4. That the university initially attempted to recover all of the overpayment in December, 1985, which left the grievant with a negative balance in the grievant's payroll account; and
5. That the university then established a payment schedule that permitted recovery of the overpayment in four months, beginning with a reissued December, 1985 paycheck.

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The grievant objected to the repayment schedule and through his counsel requested a repayment schedule which would take 18 months to complete. The university accepted this repayment schedule, refunded monies previously withheld, and began the 18-month schedule in late winter, 1985.

The board's counsel was been consulted in this matter and determined that the university acted within the scope of its authority in establishing the repayment schedule which it implemented.

The grievant may seek judicial review as permitted by law following denial of the request for review by the board.

MOTION:

Mrs. Anderson moved that the board deny the grievant's request for review of a final institutional decision which denied the grievant recovery of sums of money which the employer withheld from the grievant's pay to recover an overpayment by the employer to the grievant. Mr. Duchon seconded the motion, and it passed unanimously.

AUTOMOBILE LIABILITY SELF-INSURANCE PROGRAM. The Board Office recommended the board receive the report and approve the self-insurance program for automobile liability.

Director True explained the board at its April meeting was apprised of the rapid rise in Regent institution insurance premiums. Specific attention was given to the automobile liability insurance policy because the board's insurer, USF&G, had recently notified the Board Office that it would not renew the policy. One year previously, the automobile liability premium had doubled. The Board Office reported at the April board meeting that automobile liability self-insurance was being strongly considered.

Since April, the Board Office and institutional risk managers have determined that it would be most prudent and economical to establish a self-insurance program for automobile liability effective July 1986. That conclusion was reached after review of what was available in the insurance market and consultation with the State Appeal Board. The State Appeal Board reviews and either authorizes payment or denies liability claims against the state. The State Appeal Board has statutory authority to authorize payments from a standing, unlimited general fund appropriation. The board is presently chaired by State Auditor Richard Johnson and has as additional members, State Treasurer Michael Fitzgerald and Director of the Department of Management, Bill Krahl.

Under the self-insurance program, all automobile liability claims must be processed through the Appeal Board. That board may deny claims or authorize

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the payment of claims from the self-insurance pool established by the Regent institutions. If an approved claim is over \$250,000, the Appeal Board has agreed to pay it from the standing, unlimited appropriation available to it for that purpose.

Basic claims processing and legal service would be provided to Regent institutions by the Department of General Services, Risk Management Division, and the Attorney General's Office. Legal and investigative services are expected to cost \$20,000 per year, while claims service by the Department of General Services is expected to cost \$12,000 per year. An additional \$8,000 is budgeted for professional claims adjusting services which would be required in the instance of serious accidents or accidents at remote locations.

The principal elements of the automobile liability self-insurance program are as follows:

- * Each Regent institution would be sharing the automobile liability exposure of all Regent institutions up to claims of \$250,000. Approved claims greater than \$250,000 would be paid from standing, unlimited appropriations by the State Appeal Board.
- * The University of Northern Iowa would be treasurer with respect to the "premiums" received from individual institutions and the approved payments made to claimants.
- * Collections would be maintained as they were under the last year of the USF&G policy (approximately \$18 per vehicle per month). All claims would be processed through the State Appeal Board prior to payment. The State Appeal Board decision on payment or nonpayment would be final, excepting the claimant's right to pursue the claim in court.
- * The Department of General Services would provide claim service and would work with the University of Northern Iowa to issue payments to claimants when appropriate. The Department of General Services anticipates an annual charge of approximately \$12,000 for the service. Additional professional claim services are expected to be \$8,000 per year.
- * The Attorney General's Office would supply investigative and legal work. They would additionally supply representation before the State Appeal Board. The Attorney General's Office has indicated they would charge \$20,000 per year for this service.
- * Rates charged to individual institutions would be adjusted periodically based upon the claims experience. Such adjustments would have to be done cooperatively with all institutions and the Board Office participating.

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The self-insurance program was initiated so that there would be no discontinuance of pooled liability risk for the Regents automobile fleet. The risk managers and the Board Office anticipate considerable savings from this change if the history of claims does not dramatically change. Savings could be as much as \$100,000 in the first year. Over this first year, considerable effort will be required by the Board Office, risk managers, and the Department of General Services so as to make this program successful.

Should circumstances in the insurance market change, the option to again purchase automobile liability insurance is available. Should the Regent institutions or the Board Office be unsatisfied with the claims service of the Department of General Services, options exist to provide substitute claim services. In Board Office discussions with the State Appeal Board, the possibility of exercising these options was discussed.

Regent Murphy asked when the board would receive a progress report.

Director True indicated six months' time should be ample on which to provide a progress report.

Regent Duchen asked what about employees who are injured in automobile accidents.

Director True stated that workers compensation would pay for employee injuries.

Mr. Richey stated the self-insurance program would reviewed annually.

Vice President Madden stated that the insurance problems was affecting all kinds of organizations. He indicated there was a group of institutions in the process of investigating the possibility of a captive insurance program for higher education. He said there was some expectation they would be able to form a captive company with rates that would be attractive over time. He noted that the private institutions really had no place to turn.

Regent Tyler stated that this should be another indication to the members of the legislature that there was in fact a problem and there was not a need for another study. He noted that private enterprise did not have the kind of remedies that the state of Iowa had regarding claims over \$250,000.

Regent Duchen asked how the Iowa State University airplanes were insured.

Vice President Madden stated the airplanes were insured for \$10 million. He noted that premium increases had been moderate but that they could not really predict what would happen in the liability area.

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MOTION: Mr. Duchen moved the board approve the self-insurance program for automobile liability. Dr. Harris seconded the motion, and it passed unanimously.

APPOINTMENTS TO COMMITTEES AND ORGANIZATIONS. The following appointments for three-year terms to expire in July 1989 were recommended.

IOWA COORDINATING COUNCIL FOR POST-HIGH SCHOOL EDUCATION
James Tyler/Percy Harris (alternate)
Bass VanGilst/John McDonald (alternate)

IOWA STATE UNIVERSITY MEMORIAL UNION BOARD OF DIRECTORS
Jacklyn VanEkeren

IOWA STATE UNIVERSITY ALUMNI ACHIEVEMENT FUND BOARD OF TRUSTEES
Charles Duchen

IOWA STATE UNIVERSITY ACHIEVEMENT FOUNDATION BOARD OF DIRECTORS
Jacklyn VanEkeren

MOTION: Mrs. Anderson moved that the board approve the appointments as outlined above. Mr. Duchen seconded the motion, and it passed unanimously.

BOARD OFFICE PERSONNEL REGISTER. The following action was approved as a part of the consent docket:

Resignation: Carol Demko, Accountant, effective July 11, 1986.

Mr. Richey stated that the board members would be dealing with Lyle Sonneschein concerning reimbursement of meeting expenses. He stated that the position of Accountant would be left vacant.

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NEXT MEETINGS.

September 17-18	Iowa State University	Ames
October 15-16		Des Moines
November 19-20	Iowa School for the Deaf	Council Bluffs
December 17-18	University of Iowa	Iowa City
January 21-22, 1987		Des Moines
February 18-19	University of Northern Iowa	Cedar Falls
March 11-12	Iowa State University	Ames
April 22	University of Iowa	Iowa City
April 23	Iowa Braille and Sight Saving School	Vinton
May 20-21	University of Northern Iowa	Cedar Falls
June 17-18	Iowa State University	Ames
July 8-9	University of Iowa	Iowa City
August	NO MEETING	
September 16-17	University of Iowa	Iowa City
October 21-22	Iowa State University	Ames
November 18-19	Iowa School for the Deaf	Council Bluffs
December 16-17	University of Iowa	Iowa City

LONG RANGE PLANNING SEMINARS

September 17	Iowa State University
October 15	Iowa State University
November 19	Iowa School for the Deaf and Iowa Braille and Sight Saving School
December 17	Review of Proposed Plans and Conclusions

President McDonald then asked the board members and institutional executives if there were additional items to be raised pertaining to the general docket. There were none.

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Thursday, July 17, 1986.

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

APPOINTMENTS. The following appointments and reappointments were approved as a part of the consent docket:

Sudhaker Reddy as Chair of the Department of Electrical and Computer Engineering in the College of Engineering for a five-year term, effective July 16, 1986, at an academic-year salary of \$75,000.

Frank Howard Morriss, Jr., as Professor and Head, Department of Pediatrics, College of Medicine, at a fiscal-year salary of \$85,000 plus commutation fraction, effective January 1, 1987.

T. Anne Cleary as Acting Director of Admissions effective July 16, 1986, at a fiscal-year salary of \$47,480.

Major Steven C. Fredericks as Chair of the Department of Military Science, effective August 1, 1986.

William P. Albrecht as Acting Associate Dean for External Programs in the College of Business Administration effective August 16, 1986, at a fiscal-year salary of \$61,000.

G. Carl Schwester as Chair of the Department of Finance in the College of Business Administration for a two-year term effective August 1, 1986, at an academic-year salary of \$42,000.

The following supplemental appointments were presented at the meeting:

John Nesbitt as chair of the Department of Leisure Studies (recently changed from the Department of Recreation Education) for a three-year term beginning August 25, 1986.

Arnold M. Small, Jr., as Director of the Division of Physical Education for a three-year term effective August 25, 1986.

Vice President Remington indicated there people present at the meeting who would like to speak to the appointment of Professor Small.

Peggy Burke, Associate Professor and Chairperson of the Department of Physical Education and Dance, thanked the board for the opportunity to speak. She indicated it was difficult for her to call into question a decision of university administrators whom she liked and respected, but she stated she must speak out for what was right for the department. She stated she objected to the nomination of Professor Small. She indicated she did not want to embarrass the nominee or question his competence in his position but rather to question the final selection process, which had precluded those directly involved, and to question whether the nominee was the best possible choice for the position. She stated that in April an administrative decision had been made that no one in the four units in the Division of Physical Education would be chosen as director and that someone else in the university would be named. Since that time there had been silence from the administration until the appointment of Professor Small was recommended earlier in the week. She stated the faculty in the division were notified by hand-delivered letter which gave the nominee's name and departmental affiliation and outlined his record of achievement. She said that the timing of the recommendation did not allow concerned faculty to address the issue internally prior to the board meeting. She stated that no job description had been drawn up for the position which would have budgetary influence and decision-making control over the division.

Professor Burke questioned if the nominee was the best possible selection for the position. She stated it was the belief of members of the division that the director should have preparation, experience and expertise in at least one of the areas in the division. Professor Burke stated for that reason her department was especially concerned about this choice. She stated women historically had faced discrimination, and women have increasingly been eliminated from positions of athletic administrators. She stated there were women in the department were nationally known in their fields. She asked what message would the appointment convey to their colleagues to have another layer of white male leadership placed over qualified women.

Professor Burke stated she had in the past praised the university for its commitment to the letter and intent of affirmative action. She stated that she realized the board felt that the university was in the best position to determine internal matters, and she agreed. She asked that the board remember that faculty members were also part of the university.

Dean Loewenberg of the College of Liberal Arts indicated that he, too, was uncomfortable speaking to the board on the this issue. He stated that he had the highest regard for Professor Burke. He stated that she had given a shortened view of the procedure followed. He said that they followed extraordinary consultative procedures. He said that a committee composed of members of the division worked last summer and fall to formulate a proposal

which was over ten percent. He noted in the College of Liberal Arts, the record was even better and continued to improve under the tenure of Dean Loewenberg. Of the 50 DEOs, eight were women. He indicated he felt that was an exceptional record, and the university was proud of it and even more proud of the procedures. He added that they also welcomed the possibility to do more.

Dean Loewenberg stated there were associate deans in the college, two of whom were women. He stated he had a strong commitment to affirmative action. He noted it was difficult to find qualified women in the tenured ranks. He said that the number of women who are tenured is not what it should be.

Regent Murphy stated she had been talking about this situation for years. When the merger came along, she stated she expressed her concerns, not always in open session, because she shared the women's fear that perhaps they would be swallowed up with the merger. She stated that Dr. Remington had assured her they would proceed very carefully. She stated she realized there was a great deal of emotion, and this would be a difficult situation. She stated she was really convinced that they did proceed very carefully. She said she understood weeks ago there was no consensus, and they would have to go outside. She stated she must support the dean and the vice president and would hope that there would be cooperation.

Regent Duchen stated he was personally very supportive of the dean and also appreciated the comments by the faculty. Speaking to Ms. Cargile, he said that if she were in a large corporation and was chairman of the audit committee, she would not report to the CEO but would be directly responsible to the board of directors. He said that she should never bend in any way when it came to affirmative action.

Ms. Cargile stated she would try not to.

Regent Duchen stated that no corporation liked to have a person not reporting directly to the CEO.

Susan Birrell, Associate Professor of Physical Education and Dance, spoke to the issue of procedure. When the decision was made to go outside, all four of the departments were concerned and called a meeting to discuss the concerns. She stated they had been told the first ballot was a straw ballot, and there would be a second ballot. At the meeting all four units were represented, and three decided they would like to work very hard to find an internal candidate and that they could come to a consensus. Delegates from that meeting went to Dean Loewenberg and asked for more time. She indicated it was clear then that the decision to appoint from without had been irrevocably made. She said that all avenues had not been exhausted within the departments, and there was more consensus than had appeared.

Dean Loewenberg stated Professor Birrell must have referred to the meeting of April 15. He stated they proceeded very carefully and did suggest another round of balloting. He said that the group from all departments came to the conclusion when he alluded to the outcome of the ballot that a consensus could not be reached and that the process itself was becoming divisive. He noted that the decision had never been irrevocable, and he would have been happy to recommend a candidate from the faculties.

Regent Anderson asked, recognizing the point that they could not reach consensus, why wasn't there continued involvement by the faculties in the outside search. She noted there were very few instances where there was involvement of the faculties which she said baffled her.

Dean Loewenberg indicated he faced a dilemma at that point. He knew there was division in the departments and knew it would be difficult to find a candidate. He added that it was difficult to know what kind of consultative process should have taken place.

Regent Anderson asked if it didn't happen often that a department could not agree on an internal candidate but could agree on someone from the outside.

Dean Loewenberg stated he did not feel that was the case when there was a really attractive position to fill.

Regent Anderson stated that the college knew in April this was going to be an extremely difficult situation. She asked why was the decision not made to go outside the university at that time given the circumstances.

Dean Loewenberg stated an outside search was discussed. It was determined not to go in that direction for budgetary reasons since such a search could be very expensive. Also outside searches could be very time consuming, and they wanted to have a candidate to start in the position at the beginning of the coming school year. He stated that at the beginning he was confident that a consensus would be found, and he was astonished at how divided the vote was.

Yvonne Slatton, Associate Professor of Physical Education and Dance, stated they all had a lot of respect for each other and that some of them did pursue this question with Dean Loewenberg directly. She stated it seemed to her that he could just name an internal person, and the departments would deal with it. She said that Dean Loewenberg preferred an outside candidate. She stated it was puzzling to her that they could not have named someone from inside. She felt that a consensus would have come if there was an internal candidate. She noted there were a number of people in the division who would have been qualified and would have met with less resistance. She asked that consideration be given to going back to an internal candidate.

Dean Loewenberg stated that to go to an outside candidate was a judgment which he had made. He felt recommendation of an internal candidate was

which was adopted with the approval of Professor Burke and other faculty members. In the proposal which was adopted last month the university spelled out the duties of the director of the division. He indicated that he attended a meeting of the departments and discussed how to proceed in selecting a director. At that time it was suggested that the director should command the support of an overwhelming majority of the faculty. The faculty appointed a committee to devise a procedure. Step one of the procedure was to send a letter to the faculty asking them whether they wanted to be considered for the position. Seven responses were received. A ballot was taken. The result of the ballot showed there was no consensus for any one candidate and an extreme dispersion of the vote. He subsequently wrote the faculty that the only course of action would be to appoint a director from outside the department. He stated he met with the departments again in April and discussed whether there was any course of action except what had been proposed. He stated he then canvassed faculty who had capability elsewhere in the college and university to see whether there was a candidate who would sacrifice half of his or her time to administer another department. He stated he saw Professor Small as an able administrator who had experience in the governance of the college.

Dean Loewenberg stated that the director of the division would not have control over the fate of a department as suggested by Professor Burke. Consensus would continue to rule within the departments, and there would continue to be chairs within the division.

Regent Harris stated he would like to hear from the Affirmative Action officer.

June Cargile, Director of Affirmative Action, stated she was also uncomfortable addressing the board on this issue. She stated as Affirmative Action Director her primary concern was to make sure that any applicant who wished to be considered for a position within the University of Iowa had that opportunity. An important aspect of affirmative action was the opening of doors to allow women and minorities to have the opportunity to be considered for any position.

Ms. Cargile stated when she reviewed the process in the selection of the director she referred to two documents. First she reviewed the procedures for selection in the manual of procedures of the College of Liberal Arts and determined they had been followed. The faculty had the opportunity to nominate candidates, to vote, to scrutinize, and to discuss. She stated as far as input with the college went she was satisfied with what had taken place. She then reviewed a university directive dated November 10, 1982, which says that two guiding principles should be considered in the appointment of any departmental executive officer. The first was that affirmative action should be one of the significant factors taken into account in reaching any such decision. The second was that all persons would have an opportunity to apply and be considered for any position. She

indicated this directive was issued from the Office of the Vice President for Academic Affairs.

Ms. Cargile stated she had heard the concerns raised about the appointment of Professor Small. She stated she was personally committed to affirmative action. She stated she believed that the correct procedures were followed. She believed it was a very careful process. She believed that the direction was there from the very highest level of the university to consider affirmative action and to give everyone who was interested the opportunity to apply and be considered fairly. She stated she could not comment on the selection, but she did believe that the best person was selected. She stated she believed the spirit and policy of affirmative action were followed.

President McDonald asked if an outside search was considered.

Vice President Remington stated yes it was but in a college like Liberal Arts in which there are 50 separate departmental executive officers appointed for three-year terms that it was simply not possible to create 17 new positions each year.

Regent Anderson stated she had two questions. The first had to do with the need that was felt in terms of appointing a chair from within the department. She said the administration identified a standard that a candidate from within the department had to have strong internal support while an opposite standard obtained in choosing a chair outside the department where there was no consultation within the department. Her second question concerned the affirmative action process once the decision was made to go outside the department.

Dean Loewenberg stated his policy throughout the college was to seek consensus within departments on the position of a chair. A DEO has to enjoy the confidence of a large number of faculty and acceptance from them. He indicated it was very hard to find someone willing to undertake such a responsibility. He stated he was strongly encouraged to go outside the department after trying for four months to find a chair internally. He stated he had written to the faculty in April saying that an outsider would have to be appointed.

Regent VanGilst noted the board had passed rules yesterday which would require a more vigorous role in affirmative action. He stated it was charged that there were women and minorities who were qualified and not considered.

Vice President Remington stated the board had taken action previously on the creation of the division. As Dean Loewenberg indicated, it had taken a considerable amount of time to find someone to take this responsibility. He said that affirmative action was a serious responsibility. Vice President Remington stated that appointments of senior administrators came to the board for approval. Over the past five years, there have been 243 such actions which included 32 women

unwise because of the differences which existed between the departments. He thought that an outside candidate could be trusted by the faculty to come in with no prejudice.

Representative Minette Doderer stated she was reluctant to speak and had planned not to but felt compelled to address the issue. She stated she had talked privately about this issue, and it had concerned her since the recommendation was made yesterday. She stated that yesterday the board had made a firm commitment to strengthen its affirmative action efforts. She said she heard the affirmative action officer talk strongly about the first round internally where affirmative action was followed. She indicated that Regent Duchon had "hit the nail on the head" when he said the affirmative action officers should not report to the people who pay them. She noted that she wanted to get that changed. She stated it had been difficult in the last session of the legislature to keep affirmative action under the control of the institutions. She stated she had to disagree with Vice President Remington when he said he was proud of 32 women appointees out of 243. He also gave no indication about how many minorities were in that number. The affirmative action officer is either a woman or black or both and then white males don't like to disagree. She stated that she heard the dean say this was such a difficult and responsible position. She said she trusted that he searched beyond the one white male. She stated that she knew some of the people involved, and she had known Professor Small since he came to the university. She stated she did not stand before the board because of Professor Small but because she was very concerned about this issue and how it would set in the next session of the legislature. She said she had been told this morning that a legislator had made a call to the university, and it had really irritated the staff of the University of Iowa. She indicated that she suspected the legislators would irritate them more. She asked what policy the university followed. She asked was it one of blackballing because that was what had happened. She said that consensus was wonderful, but it was so rare that she didn't understand why the university would pursue it on one hand internally and then forget on the second hand. She said that, if this happened in the legislature, everyone would be upset; and it would make the headlines as well as letters to the editor concerning the process.

Representative Doderer stated that affirmative action was not merely to let them come to you and apply. Affirmative action was for the employer to go out and search for those who are different from those who have always gotten the job. She stated she did not think that happened. She stated she was told some things yesterday that disturbed her greatly. She stated she knew the board had a terrible responsibility and had probably never turned down an appointment. She indicated that she wished the board would turn down this one.

President McDonald asked Dean Loewenberg if he wished to respond to Representative Doderer's comments.

Dean Loewenberg stated the ballot taken was confidential, and only he knew the result. He said the ballot did not show that one department was blackballing another department. What it did show was that no department was willing to support a candidate from another department. He noted there was nothing close to a majority for any candidate.

MOTION:

Mr. Duchon moved that the board approve the appointments of John Nesbitt as chair of the Department of Leisure Studies for a three-year term beginning August 25, 1986, and Arnold M. Small, Jr., as Director of the Division of Physical Education for a three-year term effective August 25, 1986. Miss VanEkeren seconded the motion, and it passed with Mrs. Anderson and Mr. VanGilst voting no.

President Eaton said, as a newcomer to the Iowa Regent system, he would like to commend everyone who took part in this discussion. He stated he was impressed with how statesman it was. He said that everyone was exceedingly articulate in the presentation of their views. He said that it made him happy to be a member of this enterprise to see something this emotional and sensitive being conducted in this fashion.

PROFESSIONAL AND SCIENTIFIC CLASSIFICATION PLAN. The Board Office recommended approval of the following revisions in the university's classification plan:

STATE UNIVERSITY OF IOWA
July 17, 1986

<u>TITLE</u>	<u>FROM</u> <u>Pay Grade (Salary Range)</u>	<u>TO</u> <u>Pay Grade (Salary Range)</u>
Assistant to the Registrar	07 (\$19,695-30,945)	08 (\$21,315-33,495)
Manager of Parking and Transportation Services	11 (\$26,795-42,850)	12 (\$29,000-46,390)
Supervisor, Equip- ment Inventory	06 (\$18,370-28,845)	08 (\$21,315-33,495)
Asst. Director, Art Center Relations	06 (\$18,370-28,845)	08 (\$21,315-33,495)
Asst. Purchasing Agent	08 (\$21,315-33,495)	10 (\$24,750-39,595)
Asst. to the Dean, College of Medicine	16 (\$39,805-63,105)	17 (\$43,080-68,300)
 <u>NEW CLASSES</u>		
Senior Buyer	Pay Grade 08 (\$21,315-33,495)	
Director of Student Financial Aid	15 (\$36,780-58,295)	
Hospital Training & Systems Instructor	08 (\$21,315-33,495)	
Clinical Coordinator of Diagnostic Radiology	08 (\$21,315-33,495)	
Nuclear Medicine Computer Specialist	07 (\$19,695-30,945)	
Sonographer	05 (\$16,960-26,650)	
Clinical Pharmacist	09 (\$22,870-36,245)	
Clinical Specialist- Physical Therapy	09 (\$22,870-36,245)	
Manager, Respiratory Therapy	09 (\$22,870-36,245)	
Respiratory Therapy Supervisor	08 (\$21,315-33,495)	

PAY GRADE CHANGES

<u>TITLE</u>	<u>FROM</u>	<u>TO</u>
Drug Information & Poison Control Director	12 (\$29,000-46,390)	13 (\$31,405-50,220)
Clinical Supervisor-Physical Therapy	10 (\$24,750-39,595)	11 (\$26,795-42,850)
Senior Financial Analyst	08 (\$21,315-33,495)	09 (\$22,870-36,245)
Financial Systems Analyst	08 (\$21,315-33,495)	Sr. Financ. Sys. Analyst 09 (\$22,870-36,245)
Mgr., Financial Analysts	10 (\$24,750-39,595)	11 (\$26,795-42,850)

The proposed upgrading of the six classifications was the result of expanded responsibilities. In each instance the university's point count instrument was applied to the position description, and the pay grade assigned was appropriate for the position.

The necessity for the establishment of the new positions was due to expanded roles, development of new technology and increases in the complexity of the various departments.

Position descriptions for the new and revised classifications were reviewed by the Board Office. The university reported all recommended changes could be implemented within existing budget resources.

Regent Anderson asked if the effect of these changes to higher pay grades was just a way to pay people more money.

Associate Vice President Small stated that every July 1, just as there are faculty promotion cycles in the spring, there was a promotion process for P&S. As part of that process, the departments were also asked to recommend any changes in classifications from one existing class to another based on an increase in qualifications and scope of duties. She noted that in some cases the university had P&S classes which had a single incumbent. She indicated that they do set aside a small percentage of salary dollars to provide for promotional increases as well as for organizational changes. She stated that in the hospitals technology often required organizational changes. She noted the changes did not represent an extreme number of people and that the changes had been budgeted.

MOTION:

Dr. Harris moved that the board approve the revisions in the University of Iowa's professional and scientific classification plan as presented. Mr. Duchon seconded the motion, and it passed unanimously.

CENTER FOR DENTAL CLINICAL STUDIES. The Board Office recommended referral of the proposal to develop a Center for Dental Clinical Studies to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

The purposes of the proposed center would be to facilitate basic and applied research conducted by faculty and students in order to answer clinical questions; to provide facilities for clinical trials and product testing for manufacturers of dentally-related products; to offer an educational environment for students, faculty, and the dental professions; and to provide information on the assessment and nature of dental materials and products.

MOTION: Miss VanEkeren moved that the board refer the proposal for development of a Center for Dental Clinical Studies to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation. Mr. Greig seconded the motion, and it passed unanimously.

APPROVAL OF DEGREE PROGRAM. The Board Office recommended the request for approval of a Master of Fine Arts (M.F.A.) Degree with a Major in Dance be referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

The degree was proposed to better prepare graduate majors for studio-oriented careers in performance, choreography, or teaching.

MOTION: Miss VanEkeren moved that the board refer the proposal for the degree program to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation. Mr. Greig seconded the motion, and it passed unanimously.

NAMING OF BUILDING. The university submitted a supplemental item concerning the naming of the building at 230 North Clinton Street. The building is used as the University's Admissions Visitor's Center. The university requested that the building be named as the John G. Bowman House. Bowman was president of the University of Iowa from 1911 to 1914.

MOTION: Dr. Harris moved that the board approve the naming of the building at 230 North Clinton Street as the John G. Bowman House. Mr. VanGilst seconded the motion, and it passed unanimously.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office made the following recommendations concerning the register for the period June 9 through July 4, 1986:

1. With the exception of deferring the request to use institutional personnel and authorizing the executive secretary after receipt of additional substantiation to approve a change order with Universal Communications Systems, both on the Campus Video Project, that the capital register be approved.
2. Request that the university provide an oral report to the board concerning the proposed Campus Video System project and the planned use of the system.

PERMISSION TO PROCEED WITH PROJECT PLANNING:

Parking and Transportation System Improvements

The university requested permission to initiate planning for a parking ramp on the west campus. The proposed 400 car parking ramp would be constructed on the west campus Chilled Water Plant. The construction of a parking ramp on the top of the Chilled Water Plant was anticipated in the structural design of the Chilled Water Plant.

The study of parking and transportation system improvements will also consider expansion of an existing parking lot south of the South Quadrangle Residence Hall, and development of a surface lot on a former coal landfill.

The university at this time estimated that the construction of a parking ramp would cost from \$2.5 to \$2.8 million. The project would be funded by a combination of parking system reserves and user fees.

The university requested permission to proceed with selection of an architect for the design of the parking structure and to negotiate a contract for design services. When negotiations were complete, the university would return to the board for approval of the selection and ratification of the negotiated agreement.

Vice President Ellis stated there was an acute need on the west side of the campus for additional parking for football games and especially for the hospitals. He noted that over one-third of the people coming to the hospitals have had a difficult time finding parking. In addition, the recreational facilities on the west side drew a large number of people. He stated that the operations were supported through the use of parking revenues, and it was required that the parking operations be self-supporting. He noted they had an accumulated balance in the parking system accounts which included both the university and the hospital of approximately \$2 million. He stated they proposed to use the balances in the parking

accounts together with loans to fund the construction. The loans would be paid off by revenues from the system. He noted this had been the traditional way of funding parking construction on the campus. He stated he did not think there was any question about the need and no question about the ability for the university to finance the project. He stated they were requesting permission to search for and negotiate a contract with an architect. The agreement would be brought to the board in September for approval. The first assignment for the architect would be to do a cost estimate.

Regent Harris stated he was happy that parking was self-supporting. He stated another of his concerns had been addressed. He stated that the west side was already congested. He asked if the university hospitals had plans to deal with a medical emergency that occurred during the time the crowds would be coming to and going from that area.

Vice President Ellis indicated he did not feel that this ramp would increase the congestion. He stated with regard to an emergency plan, he could say confidently that the hospitals had such a plan but could not provide the details. He indicated that he could arrange to have the board supplied with that information.

Mr. Richey stated the Board Office had been provided with some additional information informally since preparation of the docket memorandum. It was his understanding that a substantial portion of the loan funds would come from the hospitals.

Vice President Ellis stated that was correct.

Mr. Richey stated that, based on the additional information concerning financing, he recommended that the university be authorized to proceed with the project planning.

PROJECT DESCRIPTIONS AND BUDGETS:

<u>Waste Incinerator--Oakdale</u>	<u>\$1,484,500</u>
Source of Funds: Treasurer's Temporary Investment or General University Building Repairs	

This project involved purchase and installation of two incinerators and support equipment. The incinerators would be equipped with heat recovery capability to provide some base steam loads to the Oakdale campus. The project also included necessary improvements for ash handling equipment, receiving and handling of waste, and modifications to the building to accommodate the incinerators.

The university planned to continue using Kruse and Associates, Iowa City, Iowa, for the balance of design services beyond preliminary design. An agreement with Kruse and Associates for preliminary design services was

approved by the board in March, 1985. Doucet & Mainka, Poughkeepsie, New York, would continue to provide consultation on the combustion engineering aspects of the project. The agreement with Kruse and Associates provided for a fee not to exceed \$87,133.

This project may be a candidate for use of some of the \$1.5 million in oil overcharge funds appropriated to the Board of Regents.

The university indicated that the incinerators would be purchased by quotation and purchase order, and the construction would be awarded by public bidding.

Bowen Science Building--Pathological Incinerator \$251,000
Source of Funds: Treasurer's Temporary Investment or
General University Building Repairs

This project involves the replacement of the incinerator in the Bowen Science Building. Operation and maintenance costs on the existing incinerator, installed in 1972, were excessive and lack adequate environmental controls.

The university indicated that the incinerator would be purchased by quotation and purchase order, and construction would be awarded by public bidding.

The university requested an extension of an agreement with Kruse Associates, Iowa City, Iowa, for design services beyond the preliminary planning. The agreement provided for a fee not to exceed \$31,500. Doucet & Mainka would provide combustion engineering consultation to Kruse Associates.

University Hospital--Shipping and Receiving Facility \$3,037,500
Source of Funds: University Hospital Building Usage Funds

This project involves construction of a new shipping and receiving facility that would consolidate material receiving and shipping in the University Hospitals. As a result of the project, more efficient movement of supplies and equipment would be possible.

The project was initiated in May, 1986, and in June the board approved the program statement for the project. The architectural firm of Hansen Lind Meyer, P.C., Iowa City, Iowa, was approved in June, 1986.

Campus Video System \$419,700
Source of Funds: Internal Loan or Building Repairs

This project involves installation of the necessary wiring in selected campus buildings to connect the existing telecommunications cable system being installed throughout the campus with building wiring systems. The project consisted of four components.

Because of the interrelationship of the Campus Video System project and the existing telecommunication installation project, the university proposed that a portion of this project be handled by change order with Universal Communication System.

The university further proposed that the installation of additional backbone cabling on the campus and the "head-end" equipment would be undertaken by a university electronics technician. That portion of the project was estimated at \$28,000. The Board Office recommended that consideration of this request be deferred, and the university should prepare a written request for the Board Office describing the nature of the electronic installation work that was proposed to be accomplished by university personnel. The board then can take up for consideration in September the university's request to use in-house personnel to install some of the electronic equipment.

All of the equipment for this project would be purchased through competitive quotation. The remainder of the project, including the building wiring and terminal installation, would be awarded by a public bidding process.

The project would be financed by a loan from the university, and would be repaid from revenues of the enhanced campus video system capability.

Vice President Ellis indicated there was no problem with deferring until September meeting the university's request to use institutional personnel. He noted they would supply additional justification. With regard to the use of University Communications System to install the cable for the video system to the family housing in Hawkeye Court and the Hawkeye Drive area and the Mayflower Apartments, he stated it would be most economical for UCS to do the work at the time the cable for the telecommunications system was being installed. He stated the other areas of the campus were served through the existing video system. It was estimated the university should be able to negotiate a fee for the work of 96 cents per foot. He stated that, if the university were to bid this for installation and trenching, the cost could range anywhere from \$1.50 to \$5 per foot. He stated the university was requesting a change in the preliminary budget to accommodate the change order and permission to negotiate for installing the video cable.

Mr. Richey stated the request for the change order related to the increasing concerns for competitive conditions. He noted that various people were making allegations about the Regents construction handling procedure. He stated, in order to ensure the university was correct in this process, he suggested that quotes be obtained from other sources during the process of negotiation so that there would be very reliable evidence that what was negotiated through the change order was indeed the lowest cost.

Vice President Ellis stated the university would obtain some additional documentation and indicated that it was essential they move forward if they were to take advantage of the economies which could be realized with UCS.

Associate Director Runner stated the Board Office was recommending that the executive secretary be authorized to approve the change order after receipt of substantiation and then come to the board in September for ratification.

Regent Harris said that the proposal was offering the board two alternatives in the installation of the cable. One was to dig one trench, and other option was to subsequently dig another trench. He said he suspected that there could be some chance of damage to the first cable if a second trench were dug.

Regent Duchen stated in a sense everyone was being overcautious in providing documentation.

Mr. Richey stated they were cautious in anticipation of what may happen in the end.

Vice President Ellis stated he appreciated Mr. Richey's sensitivity on the need for documentation.

Vice President Remington stated that, through the video link, they would be able to transmit video supplemented with the TV system and with links into the computer. They would have multi-media capacity. Such capacity would be very useful in the teaching of foreign languages where practice could be enhanced dramatically, and it would have an impact on overcrowding in classrooms. One professor could speak to different sections across campus at the same time. National and international medical education lectures could be picked up off satellites and broadcast all over the campus. Library materials, such as slides, would be available directly to the dorms.

Regent Duchen asked how such an operation would be coordinated.

Vice President Remington stated the logistics were tough, and it probably would be organized through the regular teaching faculty.

Regent Duchen asked if other research universities were into this area.

Vice President Remington stated it was not always the large research universities. For example, Oral Roberts University had been very active in this area.

Regent Harris stated that the superintendent of Kirkwood Community College had talked about this fifteen years ago, and they had quite a sophisticated system at this time.

Mr. Richey stated the university had been into this for quite a while, but it just took a long time.

REVISED OR AMENDED PROJECT BUDGETS:

University Hospital--Radiation Therapy Expansion

Source of Funds: University Hospital Building Usage Funds

Original Budget \$444,900

Revised Budget \$594,444

The university requested approval of the revised budget which would increase the budget by \$149,544. The board approved the original project budget in May, 1986. The budget increase was due to the engineer's underestimation of the mechanical equipment and electrical power requirements and the need to re-route a deteriorated storm drain.

The university reported changes in the source of funds on the following three projects. The revised budgets involved changes in fund source only and did not increase the overall project budgets. In each instance, the university was making use of available building repair funds.

Waterline Replacement--Riverside Drive to West Campus-- Phase I

Source of Funds: Treasurer's Temporary Investment or
General University Building Repairs

Budget \$1,005,000

University Hospital School--Third Floor Exit and
Inpatient Suite Remodeling

Source of Funds: Fire Safety Deficiency Correction
Funds or University Hospital
School Building Usage Funds

Budget \$219,200

Oakdale Hall HVAC Revisions--Third Floor and West Wings

Source of Funds: Balances from Tenant Rental Operations
and Oakdale Building Repairs

Budget \$355,900

CONSULTANT AGREEMENTS:

Iowa Memorial Union Remodeling--Phase II

\$93,187

Bussard/Dikis Associates, Ltd., Des Moines, IA
(Architectural Services)

The university requested approval of Bussard/Dikis Associates to provide design services for the second phase of the Iowa Memorial Union Remodeling Project. The firm prepared the master plan for the project and served as project architect on the initial phase.

Campus Planning Services 1986-87 \$30,000
Thomas Hodne/Roger Kipp, Minneapolis, MN

The university requested approval of Thomas Hodne/Roger Kipp for campus planning services. The university has used this firm since 1972 to provide campus planning services. The proposed agreement would be similar to previous years and the compensation would not exceed \$30,000. The university should inform the board and the Board Office in a timely manner on each use of the campus planner. The other universities have similar agreements with planning consultants.

15 KV Electrical Loop I Extension--Phase II \$43,490
Hall Engineering Company, Iowa City, IA
(Project Management)

The university requested approval of Hall Engineering Company to provide contract administration, on-site inspection, and quality control for this project.

Medical Laboratories--Animal Care Unit Remodeling \$53,000
Fourth Floor, West Wing
Wehner, Pattschull & Pfiffner, Iowa City, IA
(Architectural Services)

The university requested approval of Wehner, Pattschull & Pfiffner, P.C., Architects, to provide architectural services on this project. The project involves upgrading the animal care facilities on the west wing of the fourth floor in the Medical Laboratories to meet existing animal care standards. The project would be funded in part with a grant from the Department of Health and Human Services.

The firm has been involved in similar remodeling projects on another wing of the Medical Laboratories.

Iowa Memorial Union Remodeling--Phase I Increase \$5,500
Bussard/Dikis Associates, Ltd., Des Moines, IA

The university requested approval of an amendment to the architectural contract on this project. The amendment was for additional site inspection visits by the food service consultant. The food service consultant was included as part of the services provided by Bussard/Dikis Associates on this project. This was amendment number 6, and with approval of the amendment the architect's agreement increased to \$493,996.

College of Law Building Increase \$10,200
Shive-Hattery Engineers, Iowa City, IA

The university requested approval of amendment number 6 to the engineering contract on this project. The amendment was for additional construction management services related to coordination of materials furnished by the owner. With approval of this amendment, the engineer's agreement increased to \$990,243.50.

CONSTRUCTION CONTRACTS:

The following contract was referred to the board for action:

University Hospitals--Radiation Therapy Expansion

Award to: Schoff Construction, Lisbon, IA

Base bid of \$497,650, plus Alt. #1 of \$6,580, plus

Alt. #2 of \$1,245, plus Alt. #4 of \$3,025, plus

Alt. #5 of \$6,846, plus Alt. #6 of \$4,490, plus

Alt. #8 of \$10,600 =

TOTAL AWARD OF:

\$530,436

(3 bids received)

This contract was referred to the board for action because the contract could not be awarded within the existing approved budget. This project involved remodeling on the first floor of the General Hospital for expansion of a Radiation Therapy Suite for the Department of Radiology. The project would create new waiting, reception, and scheduling areas, patient consultation and examination rooms, nurses stations and other support areas.

The university recommended that the bids on the following two projects be rejected. The bids received on both projects exceeded the estimated construction budgets. The Executive Secretary recommended that all bids for both projects be rejected. The projects would be re-evaluated by the university and may be re-bid at a later date.

University Hospitals--Replace Concourse Corridor Fire Doors

(3 bids received)

Budget \$49,815

University Hospitals--West Stairs-2 Hour Enclosure

(2 bids received)

Budget \$51,440

The following contracts were awarded by the Executive Secretary on behalf of the board:

Oakdale Hall--HVAC Revisions

General:

Award to: Universal Climate Control, Inc., Iowa City, IA \$154,600
(5 bids received)

Electrical:

Award to: Merit Electrical, Ltd., Iowa City, IA \$32,600
(4 bids received)

This project involves installation of central air conditioning on two wings of the Oakdale Hall Third Floor. The project also included necessary improvements to the building's electrical system to handle the new air conditioning system.

The Durrant Group Inc., Dubuque, Iowa, are architects for the project. In April, the board approved a budget of \$350,900.

Grand Avenue Utility Tunnel Restoration \$989,659.89

Award to: Iowa Bridge & Culvert, Inc., Washington, IA
(4 bids received)

This project will replace approximately 800 feet of the utility tunnel that runs along Grand Avenue. The estimated project cost was \$1,393,000. It was approved by the board in November, 1985.

University Hospitals--Telecommunications Main Switchroom Completion

Award to: Burger Construction Company, Inc., Iowa City, IA
Base bid of \$152,740 plus Alt. #1 of \$5,890
=
TOTAL AWARD OF: \$158,630
(3 bids received)

The project involves creation of a central switching equipment room for the new Telecommunications System. The switching room would be created in shelled space on the lower level of the Colloton Pavilion. A project budget of \$325,200 was approved by the board in May.

University Hospital--CSS Air Supply and Exhaust Upgrade

Award to: McComas-Lacina Construction Company, Inc., Iowa City, IA
Base bid of \$274,335 less Alt. #1 of \$7,800
=
TOTAL AWARD OF: \$266,535
(2 bids received)

This project involves upgrading the current sterilization facilities within the central sterilizing division of material services to meet new

Occupational Safety Health Administration Standards. The project included reconfiguration of walls, replacement of the ventilation and exhaust systems, and installation of new sterilization equipment. In April, 1986, the board approved a budget of \$450,325. Hansen Lind Meyer, P.C., Architects, Iowa City, are serving as project architect.

University Hospital School, Third Floor Inpatient Remodeling--Phase II

Award to: Burger Construction Company, Inc., Iowa City, IA

Base bid of \$138,416, plus Alt. #1 of
\$13,286 =

TOTAL AWARD OF: \$151,702
(2 bids received)

This project involves remodeling four outdated patient rooms on the third floor of the University Hospital School into two patient suites. Each suite would contain two patient rooms with shared bath and toilet facilities. The rooms would be specifically constructed to meet handicap requirements of children. The project budget was \$284,000, and source of funds was University Hospital School building usage funds.

The university reported on this month's register the award of two equipment contracts for the College of Law Building. Both awards were less than \$25,000 and were reported to the board for ratification because the project was funded with academic revenue bond proceeds. The university requested ratification of the purchase orders.

College of Law Equipment \$500
Unlimited Processing, Inc., Jacksonville, FL

College of Law Equipment \$3,640
Charles Industries, Rolling Meadows, IL

ACCEPTANCE OF COMPLETED CONSTRUCTION PROJECTS:

The university reported acceptance of construction contracts on two projects. Inspections found that in each case the contractor complied with the plans and specifications. The university recommended that the work be accepted as complete.

Regent Tyler asked about the status of the recreation building reconstruction and the lawsuits.

Vice President Ellis stated that the Attorney General's Office had commenced a lawsuit with the original designers of the building. There was continuing consultation with engineers with regard as to whether any of the other firms that were involved should be joined in the lawsuit. He indicated as yet there was no definitive answer. With regard to restoring the building, he indicated, the university needed to retain an engineering firm to provide a design and plan to restore the building. The university felt the engineering firms involved with this building in the past should not be used because they may end up being brought into the suit. He indicated they were attempting to find a firm that would provide the university with competent consultation. He noted they hoped to have the building back in service by the Fall of 1987.

Regent Murphy asked about touring the law building.

Vice President Ellis stated invitations would be distributed for the dedication on October 17 and October 18. He said that Justice Blackman would be present to participate in the dedication ceremonies. A number of prominent constitutional law scholars would also be present not only for the dedication of the law school but also in honor of the bicentennial of the U.S. constitution. He noted they would have a tour of the building for the Regents at a future board meeting, and private tours could be arranged.

Regent Duchen stated he had a extra time prior to the beginning of the board meeting and attempted to visit the building. He noted that he had been unable to find a place to park.

Vice President Ellis stated there was a lot for faculty and staff that was immediately to south of the building. There was also a foot bridge that crossed the ravine leading to a large parking lot.

President McDonald stated that the board members could use university parking permits.

Vice President Ellis stated he would see they were provided to the board.

Regent Harris asked if there would be adequate parking for staff, students, and faculty.

Vice President Ellis stated there was a fortunate aspect about the timing of the budgeting for the College of Law Building. At the time the bonding resolution was adopted, the budget was presented based on the costs to construct the building. When the university went out for bids, the construction industry had plummeted; and the bids came in below budget. The board approved a revised budget at the time the second bonding resolution was approved by the legislature. The second budget allowed for the development of adequate parking facilities. He noted they were also working on providing some additional parking for evening hours that does not require crossing the foot bridge.

Mr. Richey stated the board had requested institutional parking permits, and the universities should begin working to provide them.

The entire register is on file in the Board Office.

MOTION:

Dr. Harris moved the board approve the Register of Capital Improvement Business Transactions as presented which included the deferring of the request to use institutional personnel on the Campus Video Project and authorizing the executive secretary after receipt of additional substantiation to approve a change order with Universal Communications Systems on the Campus Video Project. Mr. Tyler seconded the motion, and it passed unanimously.

LEASE. The Board Office recommended that the board approve the lease for SOLVAY VETERINARY, INC. to use approximately 2096 square feet of space at the university's Technology Innovation Center for a term of one year beginning September 1, 1986 and ending August 31, 1987, at an annual rent of \$14,424.

The Technology Innovation Center (TIC) was authorized by the board in October 1984 to assist the university in nurturing new business and fostering new projects by existing companies by making available information on, and access to, the technological resources of the university and by providing advice on management and capital acquisition. Solvay Veterinary, Inc. is an enterprise which meets the university's requirements for such assistance. The space at the TIC has previously been provided to the companies at a rental rate of

\$6.00 per square foot per year. This tenant will be placed in Building 259, a part of the TIC, and will be charged a slightly higher rate of approximately \$6.88 per square foot per year because of the higher operating expenses the university experiences in this building.

Solvay Veterinary, Inc. plans to use the space for offices, applied research, product development and new business marketing for the development of pharmaceutical products for animal health.

MOTION: Dr. Harris moved that the board approve the lease for SOLVAY VETERINARY, INC. to use approximately 2096 square feet of space at the university's Technology Innovation Center for a term of one year beginning September 1, 1986 and ending August 31, 1987, at an annual rent of \$14,424. Mrs. Murphy seconded the motion, and upon the roll being called, the following voted:
AYE: Anderson, Duchen, Greig, Harris, McDonald, Murphy, Tyler, VanEkeren, VanGilst.
NAY: None.

FINAL BUDGETS FOR FY 1987. The Board Office recommended the following:

1. That the University of Iowa final operating budgets for FY 1987 be approved as follows:

General University	\$192,724,297
University Hospitals	155,249,890
Psychiatric Hospital	9,032,504
Hospital School	5,084,928
Oakdale Campus	2,781,467
Hygienic Lab	3,273,099
Family Practice Program	1,480,777
SCHS: Cancer/Hemophilia/High Risk	444,174
SCHS: Clinics/MD	2,442,826
TOTAL	\$372,513,962

2. That the University of Iowa residence system budgeted operating expenditures for FY 1987 of \$15,561,573 be approved.

The final operating budgets for all budget units at the University of Iowa were identical in total amount to those presented as preliminary budgets. The total operating budget for FY 1987 for all units at the University of Iowa of \$372.5 million was 4.4 percent above the revised FY 1986 total operating budget. Total appropriations for all units at the University of

Iowa increased by 4.3 percent, with all of the increase in salary adjustment and supplemental salary increase funds. General appropriations decreased largely as a result of the reduction of \$1.6 million in the indigent patient appropriation for the University of Iowa Hospitals and Clinics.

Vice President Ellis stated this was the third budget that he had been involved in putting together and that each year it had gotten worse. The budgeting process was rendered difficult because of the need to accommodate the 3.85 percent reversion, underfunding of salaries, and systematic reallocation of funds from the colleges.

General University Budget Highlights

- * The General University budget of \$192.7 million was 4.7 percent above the revised FY 1986 budget.
- * Student fee income to the General Fund of \$52.9 million was based on a projected enrollment decline of 579 from fall 1985. The university was requested to review budgeted tuition income when actual enrollment data become available in the fall.
- * The university retained its estimate of \$11.2 million in indirect cost recoveries in FY 1987. This estimate was \$1 million less than actual receipts in FY 1986.
- * The university previously allocated \$1.3 million for debt service in FY 1987. With the planned selective refunding of outstanding academic revenue bonds, these funds were not expected to be needed for debt service. The university redistributed the \$1.3 million among other categories.
- * The university reported average salary increases for continuing faculty of 6 percent. However, the random sampling survey conducted by the Board Office indicated that the average may be as high as 7.4 percent. The correct figures will be determined after additional study this fall.
- * It was essential that an adequate fuel and purchased electricity budget be maintained in order to meet the vicissitudes of Iowa weather and to meet debt service requirements for new boiler construction beginning in FY 1990. The university proposed a budget at a level above that of the revised 1986 budget.
- * The increase in the student aid set-aside proposed by the university in its preliminary budget (\$326,224) was unchanged in the final budget. It was noted that this was less than a 6.5 percent increase in the student aid base. The university expected to require the lower amount because of lower enrollments. The amount of this set-aside should be reviewed

when actual enrollment and tuition income data become available in the fall.

- * Departmental instructional budgets increased by an average of 5.1 percent. The largest increase in instructional budget by college was in the College of Engineering (14.6 percent). Substantial increases were reported in Civil and Environmental Engineering, in Electrical and Computer Engineering, and in Biomedical Engineering.
- * The university reported on its program of internal reallocation in which each of the academic units was asked to revert 1 percent of its base budget in FY 1986 for reallocation according to programmatic needs. In FY 1987, each unit would revert 2 percent.
- * The university undertook a vigorous reallocation process.

Oakdale Campus Budget Highlights

- * The final operating budget of \$2.8 million for FY 1987 for the Oakdale Campus was 2.6 percent above the revised FY 1986 level. The only increases were in salaries.

Family Practice Program Budget Highlights

- * The final operating budget for the general program fund of the Statewide Family Practice Program is increased by 4.5 percent over FY 1986. The only increases reported are for salaries.

Statewide Health Service Units Budget Highlights

- * The final FY 1987 operating budget for University Hospitals and Clinics of \$155.3 million was 4.5 percent above the revised FY 1986 budget.
- * Appropriation support was cut by \$1.6 million in order to provide funds for decentralized obstetrical indigent patient allocations for community hospitals and expansion of the medically needy program.
- * The budget continued to assume that the comparable worth allocations for University Hospitals and the Psychiatric Hospital would be maintained at the same level as in FY 1986.
- * The university projected an increase of nearly 6 percent in sales and services income but did not requested a rate increase for FY 1987.
- * University Hospitals reported that it was able to accommodate last year's 3.85 percent reversion through reallocation from fuel and

purchased electricity and supplies and services. The hospitals reported that the reversion had no programmatic effect.

- * The final FY 1987 budget for the Psychiatric Hospital represented an increase of 4.6 percent over the revised FY 1986 budget.
- * The Hospital School budget was increased by 4.9 percent in FY 1987.
- * The Hygienic Laboratory operating budget for FY 1987 was increased by 4.7 percent over FY 1986. The only changes proposed were in salaries. The laboratory reported that the 3.85 percent reversion could lead to some reductions in the laboratory's ability to respond promptly to public health and environmental problems.
- * The final budget for SCHS--Cancer, Hemophilia, and High-Risk Infant Programs was increased by 6.8 percent over FY 1986.
- * The final operating budget for FY 1987 for SCHS--Mobile and Regional Clinics and Muscular Dystrophy programs was 15.2 percent below the revised FY 1986 level. Substantial reductions were expected in federal block grant funds. The university reported that all basic programs would be continued, but at reduced levels.

Restricted Funds and Residence System Budget

- * The university projects a total of \$210.3 million in restricted funds for FY 1987 compared to an estimated \$271.7 million in FY 1986.
- * The final budget proposed for the University Residence System increases both revenues and expenditures slightly over the levels proposed in the preliminary budgets reviewed in March.

GENERAL UNIVERSITY FINAL BUDGET:

The proposed final general university operating budget of \$192,724,297 was identical in amount to that presented as the preliminary FY 1987 budget request. It represented an increase of 4.7 percent over the revised FY 1986 budget.

The university's income projections for FY 1987 were unchanged from those presented with preliminary budgets and are summarized in the following table:

FY 1987 Income Projections
(000s Omitted)

<u>Income Category</u>	<u>FY 1986 Revised Budget</u>	<u>Final FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Student Fees	\$ 50,706	\$ 52,948	4.42%
Other Income	12,575	11,575	-7.95
Appropriations	120,786	128,201	6.14
<hr/>			
TOTAL INCOME	\$184,066	\$192,724	4.70%

State appropriations included general education funding , salary adjustments, comparable worth adjustments, and the University of Iowa's share of supplemental salary increase funds for faculty and professional and scientific staff. State appropriations were increased by 6.1 percent above the revised FY 1986 level with essentially all of the increase in salary adjustment funds.

The other income category included indirect cost recoveries, investment earnings and other miscellaneous income sources. The largest portion was in indirect cost recoveries which were originally budgeted at \$11.2 million for FY 1986. The revised FY 1986 budget reported \$12.2 million in actual indirect cost recoveries. Although FY 1986 revenues were projected to exceed the original budget by approximately \$1 million, the university anticipated that indirect cost recoveries for FY 1987 would be reduced. Therefore, the university retained its estimate of \$11.2 million in indirect cost recoveries in FY 1987.

Last month the Regents inquired about the university's ability to meet debt service costs for the Human Biology Building. The university reported that increased federal research grants to be attracted by the facility would generate sufficient indirect cost recoveries to meet debt service requirements. Annual debt service for the Human Biology Research Facility was expected to range between \$1.6 million and \$2.3 million.

Student fee income to the general fund was projected to be \$52.9 million in FY 1987. This projection was based on an enrollment decline of 579 from the Fall 1985 headcount. It was previously noted that this projection may understate enrollments, and the university indicated that budgeted tuition income would be reviewed when actual enrollment data became available. Budgeted

tuition income updates should be given to the board at the time enrollment reports are made available.

Total student fee income included allocations for student activities and student services, debt service, and building development. The university projected that its total student tuition income in FY 1987 of \$56.107 million would be distributed as shown in the following table:

STUDENT TUITION INCOME
(000s Omitted)

	<u>FY 1984</u> <u>(Actual)</u>	<u>FY 1985</u> <u>(Actual)</u>	<u>FY 1986</u> <u>(Estimated)</u>	<u>FY 1987</u> <u>(Projected)</u>
Total Student Tuition Income After Refunds	\$42,828	\$49,587	\$53,801	\$56,107
Allocations to:				
Student Activities and Student Services	1,403	1,445	1,453	1,534
Debt Service and Building Development (Recreation Building, Arena/Recreation Project, Iowa Memorial Union)	1,454	1,449	1,642	1,624
 NET TO GENERAL FUND	 <u>\$39,971</u>	 <u>\$46,693</u>	 <u>\$50,706</u>	 <u>\$52,948</u>

Proposed expenditures for FY 1987 are compared with those of the revised FY 1986 budget in the following table:

FY 1987 Budgeted Expenditures
(000s Omitted)

<u>Expenditure Category</u>	<u>FY 1986 Revised Budget</u>	<u>Final FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Salaries and Fringe Benefits	\$145,925	\$154,913	6.16%
Fuel and Purchased Electricity	8,918	11,631	30.42
Supplies and Services	19,428	19,156	-1.40
Equipment	3,197	2,135	-33.20
Library Books	3,908	3,558	-8.96
Building Repairs	2,261	1,331	-41.13
Debt Service	430	0	-100.00
TOTAL EXPENDITURES	\$184,066	\$192,724	4.70%

In its preliminary FY 1987 budget, the university allocated \$1.3 million in debt service expenditures, anticipating a continued shortfall in tuition replacement appropriations. However, it was calculated that the selective refunding of outstanding academic revenue bonds would reduce tuition replacement needs sufficiently that tuition replacement appropriations would be adequate. The university redistributed this \$1.3 million among other expenditure categories. The funds budgeted for debt service in the preliminary budget have been reallocated to supplies and services, equipment, library books, and building repairs. The university noted that each of these categories remained substantially underfunded even with these additions.

The university reported at the time of preliminary budget review that average salary increases for continuing faculty would be approximately six percent.

The Board Office conducted a random sampling of faculty salary increases as reported in the university's budget book each year. Salary increases were calculated for a stratified random sample of 100 faculty members continuing at the same rank within each institution. It was reported that the results of this sampling process are generally quite consistent with the more refined data reported later in the fall. For FY 1987 the "sample of 100" analysis for the University of Iowa indicated an average salary increase for continuing faculty of 7.4 percent. Individual increases within the sample ranged from zero to 18.9 percent which indicated the university allocated salary increases on the basis of merit and competitive conditions. A more detailed analysis of faculty salary increases will be available in the fall.

Vice President Remington indicated that the random sampling of salaries was subject to a variation on the high side. The sample was based on a comparison of budgeted salaries last year and budgeted salaries this year. The comparison would not take into account mid-year adjustments where faculty were given increases due to promotions or additional administrative responsibilities.

Salaries for satisfactorily performing professional and scientific staff were to be increased by two percent across-the-board with the balance to be awarded on a merit basis. General service staff salaries were to be increased in accordance with the appropriation bills and collective bargaining agreements. Salary adjustment appropriations were not adequate to fund planned salary increases and the university reported that a portion of its tuition income would be applied to salary adjustments.

The fuel and purchased electricity was budgeted at a level above that of the revised FY 1986 budget. Last year was relatively mild, but budgets were set with more normal weather anticipated. An adequate level of fuel and purchased electricity budget was essential in order to meet debt service requirements for new boiler construction, with payments beginning in FY 1990. The general fund portion of annual debt service on the university's boiler project would be approximately \$2.5 million.

The supplies and services budget was increased by \$500,000 since the review of preliminary budgets but was still nearly \$300,000 below the revised FY 1986 level. The University of Iowa had previously indicated an increase in the allocation for student financial aid of \$326,224 within the supplies and services budget category. It was noted that a 6.5 percent increase in the student aid set-aside would have represented an increase of \$480,000. The set-aside proposed was based on the actual tuition increase expected after allowing for a projected enrollment decline. The university's final budget incorporated the increased student aid set-aside as proposed earlier (\$326,224). It was recommended that the amount of this set-aside be reviewed when actual enrollment and tuition income data become available in the fall. At that time the board should be apprised of what, if any, changes the university proposed to make in the student aid set-aside.

The university's budget book, which would be distributed to board members, provided a summary of budget allocations according to standard program categories. The following table provides a comparison of FY 1986 and FY 1987 budget shares within these program categories:

Budget Share by Program, FY 1986 and FY 1987
Salaries and General Expense
(000s Omitted)

Program	Budget			Budget Share	
	Original FY 1986	Proposed FY 1987	Percent Change	FY 1986	FY 1987
Instruction	\$ 102,199	\$ 107,079	4.8%	57.2%	57.7
Research	553	546	(1.3)	0.3	0.3
Public Service	1,922	2,008	4.5	1.1	1.1
Academic Support	21,536	22,604	5.0	12.1	12.2
Student Services	9,277	9,737	5.0	5.2	5.2
Institutional Support	11,418	12,460	9.1	6.4	6.7
Plant Maint. & Oper.	24,273	23,549	(3.4)	13.6	12.7
Scholarships & Matching Funds	7,381	7,707	4.4	4.1	4.2
TOTAL (1)	\$ 178,559	\$ 185,690	4.0%	100.0%	100.0%

(1) Excluding equipment, library books, building repairs, expense to be distributed and estimated salary savings.

This analysis indicates a decrease in support for research and for plant maintenance and operations. The decrease of 1.3 percent in general fund supported research was not a large change and represented reduced support for projects in the liberal arts and the graduate college. The reduction in general fund support for plant maintenance and operation (excluding equipment and building repairs) was the result of a significant reduction in the fuel and purchased electricity budget when compared to the level originally budgeted for FY 1986.

An increase of 9.1 percent in institutional support resulted from increases in categories such as the health insurance adjustment fund, information technology support and security. Increases in salaries and general expense for the central administration and general university administration also contributed to the increase in institutional support.

The budget allocations for public service, academic support, student services, and scholarships and matching funds all increased by approximately 4.4 to 5.0 percent in FY 1987. There were no major shifts in budget share between FY 1986 and FY 1987 although the institutional support budget share (6.7 percent) increased slightly while that for plant maintenance and operation (12.7 percent) decreased.

The instructional budget was proposed to increase by 4.8 percent and to represent 57.7 percent of the salaries and general expense budget. A separate analysis of changes in instructional budgets by college and department indicated an average increase for 122 departments of 5.1 percent in the instructional budget for FY 1987 over FY 1986.

Changes in instructional budgets by college are summarized below for FY 1986 and FY 1987:

Instructional Budgets

	Percent Change	
	<u>FY 1986 over FY 1985</u>	<u>FY 1987 over FY 1986</u>
Liberal Arts	+3.5%	+4.8%
Business Administration	7.8	4.7
Dentistry	2.8	5.6
Education	1.7	3.4
Engineering	1.9	14.6
Graduate College	-12.7	4.7
Law	2.9	7.5
Medicine	3.0	4.2
Nursing	2.4	4.9
Pharmacy	7.2	7.7
Summer Session	2.9	4.4
Average for 122 departments	+ 5.5%	+5.1%

The largest increase was in the College of Engineering with substantial increases in civil and environmental engineering, in electrical and computer engineering and in biomedical engineering. Other colleges with the larger increases in instructional budgets included the College of Dentistry, the College of Law, and the College of Pharmacy.

Vice President Remington indicated that the reason for the large increase in some of the instructional budgets was due to the fact that all unfilled salary lines were kept in the central budget of the college; and when filled were moved to the instructional budget.

Mr. Richey stated that the only information available to the Board Office in calculating changes was the budget of the past year and the new budget.

Vice President Remington indicated publicizing such increases caused problems on the campus.

Mr. Richey stated the Board Office would be glad to work with the university to provide more accurate figures.

The University of Iowa reported continued efforts to evaluate program effectiveness and to reorganize or drop programs on the basis of such evaluations.

The university previously reported to the board on its program of internal reallocation. In FY 1986, each of the academic units was asked to revert one percent of its base budget for reallocation according to programmatic needs. During FY 1987 each unit will be asked to revert two percent to this pool; during FY 1988, the units will be required to revert three percent for reallocation.

The university reported on a number of new activities funded by the FY 1986 one percent reallocation. These included:

- * The creation of an Iowa Fellows Program to attract outstanding doctoral students to the university.
- * The creation of several new positions in liberal arts.
- * A new program for the preparation of teachers, involving enhanced relationships with a number of area high schools.
- * A new program to strengthen clinical investigation in the College of Dentistry.
- * Implementation of an Entrepreneurial Center in the College of Business Administration.
- * A new faculty position in the Center for Computer-Aided Design which will allow expansion of services to the University and the state.
- * The creation of fellowships in the College of Pharmacy to support the teaching of clinical pharmacy.

The analysis of changes in instructional program budgets by department indicated a vigorous reallocation process, particularly within the Liberal Arts College.

STATEWIDE HEALTH SERVICE UNITS FINAL BUDGETS:

The proposed FY 1987 final operating budgets for each of the University of Iowa statewide health service units were identical to those submitted with preliminary budgets. No changes were proposed from the preliminary budgets reviewed for the University Hospitals, Psychiatric Hospital, Hospital School,

Hygienic Laboratory, and Specialized Child Health Services programs for Cancer, Hemophilia, and High Risk Infants and for Mobile and Regional Clinics and Muscular Dystrophy.

Tables summarizing FY 1987 income projections and FY 1987 budgeted expenditures were provided in the State University of Iowa section of the minutes of June 19, 1986. Highlights of the budget requests are noted briefly below:

University Hospitals

The final proposed FY 1987 operating budget for the University Hospitals and Clinics of \$155.3 million was 4.5 percent above the revised FY 1986 budget.

Appropriation support for the University Hospitals and Clinics decreased by 2.3 percent in FY 1987. This was caused by the \$1.6 million reduction made by the legislature in order to provide funds for decentralized obstetrical indigent patient allocations for community hospitals and an expanded medically needy program. The only increases in appropriations were for salary adjustments.

Regent Harris stated he would like to see a report about how the indigent patient obstetrical program was functioning after the reduction in state appropriations. He stated he would especially like to know the effect on the teaching of obstetrics in College of Medicine.

Vice President Ellis stated that was a question about which everyone was concerned. He stated that the College of Medicine and the hospitals would be watching that and what impact it would have on instruction and would present a report to the board.

Regent Harris also questioned the effect on the teaching of obstetrics to family practice residents.

Vice President Ellis stated that they were very concerned about the educational impact on family practice obstetrics as well as the impact on undergraduate medical students. He noted that the whole matter was of great concern to the university.

Regent Anderson stated there had been a legislative committee appointed in response to a joint resolution that set up the decentralization. The committee will look at the current system but would also begin to plan for the decentralization of the entire indigent patient program. She indicated that would be of grave concern to the university teaching program and that the committee would need to take account the educational issue.

The final FY 1987 budget incorporated appropriation funding for comparable worth at the same level as in the revised FY 1986 budget. The Board Office

and the University Hospitals will continue to urge the Governor and the Office of Management to maintain funding for comparable worth at this level.

An increase of nearly six percent was projected in sales and services income although no rate increases have been proposed for FY 1987.

Expenditures for equipment and building repairs were proposed to be reduced significantly in order to accommodate the appropriations reductions of \$1.6 million in FY 1987. Funds were provided for fuel and purchased electricity and supplies and services for the opening of an additional area of the Colloton Pavilion - Phase B.

The University Hospitals reported that it was able to accommodate the 3.85 percent reversion in FY 1986 through utilization of surplus budget allocations for fuel and purchased electricity and supplies and services. The Hospitals reported that there was no programmatic effect.

The table of budget shares by program for the University Hospitals indicated large apparent decreases in support for Patient Fiscal and Admitting Services and for Other Supporting Services. The hospitals reported that this apparent decrease actually did not reflect a diminution of services. In the first case, it was reported that increased medical practice plan billings, generated by growth in paying patients, lead to substantial increases in credits to the Patient Fiscal and Admitting Services program area. The category of Other Supporting Services included Information Systems. A change from leased to purchased computing equipment resulted in a large apparent decrease in this budget category.

Psychiatric Hospital

The final proposed FY 1987 operating budget for the Psychiatric Hospital of \$9.0 million represented an increase of 4.6 percent over the revised FY 1986 budget. Appropriation support was increased by 4.5 percent with all of the increase for salary adjustments. Sales and services income was projected to increase by 5.3 percent although no rate increases were proposed.

The Psychiatric Hospital had accommodated the 3.85 percent appropriations reversion in FY 1986 through reductions in departmental research professional staff support, fuel and purchased electricity, and supplies and services. These reductions were only partially restored, but the university indicated that the only programmatic effect would be in limiting funds which would otherwise have been available for research support. Funds were transferred from the supplies and services category to equipment during FY 1986. The equipment budget was returned to its original level for FY 1987.

The tabulation of budget shares by program indicated relatively modest changes in budget shares from FY 1986 to FY 1987. Professional services and

medical education and the department of psychiatry continued to receive the largest budget shares.

University Hospital School

The final FY 1987 operating budget for the University Hospital School of \$5.1 million was 4.9 percent above the revised FY 1986 budget. The only increases reported in income were in salary adjustments and the Hospital School's share of supplemental salary increase funds.

The only changes proposed in expenditure categories were for salary adjustments.

During FY 1986, the Hospital School's budget was reduced in the salaries category. The university reported that the resulting reduced staffing in the developmental disabilities unit would result in increased time required to evaluate children and to provide in-depth therapy.

Changes in the budget share by program area within the Hospital School were relatively small. An exception was that administrative expenses increased with a greater proportion of administrative salaries charged to the Hospital School budget.

University Hygienic Laboratory

The final proposed operating budget for the University Hygienic Laboratory was \$3.3 million, an increase of 4.7 percent over the revised FY 1986 budget. The only increases in income were appropriations increases for salary adjustments and supplemental salary increases.

The only changes proposed in expenditures were for increases in salaries and fringe benefits averaging 5.6 percent over the revised FY 1986 budget level.

The university reported that budget reductions necessary to accommodate the 3.85 percent appropriation reversion in FY 1986 required reductions in professional and scientific and general service staff, and in supplies and services. The university indicated that these reductions would lead to some reduction in the laboratory's ability to respond promptly to public health and environmental problems.

Specialized Child Health Services: Cancer/Hemophilia/High Risk Infant

The proposed final operating budget for Specialized Child Health programs for Cancer, Hemophilia and High Risk Infants of \$444,174 represented an increase of 6.8 percent over the revised FY 1986 budget. The only increases in income were for salary adjustments and the only changes in budgeted expenditures were in salaries and fringe benefits.

The analysis of budget shares by programs indicated relatively little change in budget shares from FY 1986 to FY 1987.

The university reported that the 3.85 percent appropriation reversion was accommodated through reductions in the supplies and services budget without direct effects on programs.

Specialized Child Health Services: Mobile and Regional Clinics and Muscular Dystrophy

The proposed final operating budget for FY 1987 for the Specialized Child Health Services - Mobile and Regional Clinic Unit of \$2.4 million was 15.2 percent below the revised FY 1986 budget. State appropriations were expected to be unchanged but federal block grant funds were projected to be reduced by 19 percent in FY 1987.

Appropriations reversions in FY 1986 were accommodated through reductions in professional and general service staff salaries and in supplies and services.

Further reductions in salaries and fringe benefits and supplies and services were proposed for FY 1987. The university reported that all basic programs would be continued but at reduced levels. It was possible that not all regional clinics could be staffed and families may have to travel greater distances for services.

The analysis of budget shares for the Mobile and Regional Clinics and Muscular Dystrophy programs indicated the addition of two newly designated program areas: Home Care Monitoring and Phenylketonuria programs. These were actually continuing programs of the unit but were designated as separate budget programs for the first time for FY 1987.

OAKDALE CAMPUS FINAL BUDGET:

The proposed final operating budget of \$2.8 million for FY 1987 for the Oakdale Campus was identical to that presented at the time of review of preliminary budgets. It represented an increase of 2.6 percent over the revised FY 1986 level. The only income increases projected were in appropriated funds for salary adjustments.

The only increases projected in expenditures for FY 1987 were for salaries. Budgets for fuel and purchased electricity, supplies and services, equipment, and building repairs were held at the same level as in FY 1986.

No major changes were indicated in the comparison of budget shares by program for FY 1986 and FY 1987. Plant maintenance received the largest share of the Oakdale Campus budget.

FAMILY PRACTICE PROGRAM FINAL BUDGET:

The final operating budget for the general program fund of the statewide family practice training program was \$1.5 million, an increase of 4.5 percent over the revised FY 1986 budget. Appropriations were increased only for salary adjustments and supplemental salary increases. The only increases in expenditures were for salaries and fringe benefits.

The university previously reported that the 3.85 percent appropriations reversion in FY 1986 was accommodated through reductions in faculty salaries and supplies and services. The reductions were made proportionally on the basis of enrollment across the program's nine community-based training programs.

RESTRICTED FUNDS:

The University of Iowa projected a total of \$210.3 million in restricted funds in FY 1987. A total of \$271.7 million was estimated for restricted funds in FY 1986. Restricted funds included federal funds (student aid and grants), nonfederal gifts and grants, sales and services, other income and bond revenue proceeds.

The following table provides a summary of restricted funds for FY 1985, FY 1986 and FY 1987.

	<u>RESTRICTED FUNDS</u>		
	<u>FY 1985 (Actual)</u>	<u>FY 1986 (Estimated)</u>	<u>FY 1987 (Projected)</u>
Federal Funds	\$ 53,968	\$ 60,000	\$60,000
Nonfederal Gifts and Grants	18,794	21,000	18,531
Sales & Services	90,488	95,000	91,360
Other Income	33,245	31,000	29,810
Bond Revenue Proceeds	17,418	64,689	10,550
TOTAL	\$213,913	\$271,689	\$210,251

UNIVERSITY RESIDENCE SYSTEM FINAL BUDGET:

The board accepted the University of Iowa's proposed residence system preliminary budget for FY 1987 in March, subject to further review and action at the time of approval of final university operating budgets. The proposed final budget for the university residence system included increases over the preliminary budget in both revenues and expenditures for operations. Net revenues were unchanged. The total expenditure budget proposed for FY 1987 was \$15,561,573. The difference between this and the preliminary budget was only \$7,826.

The university also noted that ending reserve balances would be somewhat less than previously projected but indicated that this was due to a more rapid payout for improvement and replacement projects and not from a reduction in projected earnings.

MOTION:

Dr. Harris moved that the board approve the final budgets for FY 1987 for the University of Iowa as recommended by the Board Office. Mrs. Murphy seconded the motion, and it passed unanimously.

STUDENT FEE ALLOCATIONS FOR FY 1987 AND SUMMER 1987. The Board Office recommended approval of the university's schedule of student activity fees for FY 1987 and the summer of 1987.

The university reported that it had reached an agreement with student government leaders on the amount and distribution of student fee allocations. The allocation was in three components. The overall increase proposed was 3.4 percent with proposed increases of 11.9 percent for student activities, 2.4 percent for student services, and zero percent for building projects.

The late request for approval of these fees stemmed from prolonged discussions among university officials and student government leaders. In March and April, the university presented to the board a proposal for a \$54 per academic year increase in tuition and mandatory fees to offset general fund support for student health services. Part of the university's proposal involved the release of \$4.40 per semester and \$2.00 per summer term in fees that were previously allocated to support student health services.

Planning by student government leaders had presumed that the board would approve the university's request for increased student fees, effective with the 1986-87 academic year.

Subsequent to the board's decision not to raise tuition and mandatory fees for the next academic year, the student government leaders and the university

had to revise their assumptions and prepare a recommendation for the July board meeting.

Proposed allocations of fees by category are noted below:

	UNIVERSITY OF IOWA STUDENT ACTIVITY FEES					
	ANNUAL FEES			SUMMER FEES		
	1984-85	1985-86	1986-87	1985	1986	1987
SUPPORT						
STUDENT ACTIVITIES	\$23.98	\$25.88	\$28.96	\$1.65	\$1.75	\$2.38
STUDENT SERVICES*	\$23.54	\$25.34	\$25.94	\$3.33	\$3.63	\$3.63
BUILDING FEES	\$52.16	\$55.64	\$55.64	\$11.99	\$11.99	\$11.99
TOTAL	\$99.68	\$106.86	\$110.54	\$16.97	\$17.37	\$18.00

*Student Health Services and CAMBUS/Bionic Bus Operations

The university and student government supported recommendations of a 3.4 percent increase in overall student fee allocations. Student activities would increase 11.9 percent and student services would increase 2.4 percent, while debt service and building development support would remain the same as in FY 1986. Consistent with previous years' reporting, the University of Iowa requested summer fees a year in advance.

A significant increase was proposed for the set of student activities detailed on the following page:

University of Iowa Student Activities

<u>Student Activities</u>	<u>Proposed Change</u>	
	<u>1986-87</u>	<u>Summer 1987</u>
Student Publications Board	+5.6%	+9.1%
Lecture Committee	+8.4%	0
Recreation Services	+6.2%	0
Collegiate Associations Council	+18.8%	0
Student Associated Senate	+18.8%	0
Student Associations Office	0	New Allocation
KRUI Student Radio Station	+26.2%	+27.9%
United Students of Iowa	0	New Allocation
Student Legal Services	0	0
Contingency	<u>Eliminated</u>	<u>Eliminated</u>
TOTAL	<u>11.9%</u> -----	<u>36.0%</u> -----

Student activity allocations were proposed to increase by \$3.08 or 11.9 percent. The United Students of Iowa summer allocation of 41 cents was new this year. This compared to a new United Students of Iowa summer allocation at Iowa State University of 65 cents and 50 cents at the University of Northern Iowa. The University of Iowa allocation translated into approximately \$4,500 in new revenue for the student lobbying organization.

The allocation of student fees are shown on the following page:

STATE UNIVERSITY OF IOWA
July 17, 1986

	<u>Per Semester</u>		<u>Summer</u>	
	<u>1985-86</u>	<u>1986-87</u>	<u>1986</u>	<u>1987</u>
<u>Student Activities</u>				
SPI Board	\$ 3.05	\$ 3.22	\$ 1.10	\$ 1.20
Lecture Committee	.95	1.03	----	----
Recreation Services	.97	1.03	----	----
UICAC	3.13	3.72	----	----
UISAS	3.13	3.72	----	----
UISA Office	.15	.15	----	.22
Contingency	.06	----	.22	----
KRUI	.42	.53	.43	.55
USI	.65	.65	----	.41
Student Legal Services	<u>.43</u>	<u>.43</u>	<u>----</u>	<u>----</u>
TOTAL	\$12.94	\$14.48	\$ 1.75	\$ 2.38
 <u>Student Services</u>				
Cambus/Bionic Bus	\$ 8.27	\$ 8.27	\$ 1.63	\$ 1.63
Student Health	<u>4.40</u>	<u>4.70</u>	<u>2.00</u>	<u>2.00</u>
TOTAL	\$12.67	\$12.97	\$ 3.63	\$ 3.63
 <u>Building Fees</u>				
Recreation Building	\$ 3.50	\$ 3.50	\$ ----	\$ ----
Arena/Recreation Project	12.86	12.86	5.96	5.96
Iowa Memorial Union	<u>11.46</u>	<u>11.46</u>	<u>6.03</u>	<u>6.03</u>
TOTAL	\$27.82	\$27.82	\$11.99	\$11.99
TOTAL, ALL FEES	\$53.43	\$55.27	\$17.37	\$18.00

President Freedman introduced Mike Reck, President of the CAC, Charles DuMond, Vice President of the CAC, and Donald Knapp, Director, KRUI.

Donald Knapp, Director of KRUI, said the radio station provided the students of the university with hands-on experience and provided an alternative on the radio dial. He stated that this year's allocation from student fees would help increase the salaries of the staff.

Charles DuMond, Vice President of the CAC, stated the student traditionally go through the process of deciding student fee allocations in the spring. He noted that the process had no ground rules. He said that the student government would work with the university to get a procedure, but he felt that the board should take part in it, too. He suggested that perhaps student fees should be standardized at the three universities. He noted, too, that there were discrepancies in the three fee categories. He suggested that the issue be discussed during the tuition discussions in the fall. He noted also that the timing was also very important, and the process should be finished in the spring.

Mike Reck, President of the Collegiate Association Council, stated there had been a great deal of contention about the fees this year but that something will have to be worked on in the future so that this would not happen again. He stated there was a misperception about students' goals. He said that the quality of education was a goal of the students and that everything they did was for the quality of education. He said there was another misperception that student fees went just to student social activities. One of the major areas supported through fees was the student government groups. He indicated that his college time would not have been the same without participation in student government groups.

Regent Anderson asked if the student organizations had shared in the 3.85 percent reversion.

Mr. Reck said they had not had a reversion.

Regent Anderson asked if the student groups did also have a potential source of user fees.

Mr. Reck stated there were some user fees but that he believed there should not be user fees for the organization since all the students paid mandatory fees.

Vice President Ellis stated that he concurred entirely with the statements that the services and activities funded through these fees were very important and that participation in the activities provided leadership training. He said that it would be preferable to provide more funds, but there were also other areas to fund.

Regent Harris thanked the student leaders for their excellent presentations.

MOTION: Dr. Harris moved that the board approve the Student Activity Fee Allocations for FY 1987 and the Summer of 1987 as presented. Mr. Duchen seconded the motion, and it passed unanimously.

Regent Anderson stated as she heard from the students, she felt the board should take a policy change under consideration.

Mr. Richey stated that, as the tuition policy was studied, the mandatory fee policy would also be studied. He said that he was not sure that a mandatory fee policy requiring all the institutions to allocate a given fixed percentage would work. He said they each had budgets that were set differentially, and they should each have flexibility.

Vice President Ellis stated he hoped that the board did not inappropriately generalize the difficulties this year. The difficulties arose from the deferment of the student health fee. He noted there was undue optimism about the approval of that fee. The students then found themselves in an extremely difficult position very late in the year. He noted that, in the past several years, there had been no such difficulties. He noted, too, that they would be happy to discuss a policy with the students.

Mr. Reck stated that as far as a policy was concerned, the students were quite impressed with the Iowa State University policy. He added that such a policy would be of great help.

Vice President Madden stated they thought they had a very good policy at Iowa State University. He said they did not automatically increase student fees based on tuition. He said that they had a process of consulting with students and arriving at fee recommendations. He added that each campus had different needs and strongly recommended that each university be allowed to work out the fee allocations through the student government process. He stated he would not want to change their policy without discussing it with the students.

ACADEMIC BUILDING REVENUE REFUNDING BOND RESOLUTION. The Board Office recommended the board receive the report on issuance of advance refunding bonds and adopt a "Resolution authorizing the executive secretary to fix date or dates for sale of up to \$25,000,000 Academic Building Revenue Refunding Bonds, Series SUI 1986.

At the May meeting the board was given a report on proposed refunding of selected academic revenue bonds. The refunding of \$49 million in outstanding bonds was estimated to allow substantial restructuring of tuition replacement appropriation needs through 1990. This would lower present debt service

requirements and enable the issuance of \$29 million in new academic revenue bonds without causing debt service needs to exceed existing appropriations for tuition replacement.

Refunding was projected to yield \$1.3 million in net present value savings. The outstanding bonds selected for refunding were those with the highest interest rates issued in 1981 and 1982. Present interest rates are significantly more favorable for an issuer than interest rates were in 1981 and 1982.

The first refunding issue scheduled is for the University of Iowa. It is expected to be approximately \$23,000,000, sufficiently large to refund outstanding principal on two bond issues which were sold in 1981 and 1982. Those two bond issues sold at net interest rates of 10.2 percent and 10.9 percent. Refunding bonds issued today would be expected to sell at a net interest rate of approximately 7 percent.

The two University of Iowa issues would be refunded in August or September, while the University of Northern Iowa issue and the two highest interest-cost Iowa State University issues would probably be refunded in November. The last Iowa State University issue is planned for refunding in September 1987.

The resolution would authorize the executive secretary to set the date of the sale of the University of Iowa refunding. Although it is likely that the sale would take place in conjunction with the September board meeting, flexibility in setting the date of sale is needed for several reasons.

The most significant reason for flexibility in setting the date of sale is the two-month gap between now and the September board meeting, combined with the instability of the municipal bond market. It would be preferable to issue the University of Iowa refunding bonds in August to allow a longer period for the Regents' Iowa market to digest those bonds prior to the November refunding bond sale. However, in July and August high volumes of new municipal bond issues entering the market are expected due to anticipated federal tax law changes. Higher volume would increase municipal bond rates and thereby make less attractive any Regents bond sale in August.

The foregoing uncertainties cause the Board Office to recommend that in the interest of prudence and achieving the most favorable interest rates that the executive secretary be given authorization to set the date of sale. The University of Iowa and the board's bond advisors have concurred with this recommendation. In carrying out this responsibility, the executive secretary would consult with the University of Iowa and secure the approval of the board president before setting a sale date. Should the sale date be other than at the regular September board meeting, a telephonic meeting of the board would be required.

Director True stated that he had talked with the bond counsel, and they had informed him of the need to hire a public accounting firm to evaluate escrow monies and determine if revenue from the escrow was sufficient to retire outstanding debt.

Regent Harris asked what the cost of such services would be.

Director True stated he did not have any examples of costs but that the cost should very likely be less than \$25,000 for the full service.

Regent Duchen stated he would suggest that the firm be selected through competitive bids.

Regent Harris agreed with Regent Duchen's suggestion.

Director True indicated there a number of larger firms in Iowa, and several of them had done work for the University of Iowa in the past. He indicated the firms would be approached, and written proposals would be evaluated to select an escrow verification agent.

Vice President Ellis stated they had followed that procedure in the past in selecting auditors for bond accounts and selecting firms to perform services in defeasement of bonds. He said they did have firms retained as auditors on these bond issues and may realize some economies in having the same firms provide the escrow services.

MOTION:

Mr. VanGilst moved that the board adopt a "Resolution authorizing the executive secretary to fix date or dates for sale of up to \$25,000,000 Academic Building Revenue Refunding Bonds, Series SUI 1986 and the executive secretary in consultation with the University of Iowa be authorized to select a public accounting firm to provide escrow services. Mr. Greig seconded the motion, and upon the roll being called, the following voted:

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

NAY: None.

REPORT ON CONTRACTING FOR SCIENTIFIC CHEMICALS, SUPPLIES AND RELATED APPARATUS.

Vice President Ellis stated that the June 1985 board meeting the board had a discussion about the procurement of scientific supplies and equipment. He said there was one vendor who objected to the practice of selecting bids only from full-line vendors. He said that this year the university ran another bidding trial where bids were solicited both for

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individual bids by product category and from full-line bidders. He noted that the vendor who had objected last year was a full-line bidder this year and bid in both categories. The bids for full-line were below the lowest bid in the single category. Five out of six full-line bidders bid the same in both categories. He stated that the university intended to award the bid to the full-line suppliers. He noted that next year they anticipated eliminating the full-line option and going back to allowing any qualified bidder to bid on separate categories. He noted they would watch it carefully and if the discount that they received began to erode, they may run another trial using both options.

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

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Wednesday, July 16, 1986.

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

APPOINTMENTS. The following appointments were approved as a part of the consent docket:

Appointment of Charles Emery McCandless as Executive Vice President, effective September 1, 1986, salary as budgeted.

Reappointment of David K. Hoffman as chair of the Department of Chemistry, effective July 1, 1986 through June 30, 1989, salary as budgeted.

Appointment of Joan Gilmore Hopper as Director of Laboratory Animal Resources, effective July 1, 1986, salary \$48,000.

Appointment of Leonard C. Goldman as Director of the Iowa State University Research Park, effective July 14, 1986 through December 31, 1986, annual salary \$75,000.

The following supplemental appointments were presented to the board:

Appointment of Rabindra Narayan Mukerjea as acting chair of Architecture, College of Design, effective July 1, 1986, salary as budgeted.

Appointment of Michael R. Crum as acting chair of Transportation/Logistics, College of Business, effective August 21, 1986, salary \$56,500.

Appointment of Thomas Ray Rogge as acting chair of Engineering Science and Mechanics, College of Engineering, effective July 1, 1986, salary \$56,569.

MOTION: Miss VanEkeren moved that the board approve the supplemental appointments as listed above. Dr. Harris seconded the motion, and it passed unanimously.

POST AUDIT REPORTS. The post-audit reports on the Bachelor of Business Administration and Bachelor of Science Degrees in Business Administration, the Master of Agriculture Degree Program with a major in Professional Agriculture at Iowa State University were referred to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation by general consent of the board.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended that the register for the period June 20 through July 17, 1986, be approved and requested that the university provide an oral report to the board on expanding the scope of the research park project to over 200 acres.

Highlights of the register are as follows:

PROJECT DESCRIPTIONS AND BUDGETS:

Beardshear Hall--Atrium Sprinkler

Source of Funds: 70th General Assembly Capital
Appropriation
Building Repair Fund or
Income from Treasurer's
Temporary Investment

Original Budget \$225,000
Revised Budget \$335,000

In March, 1985, the university reported on fire safety deficiencies in Beardshear Hall that had been identified by the State Fire Marshall's Office. A study was initiated to determine what modifications must be made to bring the building into compliance with fire safety codes. The university requested approval of a five-part project that will correct the fire safety deficiencies in Beardshear Hall. The project involves installing sprinkler and smoke exhaust systems in the atrium and offices, creating new exit routes and upgrading the fire ratings of openings and doorways in the atrium walls.

This project as now proposed by the university is an expansion of the atrium sprinkler system project approved by the board in November, 1985. The original project involved the installation of a sprinkler system in the atrium and upgrading the fire rating of openings in the atrium walls. That project, estimated at \$225,000, dealt with two of the five parts of this expanded project.

Construction documents that will correct a portion of the fire safety deficiencies in Beardshear Hall have been developed and are ready for public bidding.

Computation Center \$10,900,000
Source of Funds: Computation Center Revenue Bonds,
Series ISU 1986
ISU Achievement Foundation

The university presented for approval by the board the project budget for the Computation Center. Last month, the board successfully sold \$9.8 million in Computation Center Revenue Bonds to fund a major portion of the project. Additional funds for the project's construction and financing are provided by the Iowa State University Achievement Foundation.

The Computation Center will house the central computer facilities for the university and the Computer Engineering Department. The building will contain classrooms, laboratories, and office space. Construction is expected to begin this fall. In May, the board approved the university's request to name the building the Charles W. Durham Center for Computation and Communication.

WOI-Satellite Uplink and Downlink Original Budget \$510,630
Source of Funds: WOI-TV Operations Revised Budget \$540,000

In July, 1985, the board approved the preliminary budget for this project. The university requested approval of an increase of \$29,370 to cover the cost of additional electronic equipment necessary for proper operation of the uplink.

CONSULTANT AGREEMENTS:

Utilities--Coal Handling Improvements \$65,000
Sega, Inc., Stanley, KS
(Engineering Services)

This agreement involves preparation of contract documents for the renovation of the coal handling facilities for delivery of coal by rail cars to the power plant. The project is related to the larger power plant replacement project that will install two fluidized bed boilers.

Iowa State University Research Park Increase \$103,000
Stanley Consultants, Muscatine, IA

The university requested approval of an amendment to the agreement with Stanley Consultants to provide additional engineering services on the project. The additional services resulted from an expansion of the project from 47 acres to 204 acres. The amendment was based on the same hourly rate

set in the original agreement, resulting in a new fixed maximum of \$301,140. The original agreement with Stanley Consultants to develop the master plan for the Iowa State University Research Park, was approved by the board in March, 1986.

Source of funds for payment of the planning fees is from the Iowa State University Achievement Foundation, income from treasurer's temporary investment, and anticipated support from the Ames Economic Development Commission and the Iowa Department of Economic Development.

In addition to the concern the Board Office raised concerning expanding the scope of the research park project to over 200 acres, there was also concern about the overall financing plan for the research park.

Vice President Moore stated that Iowa State University's program of economic development had three initiatives--the incubator program, the research park and the partnership with Des Moines and Ankeny. He noted that most recently the ISU Achievement Foundation had made commitments of \$1.4 million to secure land necessary for the research park development and to offset of the initial costs and operating expenses. He added the board had approved the appointment of a director for the research park.

Regent VanGilst asked how Stanley Consultants were retained.

Vice President Moore stated that the normal procedure to acquire a consultant would be to solicit applications. In the case of Stanley Consultants, they were hired by the High Tech Council to do a study of feasibility of research parks at Regent institutions. Vice President Moore stated, because of the work they had already done, it was logical they should continue the study.

President McDonald asked if the board would receive a separate report on financing arrangements for development of the research park.

Vice President Moore indicated that such a report would be forthcoming.

CHANGE ORDERS TO CONSTRUCTION CONTRACTS:

<u>Utilities--Replace Steam Generators No. 1 & 2</u> Pyropower Corporation, San Diego, CA	Increase <u>\$189,620</u>
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This was the first change order on this contract. The change order involved additional work by the boiler manufacturer to engineer and install boiler breaching (specialized duct work) that would tie the fluidized bed boilers to the new smokestack. The university indicated that the final design and location of the stack could not be determined until the specific boiler had been selected and designed.

The university requested approval of a change order on the current contract rather than bidding this work out separately, "to ensure that the design and installation are coordinated between the two fluidized bed boilers and the new stack, and to retain one point of responsibility for the final correct operation of the facility." The price for the additional work is within the estimate developed by the project engineer. The engineer advised that the price received was favorable and recommended acceptance of the change order.

The original contact with Pyropower was for \$13,950,000. The next lowest bidder on the boilers was \$4,040,000 higher than Pyropower's bid.

The total project budget for the replacement of the steam generators is \$26,500,000. The change order would not require an increase in the project budget. Source of funds for the project is Utility System Revenue Bonds.

ACCEPTANCE OF COMPLETED CONSTRUCTION PROJECTS:

The university reported completion on one construction contract during the reporting period. Inspection of the work on the contract found that the contractor complied with the plans and specifications. The university recommends that the work be accepted as complete.

The entire register is on file in the Board Office.

MOTION:

Mr. VanGilst moved that the board approve the Register of Capital Improvement Business Transactions as presented and request the university to provide the board with report of the overall financing plan for the Iowa State University Research Park. Mrs. Murphy seconded the motion, and it passed unanimously.

FINAL BUDGETS FOR FY 1987. The Board Office made the following recommendations:

1. That the Iowa State University final general program operations budgets for FY 1987 be approved as follows:

General University	\$159,865,892
Agricultural and Home Economics Experiment Station	15,107,596
Cooperative Extension Service	18,521,473
TOTAL	\$193,494,961
2. That final approval be given to the university residence system budgeted operating expenditures for FY 1987 of \$21,670,469.

3. That the university provide an oral report on the programmatic impact of position reductions within the Agriculture and Home Economics Experiment Station.
4. That the proposed FY 1987 budgets of the following special purpose programs at Iowa State University be approved:

Water Resources Research Institute	\$	100,000
Fire Service Education		140,377
Small Business Development Centers		700,000
CIRAS-Hazardous Waste Research		350,000
CIRAS-Solar Energy Ethanol Project		200,000
Livestock Disease Research		300,000
TOTAL	\$	1,790,377

Vice President Madden stated the Board Office had done a thorough job of summarizing the university's budget. He indicated that they were not overly pleased or happy with the budget and that it had been a difficult year in which to budget. He stated he had not yet had the opportunity to visit with President Eaton to review the reallocation process.

The final operating budgets for the general university, the Experiment Station and the Cooperative Extension Service at Iowa State University were identical in total amount to those presented as preliminary budgets. Increases over the revised FY 1986 operating budgets were 5.5 percent for the general university, 2.4 percent for the Experiment Station and 1.7 percent for the Cooperative Extension Service.

General University Budget Highlights:

- * For the general university, state appropriations were increased by 6.6 percent over FY 1986 with all of the increase in salary adjustment funds.
- * Student fee income to the general fund was estimated at \$49.9 million and was based on a fall enrollment slightly above that of Fall 1985.
- * The university reported that salaries for continuing faculty were increased by an average of approximately 5.9 percent. A Board Office sampling of faculty salary increases suggested that the average may be somewhat above this figure.
- * Average professional and scientific staff salary increases were 5.7 percent. General service staff received increases in accordance with the Regents Merit System and collective bargaining contracts.

- * Instructional budgets were projected to increase by 4.0 percent in FY 1987. Changes in instructional budgets by college range from -0.1 percent for the College of Education to +13.0 percent for the College of Business.
- * General fund expenditures for research were expected to increase by 10 percent including a significant increase for research in the computation center.
- * The university reported budget reductions and reallocations of \$3.9 million in FY 1987. These included \$2.3 million in permanent position changes. Reductions in faculty positions were proposed in every college except Business.
- * The university budgeted a total of \$2.1 million for temporary teaching appointments in FY 1987 with the largest numbers of positions designated for the College of Business and for the Department of English in the College of Sciences and Humanities.
- * The university reported that additional support would be provided to the university academic and research computing center with funds generated by course-based computer fees, the new \$100 per semester fee for engineering students, and additional reallocated support.
- * Programs in biotechnology received increasing emphasis with support from both lottery funds and reallocations of internal resources.
- * Reductions were anticipated in some instructional programs within the College of Education and the overall instructional budget for the college was expected to decrease slightly.
- * The university reported a commitment to improvement in interdisciplinary programs in biotechnology and chemistry in the College of Sciences and Humanities.
- * Reduced general fund support in areas such as intercollegiate athletics and alumni and fund-raising efforts was projected.
- * Further reassessment and redirection of downsizing and restructuring efforts are expected to occur under the direction of President Eaton.

Agriculture and Home Economics Experiment Station Budget Highlights:

- * The final operating budget for FY 1987 for the Agriculture and Home Economics Experiment Station was identical to that presented with preliminary budgets.

- * A reduction of 10.4 percent in federal funds was anticipated for FY 1987.
- * Salary policies for the Experiment Station were reported to be consistent with those established for the general university.
- * The university identified a total of 87 positions dropped in FY 1987, representing 51.8 full-time equivalents.

Cooperative Extension Service in Agriculture and Home Economics Budget Highlights:

- * The total proposed final FY 1987 operating budget for the Cooperative Extension Service was identical to that reviewed with preliminary budgets.
- * A reduction of 5.4 percent or more was expected in federal funds in FY 1987, with a total loss during FY 1986 and FY 1987 of between \$670,000 and \$2.1 million.
- * The board previously approved the proposed reorganization of the Cooperative Extension Service to reduce the number of area offices from 12 to 7. The board also authorized the university to proceed with staffing reductions. The Extension Service reported on net reduction of 40 positions (33 full-time equivalents) in FY 1987 in addition to staff reductions made in FY 1986.
- * The Extension Service reported previously on its attempt to maintain balance among the basic program areas of home economics, agriculture and natural resources, 4-H and youth, and community resource development.

The budgets for several special purpose units supported by supplemental appropriations were recommended for approval. These program areas included the Water Resources Research Institute, Fire Service Education, Small Business Development Centers (with lottery funding), Livestock Disease Research, CIRAS-Hazardous Waste Research (with appropriated and lottery funds), and the CIRAS-Solar Energy Ethanol Project (with lottery funds and oil overcharge funds).

The university estimated FY 1987 restricted fund expenditures of approximately \$146.6 million.

The final residence system budget for FY 1987 projected expenditures of approximately \$300,000 over those anticipated at the time of the board's review of preliminary and residence system budgets in March. The new estimates were based on current information on salaries and other costs.

GENERAL UNIVERSITY FINAL BUDGET

The proposed final general university operating budget of \$159,865,892 was identical to that presented to the board as the preliminary FY 1987 budget request. It represented an increase of 5.5 percent over the revised FY 1986 budget level.

The university's income projections are summarized in the following table and are identical to those presented with preliminary operating budgets for FY 1987.

<u>Income Category</u>	<u>FY 1987 Income Projections</u> (000s Omitted)		<u>% Change from FY 1986 Revised Budget</u>
	<u>FY 1986 Revised Budget</u>	<u>Final FY 1987 Proposed Budget</u>	
Student Fees	\$ 47,800	\$ 49,904	4.40%
Federal Funds	50	50	0.00
Sales and Services	1,137	1,230	8.20
Other Income	4,011	3,601	-10.22
Appropriations	98,557	105,081	6.62
<u>TOTAL INCOME</u>	<u>\$151,556</u>	<u>\$159,866</u>	<u>5.48%</u>

State appropriations included general education funding, salary adjustments, comparable worth adjustments and the university's share of supplemental salary increase funds for faculty and professional scientific staff. State appropriations were increased by 6.6 percent above the revised FY 1986 level with essentially all of the increase in salary adjustment funds.

Total student fee income included allocations for student activities and student services, debt service and building development in addition to the net student fee income to the general fund. The allocation of student fees to these categories were approved by the board in June. The university projected total student tuition income in FY 1987 of \$52.978 million, distributed as shown in the following table:

STUDENT TUITION INCOME
(000s Omitted)

	<u>FY 1984</u> <u>(Actual)</u>	<u>FY 1985</u> <u>(Actual)</u>	<u>FY 1986</u> <u>(Estimated)</u>	<u>FY 1987</u> <u>(Projected)</u>
Total Student Tuition Income After Refunds	\$40,582	\$48,012	\$50,862	\$52,978
Allocations to:				
Student Activities and Student Services	1,917	2,116	2,124	2,130
Debt Service (Memorial Union, Hilton Coliseum)	594	604	604	604
Building Development	0	184	334	340
 	<hr/>	<hr/>	<hr/>	<hr/>
NET TO GENERAL FUND	<u>\$38,071</u>	<u>\$45,108</u>	<u>\$47,800</u>	<u>\$49,904</u>

Projected expenditures for the general university were also identical to those presented with the preliminary FY 1987 operating budget. Proposed expenditures are compared with those of the FY 1986 budget in the following table:

FY 1987 Budgeted Expenditures
(000s Omitted)

<u>Expenditures</u>	<u>FY 1986</u> <u>Revised</u> <u>Budget</u>	<u>Final</u> <u>FY 1987</u> <u>Proposed</u> <u>Budget</u>	<u>% Change</u> <u>from</u> <u>FY 1986</u> <u>Revised</u> <u>Budget</u>
Salaries and Fringe Benefits	\$121,948	\$128,835	5.65%
Fuel and Purchased Electricity	5,700	7,640	34.04
Supplies and Services	15,269	17,355	13.67
Equipment	2,281	1,981	-13.16
Library Books	2,641	2,751	4.17
Building Repairs	3,107	1,305	-57.99
Debt Service	612	0	-100.00
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TOTAL EXPENDITURES	<u>\$151,556</u>	<u>\$159,866</u>	<u>5.48%</u>

The university reported that salaries for continuing faculty were increased by an average of approximately 5.9 percent. The university presently estimates that the figure of 6.2 percent cited previously was probably

erroneously high. It was reported that individual salary increases ranged from zero to over 33 percent in unusual cases. The university reported that the vast majority of faculty and staff members would receive approximately a 5.5 percent salary increase.

Each year, the Board Office conducts a random sampling of faculty salaries as reported in the university's budget book. Salary increases were calculated for a stratified random sample of 100 faculty members continuing at the same rank. The results of this sampling process typically compare closely to more precise data reported later in the fall. For FY 1987, the "sample of 100" analysis indicated an average salary increase for continuing faculty of 6.45 percent. Individual increases ranged from 1.1 to 17.6 percent. A more detailed analysis of faculty salary increases will be available in the fall.

The university reported its continuing concern with the difficulties in attracting and retaining qualified staff in fields such as engineering, computer science and business administration. Some additional adjustments in salaries of faculty members in these fields were made possible by the university's share of the supplemental \$2 million for faculty and professional and scientific staff salaries.

The university's docket memorandum reported average professional and scientific staff salary increases of 5.7 percent. General service staff would receive salary increases of 4 percent effective January 1, 1987, plus step increases in accordance with the Regents Merit System and collective bargaining contracts. The university discussed a continuing concern with a significant number of staff members currently on the top step of the Regents Merit System pay matrices.

The university's budget book, which was distributed to board members, provided additional budget detail and included a summary of allocations according to standard program categories. The following table provides a comparison of FY 1986 and FY 1987 budget shares within these program categories:

Budget Share by Program, FY 1986 and FY 1987

(000s Omitted)

<u>Program</u>	<u>Budget</u>			<u>Budget Share</u>	
	<u>Original FY 1986</u>	<u>Proposed FY 1987</u>	<u>Percent Change</u>	<u>FY 1986</u>	<u>FY 1987</u>
Instruction	\$ 74,957	\$ 77,947	4.0%	47.8%	47.6%
Research	14,384	15,824	10.0	9.2	9.7
Public Service	5,264	5,423	3.0	3.4	3.3
Academic Support	12,208	12,012	(1.6)	7.8	7.3
Student Services	9,081	9,680	6.6	5.8	5.9
Institutional Support	13,906	15,946	14.7	8.9	9.7
Plant Oper. & Maint.	21,785	21,427	(1.6)	13.9	13.1
Scholarships	5,148	5,483	6.5	3.3	3.3
<u>TOTAL (1)</u>	<u>\$156,733</u>	<u>\$163,742</u>	<u>4.5%</u>	<u>100.1%</u>	<u>99.9%</u>

(1) Excluding unallocated equipment and credits for charges to other departments and estimated salary savings.

The university budgeted the greatest percentage increases in the areas of research and institutional support. The increase in institutional support reflected a transfer of some graduate college expenditures from academic support to institutional support and an increase in expenditures for administration. The increase in research represented increases in a large number of research areas, with a substantial (\$773,000) increase in research funding for the computation center.

Instruction was budgeted to increase by 4.0 percent over the original FY 1986 budget level which was consistent with information derived from an analysis of instructional program budgets by college and department.

The changes in instructional budgets by college are summarized below for FY 1986 and FY 1987.

Instructional Budgets

	Percent Change	
	<u>FY 1986 over FY 1985</u>	<u>FY 1987 over FY 1986</u>
Agriculture	+ 2.5%	+ 4.1%
Business	25.4	13.0
Design	3.3	5.2
Education	1.8	-0.1
Engineering	1.3	5.1
Home Economics	1.8	2.7
Sciences and Humanities	4.7	3.9
Veterinary Medicine	2.4	5.3
Summer Session	11.8	2.0
Average for 90 departments	+ 3.6%	+ 4.0%

The university expects to incorporate the 3.85 percent budget reduction on a permanent basis by reducing its budget base over a three-year period. It is intended that funds would be reallocated to areas of excellence as part of the downsizing and restructuring process. Long-range plans including the reallocation process will be shaped by President Eaton.

The university reported budget reductions and reallocations of \$3.9 million in FY 1987. These included \$2.3 million in permanent program changes, largely in salaries and fringe benefits.

Reductions in faculty positions were proposed in the Colleges of Agriculture, Design, Education, Engineering, Home Economics, Sciences and Humanities and Veterinary Medicine.

A total of \$2.1 million was budgeted for temporary teaching appointments in FY 1987, with the largest number of temporary positions allocated to the Colleges of Business and Sciences and Humanities. Within the latter college, the largest number was allocated to the English Department.

Approximately \$3.4 million was expended for temporary teaching appointments during FY 1986, and it is possible that additional temporary teaching funds would be required during FY 1987.

Some of the programmatic impacts of budget reductions and reallocations reported by the university include the following:

- * Additional support provided to the university's academic and research computing center. During FY 1986, approximately \$391,000 in course-based computer fees was generated. These funds were used for the

operation and maintenance of a new computing complex in the mechanical engineering/engineering science and mechanics building and Marston Hall. Funds have also been used to hire additional monitors to provide students with increased access to computer facilities.

It was anticipated that an additional \$1 million in fees would be generated by the \$100 per semester fee approved for engineering students effective with the Fall 1986 semester. A further \$800,000 of reallocated support was being provided to continue development of the university's academic and research computational center capabilities.

- * Continued development of the university's communications capabilities with the new telecommunications system and the new WOI uplink.
- * Increasing emphasis on programs in biotechnology within the College of Agriculture and the Agriculture and Home Economics Experiment Station. Internal resources are being reallocated, and lottery funds would provide additional support in this area.
- * Reductions in some instructional programs in the College of Education. The instructional budget for the College of Education was expected to decrease slightly as compared to FY 1986. The college anticipated increased demands for industrial technology.
- * Integration of computing into all aspects of the curriculum in the College of Engineering.
- * Commitments to improvement in interdisciplinary programs in biotechnology and chemistry in the College of Sciences and Humanities.
- * Continued reassessment of programs in the College of Veterinary Medicine. Funding problems would increase with the termination of Nebraska's contract tuition program which would mean the loss of approximately \$1.1 million in support.
- * Reduced general fund support in areas such as intercollegiate athletics and alumni and fund-raising efforts.
- * Reductions in some areas of student services.

A total of \$3.9 million in budget reductions was reported by Iowa State University. The university reported that it would continue to reassess and reallocate funds to meet teaching needs. It was anticipated that further reassessment and redirection would occur under the direction of President Eaton.

AGRICULTURE AND HOME ECONOMICS EXPERIMENT STATION FINAL BUDGET

The total proposed final operating budget for FY 1987 for the Agriculture and Home Economics Experiment Station of \$15.1 million was identical to that presented with preliminary budgets. Within this total, several relatively minor reallocations were made.

Projected resources for FY 1987 are summarized in the following table:

<u>FY 1987 Income Projections</u> (000s Omitted)			
<u>Income Category</u>	<u>FY 1986 Revised Budget</u>	<u>Final FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Federal Funds	\$ 3,416	\$ 3,061	-10.41%
Sales and Services	50	50	0.00
Appropriations	11,282	11,997	6.34
TOTAL INCOME	\$14,748	\$15,108	2.44%

With a reduction expected in federal funds and increases in state appropriations only for salary adjustments, the overall Experiment Station budget would be only 2.4 percent above the revised FY 1986 budget level. The exact level of federal funding will not be known until after the beginning of the new federal fiscal year in October.

Proposed expenditures for FY 1987 are compared to the revised FY 1986 budget in the following table:

FY 1987 Budgeted Expenditures
(000s Omitted)

<u>Expenditure Category</u>	<u>FY 1986 Budget</u>	<u>Final FY 1987 Budget</u>	<u>% Change from FY 1986 Budget</u>
Salaries and Fringe Benefits	\$12,981	\$13,062	0.62%
Supplies and Services	1,580	1,654	4.66
Equipment	75	225	200.00
Building Repairs	112	167	49.11
TOTAL EXPENDITURES	\$14,748	\$15,108	2.44%

The university reported that salary policies for the Experiment Station were consistent with those established for the General University. Internal reallocation was necessary to fund the Experiment Station's share of salary adjustments.

Equipment was reported to be one of the critical needs of the Experiment Station, particularly since equipment purchases would be required for the new agronomy addition. It was hoped that additional support for equipment expenditures would be provided if salary savings or federal funds exceeded budget estimates.

The Experiment Station reported the deletion of a number of positions in order to accommodate the 3.85 percent appropriation reversion in FY 1986 as well as expected reductions in FY 1987 federal funds. The university identified a total of 87 positions dropped, representing 51.8 full-time equivalents. These included six faculty positions, 10 pre-doctoral research associates, 51 graduate assistants, and 20 professional and scientific and merit positions. The reductions were distributed across a number of departments.

Vice President Madden stated the Experiment Station had faced a loss in both federal funds and state funds and that there was the feeling that it may face additional reductions in federal funds during the coming fiscal year. He indicated they would continue to increase support for the meat export center. He noted there were significant reductions in graduate student support.

Regent Greig asked what was percentage of the cut in graduate student support.

Vice President Madden stated about 25 percent of the graduate student base which would have a considerable impact on their ability to conduct research. He noted that there appeared to be no other alternative.

Regent Greig stated in the short term it may be the only solution. He added, though, that research was a long-term investment and it seemed to him that would not be the place to cut. He stated he hoped that next year the university could do away with something else.

Vice President Madden stated he would expect that the board would see a request to restore the reductions for graduate student support. He indicated they had also cut building repair funds to a point where the facilities are not good for research. He stated there was a very difficult problem of balancing the needs in the experiment station.

Vice President Christensen stated the Dean of the College of Agriculture and the Director of the Experiment Station were concerned about the long range future of agricultural research with the budget reductions, but they came to the conclusion that in the short range this was the only way to go.

COOPERATIVE EXTENSION SERVICE IN AGRICULTURE AND HOME ECONOMICS

The total proposed final FY 1987 operating budget of \$18.5 million for the Cooperative Extension Service in Agriculture and Home Economics was identical to that reviewed with preliminary budgets. Within this total, some reallocations were recommended, particularly within the salaries category.

Projected resources for FY 1987 are summarized in the following table:

<u>FY 1987 Income Projections</u> (000s Omitted)			
<u>Income Category</u>	<u>FY 1986 Revised Budget</u>	<u>Final FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Federal Funds	\$ 7,345	\$ 6,947	-5.43%
Appropriations	10,868	11,575	6.51
TOTAL INCOME	\$18,213	\$18,521	1.69%

Further reductions are expected in federal funds as a result of Gramm-Rudman cuts. The total FY 1986-FY 1987 loss is estimated to be \$1.1 million, as discussed at the June board meeting.

Budgeted expenditures for FY 1987 are summarized below:

FY 1987 Budgeted Expenditures
(000s Omitted)

<u>Expenditure Category</u>	<u>FY 1986 Revised Budget</u>	<u>Final FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Salaries and Fringe Benefits	\$16,411	\$16,297	-0.70%
Supplies and Services	1,598	2,109	32.03
Equipment	204	115	-43.52
<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	\$18,213	\$18,521	1.69%

The university reported that the salary policies followed by the Extension Service were the same as those for the General University. As in other units, internal reallocations were required in order to fund salary increases.

The supplies and services budget was increased in order to provide for increased telephone costs and to compensate for some of the reductions made in FY 1986. The equipment budget was reduced as part of the overall budget reduction process.

In June 1986, the board approved the proposed reorganization of the Cooperative Extension Service Area Offices and authorized the university to proceed with staffing reductions. The reorganization reduced the number of area offices from 12 to 7 and reduced the minimum number of staff members per county.

The Extension Service reported that reductions were planned to reduce services proportionally in each of the basic areas of extension. These areas were home economics, agriculture and natural resources, 4-H and youth, and community resource development. Staffing reduction are being accomplished through attrition, and it was not expected that layoffs would be required. Continuing adjustments would be made to accomplish desired staffing levels throughout the state.

The university identified the changes in permanent positions proposed for the Extension Service in FY 1987. A net reduction of 40 additional positions (33 full-time equivalents) during the year was planned in order to accommodate funding reductions on both the state and federal levels. Staff reductions had also been made in FY 1986.

SPECIAL AND SUPPLEMENTAL APPROPRIATIONS FINAL BUDGETS

Iowa State University receives special purpose appropriations for several specific project and program areas at the university. These appropriations are summarized in the following table:

<u>Program</u>	<u>Revised FY 1986 Appropriation</u>	<u>FY 1987 Appropriation</u>	<u>Percent Change</u>
Water Resources Research Institute	\$128,504	\$100,000	-22.2%
Fire Service Education (through the Department of Education with additional support from Iowa State University)	190,377	140,377	-26.3
Small Business Development Centers (through lottery bill)	666,319	700,000	+ 5.1%
CIRAS-Hazardous Waste Research (including \$200,000 in carryover FY 1986 lottery funds, \$100,000 in FY 1987 lottery funds, and \$50,000 in appropriated funds)		350,000	New
CIRAS-Solar Energy Ethanol Project (including \$50,000 in carryover FY 1986 lottery funds and \$150,000 in designated FY 1987 oil overcharge funds)		200,000	New
Livestock Disease Research	288,450	300,000	+ 4.0%

RESTRICTED FUNDS

The university estimated FY 1987 restricted funds expenditures of approximately \$146.6 million. However, this estimate included considerable uncertainty about federal funds. Significant portions of the university's restricted fund income were from federal student aid and federal grant activity. Restricted fund expenditures for FY 1986 were estimated at approximately \$177.3 million. The following table summarizes restricted fund expenditures for FY 1985, FY 1986 and FY 1987:

Restricted Funds
 (000s omitted)

	<u>FY 1985</u> <u>Actual</u>	<u>FY 1986</u> <u>Estimated</u>	<u>FY 1987</u> <u>Projected</u>
Federal Funds	\$ 45,819	\$ 50,142	\$ 48,136
Nonfederal Gifts and Grants	14,396	15,504	15,800
Sales & Services	48,555	52,001	53,000
Other Income	12,488	17,356	17,000
Bond Revenue Proceeds	23,409	42,300	7,400
Lottery Proceeds			5,300
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TOTAL	\$144,667	\$177,303	\$146,636
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RESIDENCE SYSTEM FINAL BUDGET

In March, the board accepted the FY 1987 residence system preliminary budget subject to further review and action at the time of review of final university operating budgets. In the final residence system budgets, the university projected residence system expenditures of \$21.7 million in FY 1987. This was an increase of approximately \$300,000 over the expenditure level anticipated at the time of preparation of preliminary residence system budgets in March. Increases over the expenditure estimates of the preliminary residence system budget were expected in salaries, supplies, utilities and repairs and maintenance.

Revenue estimates were unchanged, and the amount available for voluntary reserves was reduced slightly. The university indicated that voluntary reserve funds would be maintained at a level similar to or slightly lower than in FY 1986. It was reported in March that the level of voluntary reserves would be carefully monitored.

MOTION:

Dr. Harris moved: (1) that the Iowa State University final general program operating budgets for FY 1987 be approved; (2) that final approval be given to the university residence system budgeted operating expenditures for FY 1987; (3) that the FY 1987 budget for the special purpose programs at Iowa State University be approved; and (4) that the board accept the oral report concerning programmatic changes in the Agricultural Experiment Station. Mr. Duchon seconded the motion, and it passed unanimously.

LEASE. The university submitted a supplemental item to extend the lease of the Area Extension Office in Waterloo until December 31, 1986, and to authorize the executive secretary to approve a five-year lease for new facilities for the Area Extension Office in Waterloo effective January 1, 1987.

The lease agreement for the Area Extension Office located at 335 Fletcher Avenue in Waterloo will expire on August 31, 1986. As a result of the extension's reorganization, the number of area specialists in this will increase from seven to eleven under the reorganized area office configuration. In order to accommodate the additional staff, the area office must be relocated to larger office space.

The new location is along Highway 218 immediately adjacent to the new South Hakett exchange. It has easy access and sufficient parking. The proposed rental rate is \$5.75 per square foot for 4,075 square feet of space for a total annual rental of \$23,431. The university felt this rate was extremely attractive. The rental will include janitorial services, snow removal, and water and sewer. The estimated value of these services is \$1 per square foot. The agreement includes free kitchenette, meeting room, and storage space. The terms of the lease are subject to the approval of the Adult's Care, Inc., Board at its July 16 meeting.

The university indicated that the new space would not be available until January 1, 1987; therefore, the university requested an extension of the area office lease until December 31, 1986.

Vice President Madden indicated that in accordance with Executive Order No. 44 no school house space was available.

Director Wright stated the Board Office had not had opportunity to review the lease extension or lease document for the new facilities and asked that the board given tentative approval to the leases pending review by the Board Office.

MOTION:

Mr. Tyler moved that the board approve the leases as follows pending review by the executive secretary: an extension of the lease for the current Area Extension Office at 335 Fletcher Avenue, Waterloo, Iowa, from September 1 through December 31, 1986, at a rate of \$4.40 per square foot per year for the term; and approve a five-year lease with Adult's Care, Inc., for 4,075 square feet of office space at 3420 University Avenue, Waterloo at a rental of \$5.75 per square foot, \$23,431 per annum. Mrs. Murphy seconded the motion, and upon the roll being called, the following voted:

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AYE: Anderson, Duchen, Greig, Harris, McDonald,
Murphy, Tyler, VanEkeren, VanGilst.
NAY: None.

LONG-TERM LEASE FOR NATIONAL SOIL TILTH LABORATORY. The Board Office recommended that the board approve the long-term lease with the federal government, acting through the U.S.D.A. Agricultural Research Service (ARS), whereby the university will provide to the ARS the use of 1.15 acres of land located within the university campus at the southwest corner of Pammel Drive and Wallace Road (exact legal description in the lease to govern), for a rental of one dollar (\$1.00) for the term, for a term of ninety-nine (99) years commencing August 1, 1986 and terminating July 31, 2085, with termination and renewal rights as stated in the lease.

Last year the university presented to the board its plan for securing location of the National Tilth Laboratory on the campus of Iowa State University. The university completed negotiations with the U.S.D.A. Agricultural Research Service, hereinafter Government, for location of the facility at ISU. The lease which was negotiated contained terms, as follows:

1. The university will make the subject land available to the Government for 99 years at a cost of one dollar (\$1.00) for the term.
2. It is agreed that if construction of the facilities has not begun within five years of the signing of this lease the lease will become void and of no effect.
3. The Government has the right, during the course of the lease, to erect an office-laboratory, greenhouse-headhouse, and related research buildings and facilities, compatible with the campus environment, as may be needed.
4. The Government can terminate the lease at any time on not less than six months' written notice.
5. At lease termination the Government can dispose of the facilities it has constructed in accordance with applicable laws and regulations in effect at the time of the disposal. The options for disposition may include alternatives, as follows:
 - a. Sale of the facilities to the university at an appraised fair market value with discount for the fair market value of the leasehold;
 - b. Removal of the facilities and restoration of the grounds to their former appearance, as nearly as practical;

- c. Disposal of the facilities, in place, by sale, lease or removal, provided, however, that the sale or lease to a third party will be for uses compatible with the university campus environment. (This option can be exercised only if the university does not purchase the facilities.)
6. The university has the right to terminate the lease if the Government fails to observe or comply with any terms or conditions of the lease. The university must provide the Government written notice of the nonconformance and must provide the Government one year in which to correct the nonconformance before termination can take place.
7. Plans for buildings and improvements will be coordinated and reviewed by the university. Concurrence of the university will be sought for buildings and improvements though the university may not unreasonably withhold approval of buildings and improvements.
8. The Government will maintain the interior and exterior of the buildings and improvements on the land it is leasing.
9. In the event of the destruction of the buildings and improvements on the leased land, the Government shall, at its option, either restore the buildings and improvements or terminate the lease in accordance with item 5, above.
10. The university will provide the Government with connections to university owned utilities and refuse removal. The Government shall pay prevailing usage charges for these services.
11. The university agrees to provide the Government with the use of parking facilities in numbers and under conditions as may be mutually agreed upon.
12. The university will grant to the Government during the term of the lease an unlimited right of ingress and egress to the leased premises. The university also grants, without cost, the easements necessary to permit the Government to use the leased premises.
13. The Government will grant to the university the right of access over and to leased premises in a manner which does not interfere with Government's operations.
14. The Government has the right to sublet or assign leased premises for agricultural or other purposes consistent and compatible with the university environment.

15. In the event of death or injury to a person or loss or damage to property caused by the Government, liability, if any, shall be determined by the Federal Tort Claims Act.
16. The Government will not allow any waste to be committed on or about the property in the course of its use of the leased premises, and will adhere to applicable regulations for the disposal of chemicals, and will adhere to applicable laws, regulations, rules, and ordinances relating to the maintenance, use and occupancy of the premises.

The university estimated that it would expend approximately \$400,000 of institutional funds in providing the utility services to the leased premises. The university proposed to finance these expenses from building repairs funds, from earnings on treasurer's temporary investments, or from overhead reimbursement receipts. It was anticipated that the university would recover these expenditures through connection charges or as an item built into the utility rates charged the Government. The university reported that these expenditures would be necessary if the tilth laboratory was to be located at Iowa State University.

The leased premises is in the immediate proximity of the university's new agronomy addition which would provide a significant benefit to the university, the state, and the nation.

The proposed lease is similar in terms and conditions and in defining operational relationships to the leases which the board has approved for the Ames Laboratory and other federally constructed properties on the university campus which benefit the USDA and the university.

The Government would be responsible for the cost of construction and operation of the tilth laboratory and for the extension of certain services.

Vice President Madden stated the university was pleased to come to the board with very important item. He added that the board's action was very timely in that the Assistant Secretary of Agriculture was in Ames and would be able to carry the lease documents back to Washington.

MOTION:

Mr. Duchon moved that the board approve the long-term lease with the federal government, acting through the U.S.D.A. Agricultural Research Service (ARS), whereby the university will provide to the ARS the use of 1.15 acres of land located within the university campus at the southwest corner of Pammel Drive and Wallace Road (exact legal description in the lease to govern), for a rental of one dollar (\$1.00) for the term, for a term of ninety-nine (99) years commencing August 1, 1986 and terminating July

31, 2085, with termination and renewal rights as stated in the lease. Mrs. Anderson seconded the motion, and upon the roll being called the following voted:

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

NAY: None.

LEASE. The Board Office recommended that the board approve the extension of the lease agreement with JT&S Development Company for the university's use of approximately 2,800 square feet of space at 306 South 16th Street, Ames, at an annual rent of \$18,200 for the period August 1, 1986 to July 31, 1987, all other terms and conditions of the lease remaining as in the original lease of 1984.

In 1984 the board approved a lease for the benefit of the university which provided 2800 square feet of space for studios for architecture classes. This space has accommodated 48 students who could not be accommodated on campus.

The department provides janitorial services through student employees, and the university handles trash disposal at this off-campus location. The cost of heat is estimated to be \$1,800, and the cost of electricity and water is estimated to be \$1,800.

The university reports that the department's enrollment management program will continue to reduce the number of studios required. It is anticipated that this space will not be needed after the 1986-87 academic year.

The university followed procedures pursuant to Executive Order No. 44 and found no vacant school houses and no space with other state agencies which would meet its program and space requirements.

MOTION:

Dr. Harris moved that the board approve the extension of the lease agreement with JT&S Development Company for the university's use of approximately 2,800 square feet of space at 306 South 16th Street, Ames, at an annual rent of \$18,200 for the period August 1, 1986 to July 31, 1987, all other terms and conditions of the lease remaining as in the original lease of 1984. Mrs. Murphy seconded the motion, and upon the roll being called, the following voted:

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

NAY: None.

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

UNIVERSITY OF NORTHERN IOWA

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

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

OTHER PERSONNEL TRANSACTIONS. The following actions were approved as a part of the consent docket:

Appointment of Ms. Barbara Jones as Director of Library Services and Associate Professor, effective Fall Semester, 1986, at a salary of \$54,000 on a twelve-month basis.

Appointment of Dr. John Deegan, Jr., as Dean of the College of Social and Behavioral Sciences and Professor of Political Science, effective Fall Semester, 1986, at a salary of \$64,000 on a twelve-month basis.

Resignation of Thomas E. Paulson, Director of Physical Plant, effective June 27, 1986, to accept a position in private industry.

Duane Anders from Associate Director of Operations and Maintenance to Acting Director, Physical Plant, effective June 30, 1986, annual salary \$48,600.

Appointment of Susan M. Chilcott, Director/Public Relations, effective July 14, 1986, at an annual salary of \$39,800.

PHASED RETIREMENT REQUEST. The phased retirements of Budd Nichols, Plant Services Electrician, and Dixon L. Riggs, Associate Professor of Biology, effective August 1, 1986, were approved as a part of the consent docket.

Mr. Nichols proposes to work six months each year until full retirement on August 1, 1991. Professor Riggs plans to teach half time until full retirement on August 1, 1991. The university reported that \$24,217 in funds released annually as a result of these actions would be used to hire temporary replacements as needed. Both employees meet eligibility requirements for participation in phased retirement.

PROFESSIONAL AND SCIENTIFIC CLASSIFICATION SYSTEM. The Board Office recommended approval of the university's proposed classification titling

system subject to approval by the executive secretary on the board's behalf on completion of descriptions and point count evaluations for each proposed classification title.

In 1977, the university established a classification system for its professional and scientific staff with descriptions and point count evaluations for each position. To facilitate comparable worth reviews, better comparisons for salary and affirmative action studies, and to establish career ladders, the university proposed to group similar positions into more general classifications. This move is similar to what was done in the professional and scientific classification system at Iowa State University in 1983.

The university indicated the use of the new classes would have no budgetary impact, and all positions would be allocated to classes which were in the pay grades to which the positions were presently assigned.

Under current board policy and the present University of Northern Iowa system, a change in duties and responsibilities of a position which warrants a change in pay grade assignment requires board approval. Under the proposed system, a change of position from an approved class to another class in a different pay grade would not require board approval. The Board Office believed that was appropriate if the approved classes were fully documented, i.e., described and point counted.

Under the plan, 281 positions would be allocated to 86 classes. Another 15 classes were proposed to which no positions would initially be assigned.

The university planned to implement the new titles in its 1986-87 budget. The Board Office understood that the university planned to show both the generic class and the currently approved position title in its budget. The Board Office recommended that, as the university completed descriptions and point count evaluations, they be reviewed by the executive secretary and that any proposed change in pay grade assigned of a position to a class for which no description had been approved would be docketed for board review.

A listing of the allocation of existing position to proposed classes follows.

MOTION:

Mr. Tyler moved that the board approve the university's proposed classification titling system subject to approval by the executive secretary on the board's behalf on completion of descriptions and point count evaluations for each proposed classification title. Mrs. Anderson seconded the motion, and it passed unanimously.

CLASS TITLE POSITION NO. AND WORKING TITLE	PAY GRADE	CLASS TITLE POSITION NO. AND WORKING TITLE	PAY GRADE
Associate Director I 65 - Development - Broadcasting 23 - Development - UNICUE	III	Coach II 207 - Asst. Coach - Football QB 215 - Asst. Football Coach - D Rct 218 - Head Coach - Baseball 240 - Asst. Football Coach - L & SP 300 - Asst. Basketball Coach - Women's	III
Associate Director II 33 - Small Business Devel. Center 314 - Development - Athletics 314 - Development - Annual Giving	IV	Coach III 195 - Asst. Head Football Coach 205 - Asst. Coach - Men's Basketball 213 - Asst. Head Coach - Football OC 222 - Asst. Wrestling Coach 239 - Asst. Football Coach/DC 320 - Head Track/Field/CC Coach 322 - Head Basketball Coach - Women's	IV
Associate Director III 60 - Development - Broadcasting 71 - Registrar - Systems 72 - Registrar - Scheduling	V	Coach IV 221 - Head Wrestling Coach	V
Associate Director IV 116 - Admissions - High School 125 - Residence/Housing 138 - Residence/Dining 178 - Engineering Services 188 - Operations & Maintenance 202 - Athletics - Internal 203 - Athletics - External 232 - Administrative Data Processing 307 - Admissions - Systems	VI	Coach V 201 - Head Coach - Football 204 - Head Coach - Men's Basketball	VI
Associate Vice President 69 - Assoc. VP - Educ. & Std. Svcs	VIII	Coach VI Coordinator I 4 - Materials 32 - School of Business 39 - Publications Information 129 - Student Organizations 147 - Yearbook	VII II
Business Manager I 227 - Accounts Manager	II	Coordinator II 6 - Day Care Center 28 - Advising Center 29 - Curriculum Lab 40 - Computer Support Specialist 92 - Health Aid 126 - Hall (10 month) 137 - Hall (12 month) 225 - Microcomputer Curriculum Project 261 - Utilities Dst/Special Svcs Coord 264 - Planning	III
Business Manager II 210 - Athletics	III		
Business Manager III 14 - Public Theatre 124 - Residence Systems 230 - Ticket Manager	IV		
Business Manager IV 172 - Bursar	V		
Coach I 208 - Asst. Football Coach - Advisor 209 - Football Def. Scndry. 217 - Diving Coach 301 - Asst. Volleyball Coach - Women's 302 - Asst. Softball Coach - Women's 303 - Asst. Track Coach	II		

CLASS TITLE POSITION NO. AND WORKING TITLE	PAY GRADE	CLASS TITLE POSITION NO. AND WORKING TITLE	PAY GRADE
Accountant I 173 - Accountant	III	Analyst II	V
Accountant II Senior Accountant	IV	Analyst III 254 - Data Base Admin.	VI
Accountant III	V	Architect I	IV
Accountant IV 169 - Asst. Controller/ Chief Accountant	VI	182 - Asst Architect - Construction	
Administrative Assistant I 63 - Development	II	183 - Interior Designer	
Administrative Assistant II 9 - NIIL	III	185 - Architect Planner	
11 - Modern Language		268 - Landscape Architect	
34 - School of Business		Architect II	V
260 - Vice President		Architect III	VI
Administrator I 24 - UNICUE	III	180 - UNI Architect	
146 - Publications		Assistant Director I	II
316 - Unicue Education Center		96 - Intramurals	
Administrator II	IV	211 - Sports Information	
1 - President's Office		Assistant Director II	III
8 - NIIL		121 - Tech & Operations/Union	
12 - School of Music		Assistant Director III	IV
16 - Individual Studies Program		55 - Broadcasting	
174 - Operations		85 - Academic Advising	
310 - Grants and Contracts		106 - Financial Aids	
Administrator III	V	113 - Admissions/Transfers	
93 - Health Center		122 - Student Activities	
149 - Publications		187 - Public Safety	
158 - Budget		Assistant Director IV	V
Advisor I	II	128 - Residence Facilities	
86 - Academic Advisor		150 - News Editor	
135 - Per Financial Aids TSP		152 - Alumni Services	
136 - Career Devel. Recruit TSP		176 - Utilities	
Advisor II	III	233 - ADP Operations	
25 - Advisor EUP		Assistant Director V	VI
Advisor III	IV	36 - Academic Computing Services	
115 - Foreign Stdt Advisor - Admis.		229 - Athletic Facilities	
Analyst I	IV	Assistant to Dean I	IV
64 - Information Analyst		30 - Faculty and Grants	
249 - Systems Analyst - ADP		Assistant to Dean II	V
		20 - Student Services	
		Assistant to Vice President	VI
		144 - Administration and Finance	
		Assistant Vice President	VII

UNIVERSITY OF NORTHERN IOWA
July 17, 1986

CLASS TITLE POSITION NO. AND WORKING TITLE	PAY GRADE	CLASS TITLE POSITION NO. AND WORKING TITLE	PAY GRADE
Engineer I 101 - Field Service Engineer	III	Library Associate II 48 - Lib Assoc - Serial Acq	III
Engineer II 43 - Senior TV Engineer 181 - Asst Engineer - Facilities	IV	49 - Lib Assoc - Cir Man Up 50 - Lib Assoc - Cir Reserves 51 - Lib Assoc - Cir Work Study 53 - Lib Assoc - Acq/Bibl Control	
Engineer III 177 - Engineer - Utilities 179 - Engineer - Facilities	V	Library Associate III	IV
Engineer IV Health Care Specialist I 97 - Wellness Program Asst 98 - Cardiac Rehab/Wellness Asst 99 - Cardiac Rehab Exer Leader	VI I	Manager I	II
Health Care Specialist II 216 - Cardiac Rehab Specialist	II	Manager II	III
Health Care Specialist III 5 - Asst Athletic Trainer	III	13 - Theatre Tech 45 - Media Lab 46 - Media Center Oper 142 - Dining Unit 206 - Operation and Maintenance 298 - Asst Manager - Carpentry 299 - Asst Manager - Mech Svcs	
Health Care Specialist IV 3 - Head Athletic Trainer	IV	Manager III	IV
Information Specialist I 145 - Newswriter 220 - Photo Journalist	II	15 - Greenhouse Preserves 100 - Field Services 127 - Family Housing 140 - Food Stores 141 - Dining Unit 164 - P&S Class & Employ 189 - ACCS 191 - Transportation Services 192 - Electrical Services 193 - Mechanical Services 194 - Carpentry Services 196 - Plant Stores 197 - Landscaping Services 198 - Power Plant 199 - Building Services 262 - Planning Operations 266 - Maintenance Services 318 - Operations and Training	
Information Specialist II	III	Manager IV	V
Information Specialist III 148 - Publications Designer	IV	190 - Operations and Maintenance 267 - Campus Services	
Information Specialist IV 157 - Senior Information Specialist	V	Nurse I	III
Learning Specialist I	II		
Learning Specialist II 109 - Writing 110 - Reading 304 - Prog. Evaluator - EOP 309 - Read/Lrng Strat 319 - Lrng Dis	III		
Learning Specialist III	IV		
Library Associate I 47 - Lib Assoc - Catalog 52 - Lib Assoc - Reader Services	II		

CLASS TITLE	PAY GRADE	CLASS TITLE	PAY GRADE
POSITION NO. AND WORKING TITLE		POSITION NO. AND WORKING TITLE	
Coordinator III	IV	Director I	IV
17 - EOP Undergraduate		10 - Art Gallery	
26 - Ethnic Minority Cultural Educ. Center		42 - Museum/Curator	
27 - Educational Opportunity - UNICUE		120 - Programs - Union	
44 - Slide and Multi-Image		212 - Sports Information	
139 - Focus - Dining Services		308 - Continuing Ed - Credit Programs	
170 - Payroll		Director II	V
224 - Computer Liaison		18 - Educ Opportunities Program	
305 - Programs - Residence		19 - UNICUE	
311 - Conf/Inst/Non-Credit Program		74 - Education Placement	
Coordinator IV	V	75 - Arts and Sciences Placement	
41 - Graphics and Photo Services		82 - Coop Education	
83 - Coop-Education Placement		186 - Public Safety	
102 - Institutional Studies		321 - Special Services Programs	
157 - Special Services		Director III	VI
162 - Benefits		2 - Affirmative Action Officer	
234 - Info Coord/Student Svcs Team		54 - Broadcasting Services	
235 - Info Coord/Planning/Human Svcs		78 - Counseling Center	
236 - Info Coord/Bus/Auxiliary Svcs		84 - Academic Advising	
241 - Administrative Services Center		87 - Student Health Services	
313 - Handicapped Student Services		103 - Institutional Research	
Coordinator V	VI	104 - Financial Aids	
163 - Employment		111 - Learning Skills Center	
Counselor I	II	119 - Maucker Union	
81 - Career Information Specialist		155 - Planned Giving	
114 - Admissions		242 - Administrative Services	
118 - Financial Aids		Director IV	VII
Counselor II	III	70 - Registrar	
22 - Educ. Opportunities Program		73 - Placement and Counseling	
108 - Financial Aids		112 - Admissions	
105 - Financial Aids Coordinator		123 - Residence Services	
133 - Coord - Talent Search Program		134 - Academic Computer Services	
323 - Coord - Special Services		151 - Public Relations	
Counselor III	IV	153 - Alumni Services and Dev.	
107 - Financial Aids		160 - Personnel Services	
Counselor IV	V	167 - Controller	
76 - Psychologist		175 - Physical Plant	
77 - Career Service Programs		184 - Safety and Facility Planning	
79 - Peer Advisor Program		200 - Athletics	
80 - Adult Studies Program		231 - Management Data Processing	

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CLASS TITLE POSITION NO. AND WORKING TITLE	PAY GRADE	CLASS TITLE POSITION NO. AND WORKING TITLE	PAY GRADE
Nurse II	IV	Programmer II	II
31 - School Nurse - PLS		246 - Prog/Anal II - ADP	
90 - Charge Nurse		250 - System Prog I	
Pharmacist	IV	Programmer III	III
91 - Pharmacist		247 - Prog/Anal III	
Physician	VI	251 - System Prog II	
89 - Staff Physician		Programmer IV	IV
94 - Cardiac - Physician		37 - Prog/Anal	
Producer I	I	38 - Prog/Anal Micro System - ACS	
219 - Announcer		248 - Sr Prog/Anal - ADP	
Producer II	II	252 - System Prog III - ADP	
61 - Producer/Announcer - News		Programmer V	V
62 - Producer/Announcer - Sun AM Edit		35 - System Prog/Anal-ACS	
67 - Producer/Announcer - Program Guide		253 - Sr System Prog - ADP	
Producer III	III	Purchasing Agent I	II
56 - Sr Producer News		265 - Buyer Coordinator	
57 - Sr Producer Announcer MAGA		Purchasing Agent II	III
58 - Sr Producer Classical		Purchasing Agent III	IV
59 - Sr Producer/Announcer Iowa PM		171 - Senior Purchasing Agent	
66 - Sr Producer Folkways		Purchasing Agent IV	V
306 - TV Producer		Research Associate I	III
Producer IV	IV	243 - Budget Analyst	
312 - TV Producer/Director		Research Associate II	IV
Program Associate I	I	64 - Information Analyst	
226 - Program Assistant		324 - Research Associate	
226 - Radio Events Producer		Research Associate III	V
Program Associate II	II	317 - Research Associate	
7 - Day Care Center			
21 - UNICUE			
117 - Overseas Recruitment			
165 - Personnel			
227 - Program Associate			
315 - Bio/Greenhouse Preserves			
Program Associate III	III		
130 - Industrial Tech - Power and Energy			
131 - Industrial Tech - Production			
132 - Industrial Tech - Communication			
161 - Interviewer/Analyst			
Program Associate IV	IV		
Programmer I	I		

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REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended approval of the register for the period of June 10 through July 2, 1986.

Highlights of the register are as follows:

PROJECT DESCRIPTIONS AND BUDGETS:

Campbell Hall--Interior Paint Improvements

Source of Funds: Residence System Improvement Fund

Revised Budget \$52,000

On June 24, 1986, the university received two bids on the project. The bids exceeded the funds available in the approved project budget. In May, the board approved a project description and budget of \$33,000 for this project. The university requested approval to increase the project budget to \$52,000 to cover the contract award. The additional funds would be from residence system improvement funds.

A contract award of \$46,749 was made by the Executive Secretary to Cra-Mar Painting and Decorating, Waterloo, Iowa.

Institutional Roads--Reconstruction of Campus Street
and Wisconsin Street

Source of Funds: State Parks/Institutional Roads \$175,000
Building Repairs \$ 18,000

Revised Budget \$193,000

On June 26, 1986, the university received bids on the project. Three bids were received, and the bids exceeded the funds available in the approved project budget. In March, the board approved a project description and budget of \$175,000 for this project. The university requested approval to increase the project budget to \$193,000 and award of the construction contract to Cedar Falls Construction Company, Cedar Falls, Iowa, for \$163,069.15. The additional funds are building repair funds.

CONSULTANT AGREEMENTS:

Classroom/Office Building
Hansen Lind Meyer
(Architectural Services)

Fee Under Negotiation

In May, the university requested permission to initiate planning for the Classroom Office Building. The project will construct 88,000 square feet of space to serve the School of Business.

At that time, the university requested permission to initiate the selection process for an architect to design the Classroom/Office Building. A campus architectural selection committee was established, and the university publicly advertised the need for an architectural firm. Proposals were received from 27 firms. Eight firms were then selected for personal interviews. A member of the Board Office staff participated with the university in the architectural interviews.

The university requested approval of Hansen Lind Meyer as architect on this project.

Because the board will not meet in August, the university requested authorization for the Executive Secretary to approve the architectural services agreement upon completion of negotiations. This would avoid delaying the design phase of the project. The agreement will be presented on the capital register for ratification by the board in September.

It was anticipated that construction documents could be completed in 10-12 months so the project could be ready for bidding next summer. However, the sale of bonds authorized for this project was not scheduled until December 1987. Given present assumptions and timing of other bond sales, that was the earliest date that the Classroom/Office Building bonds could be issued while keeping tuition replacement requirements within the expected appropriation level. The planned sale schedule and underlying assumptions were previously reviewed and approved by each university.

CONSTRUCTION CONTRACTS:

The following contract was referred to the board for action:

Institutional Roads--Reconstruction of Campus Street
and Wisconsin Street

Award to: Cedar Falls Construction Company, Cedar Falls, IA

Base bid of \$155,025.65, plus Alt. A1 of \$4,200, plus

Alt. A2 of \$896, plus Alt. A3 of \$2,947.50 =

TOTAL AWARD OF:

\$163,069.15

(3 bids received)

This contract was referred to the board because the requested action involved an irregularity, and the contract award exceeded the available construction budget. The apparent low bidder, Cedar Falls Construction Company of Cedar Falls, Iowa, made a calculation error in its bid.

One of the "item totals" of the low bidder was calculated incorrectly. The bid documents specified that in the case of discrepancy between figures, the unit price would prevail over the item total. In this instance, the calculation error increased the low bid amount by \$17.50 and did not change

the order of the bids. After the correction, which was done by the university, the low bidder was still \$26,280 below the next bid.

The university requested that the irregularity discussed above be waived and the contract be awarded to Cedar Falls Construction Company.

Funding for this roadway construction project is principally provided from the Department of Transportation Institutional Road Fund. After action by the board, the construction contract would be forwarded to IDOT for their concurrence in the award.

The following contract was awarded by the Executive Secretary on behalf of the board.

Campbell Hall--Interior Paint Improvements

Award to: Cra-Mar Painting and Decorating, Waterloo, IA

Base bid of \$59,990, less Alt. #1 of \$13,250 =

TOTAL AWARD OF:

\$46,749

(2 bids received)

This project involves interior painting of Campbell Hall. A revised budget was discussed above.

Communication Arts Center, Final Phase--

\$46,378.86

Equipment Purchases

Source of Funds: Academic Revenue Bond Proceeds

Provisions of the Academic Revenue Bonding Statute in Section 262.A of the Code of Iowa require that equipment purchases under \$25,000 funded with proceeds from academic revenue bonds be ratified by the Board of Regents after award by the university. The University of Northern Iowa reported on this month's register the award of 45 purchase orders on equipment for the Communication Arts Center. No single purchase order exceeded \$15,000. The university requested board ratification of the award of the 45 purchase orders.

ACCEPTANCE OF CONSTRUCTION PROJECTS:

The university reported acceptance of one construction contract on the Communication Arts Center, Final Phase. Three other construction contracts on the Communication Arts Center had been accepted previously.

Inspection of the work on the mechanical contract for the Communication Arts Center--Final Phase, found that the contractor, L. A. Fulton and Sons, Inc., complied with the plans and specifications, and the work was substantially complete. The university requested that the contract listed in the capital register be accepted by the board.

The entire register is on file in the Board Office.

MOTION: Mr. VanGilst moved that the board approve the Register of Capital Improvement Business Transactions as presented. Dr. Harris seconded the motion, and it passed unanimously.

FINAL BUDGETS FOR FY 1987. The Board Office recommended:

1. That the University of Northern Iowa final general program operations budget for FY 1987 be approved in the amount of \$55,547,261.
2. That the university residence system budgeted expenditures for FY 1987 be approved in the amount of \$9,062,500.

The University of Northern Iowa's proposed final operating budget for FY 1987 of \$55.5 million was identical in total to that of the preliminary budget proposal. Reallocations within this total included adjustments among salary categories reflecting changes in charge-back procedures, transfers and reclassification.

Vice President Conner stated the Board Office had provided a fairly comprehensive summary of the university's budget. He stated he had discussed the programmatic impacts with the board at the June meeting.

The final operating budget for FY 1987 represented an increase of 6.12 percent over the revised FY 1986 budget. The only increases in appropriations were for salary adjustments.

Projected tuition increases included the income generated by the 6.5 percent increase in tuition and that generated by the computer fee approved previously by the board. Enrollments were projected to be slightly below those of FY 1986.

The budget provided average salary increases for continuing faculty of 6.4 percent.

Revenues generated by the new student computing fee (\$397,000 in FY 1987) would provide staffing, equipment, supplies and maintenance for new student microcomputer laboratories.

Increases in collegial instructional budgets ranged from 3.4 percent in the College of Natural Sciences to 9.5 percent in the School of Business. Overall, the instructional budget was increased by 5.4 percent.

The university reported a net reduction of 17 permanent positions (14 full-time equivalents) as part of its accommodation of the 3.85 percent

appropriations reduction. The impacts of necessary downsizing included reductions in course offerings, in support positions, in library budgets and in building repairs. The university indicated its intent to emphasize reallocations in order to accommodate necessary budget reductions.

Projected resources for FY 1987 are summarized in the following table:

FY 1987 Income Projections
(000s Omitted)

<u>Income Category</u>	<u>FY 1986 Revised Budget</u>	<u>Final FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Student Fees	\$12,704	\$13,866	9.15%
Other Income	845	668	-20.95
Appropriations	38,794	41,013	5.72
<hr/>			
TOTAL INCOME	\$52,343	\$55,547	6.12%

The only increases in appropriations over the revised FY 1986 budget were in salary adjustments and supplemental salary increase funds. The decrease in other income was due to expected reductions in interest income.

The university's projection of \$13.9 million in student fee income to the general fund was based on a projection of enrollments slightly below those of FY 1986. The projected increase of 9.15 percent in student fees included income generated by the 6.5 percent tuition increase and the student computing fee of \$20 per semester approved by the board to be effective in the fall of 1986. Total student tuition income included allocations to student activities and student services, debt service and building development as previously approved by the board. The projected total amounts of these allocations are shown in the following:

STUDENT TUITION INCOME
(000s Omitted)

	<u>FY 1984</u> <u>(Actual)</u>	<u>FY 1985</u> <u>(Actual)</u>	<u>FY 1986</u> <u>(Estimated)</u>	<u>FY 1987</u> <u>(Projected)</u>
Total Student Tuition Income After Refunds	\$11,427	\$12,908	\$14,002	\$15,142
Allocations to:				
Student Activities and Student Services	562	654	697	715
Debt Service	434	434	447	442
Building Development	116	116	119	118
NET TO GENERAL FUND	<u>\$10,315</u>	<u>\$11,702</u>	<u>\$12,739</u>	<u>\$13,866</u>

Proposed FY 1987 expenditures are compared to those of the FY 1986 revised budget in the following table:

FY 1987 Budgeted Expenditures
(000s Omitted)

<u>Expenditure Category</u>	<u>FY 1986</u> <u>Revised</u> <u>Budget</u>	<u>Final</u> <u>FY 1987</u> <u>Proposed</u> <u>Budget</u>	<u>% Change</u> <u>from</u> <u>FY 1986</u> <u>Revised</u> <u>Budget</u>
Salaries and Fringe Benefits	\$41,800	\$44,114	5.54%
Fuel and Purchased Electricity	2,124	2,307	8.61
Supplies and Services	6,687	7,243	8.33
Equipment	284	701	146.86
Library Books	793	763	-3.78
Building Repairs	449	419	-6.68
Debt Service	207	0	-100.00
TOTAL EXPENDITURES	<u>\$52,343</u>	<u>\$55,547</u>	<u>6.12%</u>

The university previously reported an average increase of 6.4 percent in salaries for continuing faculty and professional and scientific staff. This included the distribution of the university's share of \$2 million in supplemental salary increase funds.

Each year the Board Office conducts a random sampling of faculty salaries as reported in the university's budget book. Salary increases were calculated for a stratified random sample of 100 faculty members who were continuing at the same rank. Over the past four years the results of this sampling procedure have been very close to the average reported in the fall for all continuing faculty at the University of Northern Iowa. This year, the "sample of 100" indicated an average increase for continuing faculty of 6.45 percent, a figure which was consistent with the university's estimate. Salary increases among the samples surveyed ranged from 4.3 percent to 12.0 percent.

All other expenditures categories, with the exception of equipment and debt service, have proposed budgets with small increases or decreases from the revised FY 1986 levels. Increases in the equipment budget reflected the purchase of equipment for the new student microcomputer laboratories, funded through revenues generated by the student computing fee of \$20 per semester. That fee was approved by the board to be effective in the fall of 1986. The university previously reported that income from this fee was projected to be \$397,000 for FY 1987. This income was budgeted for equipment and staffing for the new student microcomputer laboratory.

In FY 1986, the university was required to expend \$206,535 for debt service on outstanding academic revenue bonds as a result of inadequate tuition replacement. Shortfalls had also been anticipated for FY 1987, but it was now projected that the selective refunding of outstanding bonds would reduce needs sufficiently that appropriations would be adequate.

The university's budget book, which was to be distributed to board members, included a summary of allocations according to standard program categories. The following table provides a comparison of FY 1986 and FY 1987 budget shares by program category:

Budget Share by Program, FY 1986 and FY 1987

(000s Omitted)

Program	Budget			Budget Share	
	Original FY 1986	Proposed FY 1987	Percent Change	FY 1986	FY 1987
Instruction	\$ 22,934	\$ 24,162	5.4%	43.2%	43.5%
Research	197	185	(6.1)	0.4	0.3
Public Service	675	726	7.6	1.3	1.3
Academic Support	8,810	9,290	5.4	16.6	16.7
Student Services	2,585	2,686	3.9	4.9	4.8
Institutional Support	7,070	7,370	4.2	13.3	13.3
Plant Maint. & Oper.	8,474	8,606	1.6	16.0	15.5
Scholarships & Matching Funds	2,319	2,523	8.8	4.4	4.5
TOTAL	\$ 53,064	\$ 55,548	4.7%	100.0%	100.0%

As demonstrated in this comparison, budgeted changes were not dramatic with the exception of research, for which a 6.1 percent decrease was budgeted. The reduction in this category was the result of deletion of \$37,490 in support for the animal laboratory, which was going to be closed. Support for faculty research was increased by \$18,000. The budget share analysis reflected a continuing emphasis on instruction and academic support, with a significant increase in support for scholarships.

The following tabulation indicates the percentage change in instructional budgets by college from FY 1985 to FY 1986 and FY 1986 to FY 1987. These comparisons were all made on the basis of original budgets.

Instructional Budgets

	Percent Change	
	<u>FY 1986 over FY 1985</u>	<u>FY 1987 over FY 1986</u>
School of Business	2.0%	9.5%
College of Social & Behavioral Sciences	3.5	6.8
College of Education	(0.9)	4.2
College of Humanities and Fine Arts	2.3	4.3
College of Natural Sciences	3.1	3.4
Price Laboratory School	4.4	2.6
Summer Session	8.6	0.2
Average for 31 departments	1.9%	5.2%

The university reported on changes in permanent positions necessary to accommodate the permanent 3.85 percent reversion in state appropriations. The university planned a net reduction of 17 positions representing 14 full-time equivalent positions in FY 1987. Estimated savings were nearly \$300,000. The positions to be deleted included faculty and staff in a number of departments and support areas.

Reductions in other expenditure categories were also necessary during FY 1986 and have not been fully restored in the proposed FY 1987 operating budget.

The university reported that this necessary downsizing and restructuring would have the following effects:

- * Reductions in faculty positions leading to fewer course offerings, more closed classes, and, for some students, a possible later graduation date.
- * Reduction of summer session course offerings.
- * Reductions in professional and scientific positions in areas including the Educational Opportunity Program, operations and maintenance, institutional research and the student health center.
- * Elimination of the centralized word processing center.
- * Closing of the animal laboratory.
- * Elimination of the high school co-op program.

- * Continued limitations in the building repairs budget with greater than \$2 million in unmet building repairs and maintenance projects.
- * Reductions in the library collections budget.
- * Limitations on the equipment budget which curtail the university's ability to replace obsolete equipment.

The university previously indicated its intent to continue to emphasize reallocation in order to accommodate necessary budget reductions.

The university projected the receipt of \$23.0 million in restricted funds in FY 1987. Restricted funds include federal funds, nonfederal gifts and grants, sales and services, other income and bond revenue proceeds. It was estimated that restricted funds would total \$24.4 million in FY 1986. The university projected a modest increase in federal funds for FY 1987 but actual receipts in this area would not be certain until later in the year. The following table compares restricted funds for FY 1985, FY 1986 and FY 1987:

	<u>Restricted Funds</u>		
	(000s omitted)		
	<u>FY 1985</u> <u>(Actual)</u>	<u>FY 1986</u> <u>(Estimated)</u>	<u>FY 1987</u> <u>(Projected)</u>
Federal Funds	\$ 5,009	\$ 4,867	\$ 5,250
Nonfederal Gifts and Grants	587	377	600
Sales and Services	12,903	14,002	14,334
Other Income	1,499	1,688	1,825
Bond Revenue Proceeds	5,182	3,436	1,000
	<hr/>	<hr/>	<hr/>
<u>TOTAL</u>	<u>\$25,180</u>	<u>\$24,370</u>	<u>\$23,009</u>

The board accepted the University of Northern Iowa's proposed residence system budget for FY 1987 in March 1986, subject to further review and action at the time of approval of final operating budgets for the university. The proposed final residence system budget of \$9,062,500 was identical to that reviewed in March and approval was recommended.

MOTION: Dr. Harris moved that the board approve the University of Northern Iowa final general program operating budget for FY 1987 and approve the university residence system budgeted expenditures for FY 1987. Mrs. Murphy seconded the motion, and it passed unanimously.

ADMISSIONS POLICY. President Curris brought up the subject of admissions policy by stating that last fall the university had come to the board asking for approval of the concept of some kind of enrollment ceiling. The board indicated that the university should proceed to formulate recommendations. He stated a university committee was appointed to formulate recommendations, and a proposal was presented to the board two months ago and subsequently referred to the Interinstitutional Committee on Educational Coordination. The Interinstitutional Committee met yesterday and had not been able to reach consensus on the proposal.

President Curris stated he was in a quandary as to how to proceed since it had been four months since the concept was originally brought to the board. He noted the difficulty was that the public schools start in early September, and applications start coming in, and the university needed to know what the admission requirements were.

Mr. Richey stated that the normal course of events was to have the proposals reviewed by the Interinstitutional Committee. He stated that what the University of Northern Iowa had proposed restricting admissions to the university to the top third of the graduating class rather than the top half. This action would be a profound change and would affect all three universities. In addition, the policy proposed would amend existing rules adopted through the Administrative Rules Committee. The procedure to change administrative rules would take about 120 days unless it were done on an emergency basis.

Mr. Richey stated he had urged that the necessary interinstitutional consultation be done before the proposal was brought to the board for consideration. He also noted that, until the board changed the policy, the existing was in effect; and he had communicated that to the university. He stated he would hope to continue to work on the proposal and attempt to address the concerns of President Curris but address them in such a way to benefit all three universities.

Vice President Christensen stated that the Interinstitutional Committee was not inactive. The committee did take action not to approve the proposal presented to it. The committee believed that further study and investigation was necessary.

Regent Anderson stated she was concerned about the process. She indicated it

seemed to her that, if the committee had not come to a decision, the proposal ought to come to the board.

Mr. Richey stated the decision was not made until yesterday. He stated the staff had not had time to review it in terms of making a recommendation to the board.

Vice President Christensen stated the committee did not take a formal vote. He said that the University of Iowa and Iowa State University felt there were other alternatives to pursue.

Regent Harris asked if the committee would present a list of alternatives to the board.

Vice President Martin stated the proposal referred to the committee spoke only to the policy of the University of Northern Iowa, and the committee did not come to a conclusion for action.

President Curris stated if the proposal was about an enrollment policy at UNI, the alternatives ought to be defined by UNI and not the other two campuses. He also noted that, with reference to the implications of this particular policy and the fact that it should be a coordinated effort and regent-wide policy, it seemed to him that the discussion was eight months late. He stated when the board authorized the University of Northern Iowa to formulate such a proposal, it should have been said then that there should have been one policy for all three institutions. He indicated they were facing a dilemma about whether or not they were going to restrict students. He said that something had to happen with the declining dollars. He indicated he wished the board would approve a ceiling and allow the institution to determine the mechanism to stay within that ceiling.

Mr. Richey stated that the administrative rules could not be overridden just passing a new policy.

Regent Murphy stated she felt the board had been remiss in letting this issue drag.

Vice President Remington stated he agreed that the Institutional Committee did not take action yesterday, but the members made several suggestions which could be used by the university to deal with the problem of large admissions. He stated the committee suggested several options that could have substantial and which could be applied under the present rule for the Fall of 1987.

Vice President Martin stated he appreciated the sincere counsel of the sister institutions. He stated that the situation had changed, and the advice which was offered would have helped previously but it would not work now.

Mr. Richey stated if the board were to act today it would be to pass a motion that it intended to adopt a policy which would trigger the administrative rules process.

Regent Harris asked if there were a way to do this for UNI and not have it affect the other two universities.

Mr. Richey stated a specific rule could be adopted for UNI, and the board would then have a unique admissions policy at UNI.

Dr. Harris asked Mr. Richey if he were opposed to that.

Mr. Richey stated that he would not rule it out but was not ready to make a recommendation.

Regent VanEkeren asked what options the Interinstitutional Committee had suggested.

Vice President Remington stated that the committee noted that the university in the past had admitted a large percentage from the lower half and perhaps some restriction on the number of lower half students would accomplish the same thing as the proposed policy.

Vice President Martin stated some of that strategy would not be appropriate and effective for UNI. For example, the idea of limiting enrollment in the a specific college which would work at the University of Iowa; but the University of Northern Iowa did not admit students by specific college.

Regent Harris asked how many students were admitted from the lower half.

Director Stinchfield stated this fall they began to look very carefully at admitting from the lower half and began to reduce those numbers but that they were still facing a very large incoming class.

President Curris stated many of the students admitted from the lower half were non-traditional students.

Regent Tyler said that was the possibility was filing under the emergency rule process. He said that it seemed to him that someone was dragging their feet. In order to help the university, he suggested putting a cap on for one year to give them some relief.

Regent Greig stated he supported Regent Tyler's suggestion and that there was nothing worse than waiting in limbo for a decision to be made.

Mr. Richey stated he believed it would be a mistake to address an issue as important as this strictly on a number basis. He stated that he agreed UNI

did have a serious problem, but it was not unique to that university. He stated he felt the problem should be addressed on a permanent basis.

Regent Tyler stated that Mr. Richey was right but that it took a great deal of time.

Mr. Richey stated there was no question the issue could be addressed in time for the fall of 1987 and that it may well be before the board at the September meeting.

Regent Harris asked if one additional month would make a difference.

President McDonald asked when the university notified people if they had actually been admitted.

President Curris stated the notifications were made in early September. The school districts expected people from the institution to deliver admission materials soon after the school year begins. He stated that as a normal rule about one-half of the applications were received by mid-November.

President McDonald stated if the process was allowed to work, the board should be in a position to take action at its September meeting.

Regent Tyler asked when this subject was brought up last year was it referred at that time to the Interinstitutional Committee.

Director Barak stated the original request submitted to the board in December sought permission to proceed with the development of recommendations for enrollment management and that went to the Interinstitutional Committee and came back to the board in January. The institution came back to the board with a specific proposal to limit enrollments by changing the admission policy common to the three institutions two months ago.

Vice President Christensen stated the first request to the committee was whether or not the University of Northern Iowa should be permitted to study this issue and the committee yes it should be allowed to study the issue.

Regent Murphy stated what really bothered her was that the board did not seem to be knowledgeable about the issue. She indicated she would like to be kept fully apprised as what was going on.

Mr. Richey stated that a progress report should have been sent to the board.

Regent Harris stated it was regrettable but obviously the board could not take action at this meeting. They did have a real problem at the University of Northern Iowa. He indicated at one time he was strongly opposed to an enrollment cap. He said that over the past few months he had thought about it and was not as strongly opposed to enrollment limitations.

Regent Anderson asked procedurally when the committee made a report, did it then come to the board.

Mr. Richey stated that the committee did not have an agreed-to report.

Regent Anderson stated she felt that kind of information should come to the board. She indicated there needed to be some discussion on the substantive issues. She said that to put a cap on enrollment would leave the institution with no flexibility. She also noted that the academic preparation of top half students could vary greatly from one school district to another and going to one-third would give the institution much more flexibility. She indicated she would like to see serious consideration given to the one-third change. She stated she felt the board should discuss that issue.

Regent Harris stated it was clear that the board was not as well informed as it would like to be or want to be. He said he did not think the board could blame the Interinstitutional Committee. The committee had not given the board a report because there was no report. He asked from this point on until the September meeting that the board be kept informed as to what the recommendations might be.

MOTION: Dr. Harris moved the discussion on the issue of an enrollment limitation at the University of Northern Iowa be tabled. Mr. Duchon seconded the motion.

Regent Duchon stated they were talking about a secondary kind of cancer rather than the primary cancer. He said this issue should be stated very clearly to the Governor and the legislature so that they would recognize the problem due to inadequate funding.

VOTE ON MOTION; The motion passed with Mrs. Anderson and Mr. Greig voting no.

President McDonald stated that the board would want to know all the alternatives.

Regent Greig asked if the board would receive written reports.

President McDonald stated yes.

President McDonald then asked board members and institutional executives if there other items to be discussed pertaining to the University of Northern. There were none.

IOWA SCHOOL FOR THE DEAF

The following business pertaining to the Iowa School for the Deaf was transacted on Wednesday, July 16, 1986.

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

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended approval of the register for July.

Highlights of the register are as follows:

CONSTRUCTION CONTRACTS:

Purchase orders were issued by the institution on the following projects:

<u>Main Building Dormitory--Smoke Detector Installation</u>	<u>\$26,034</u>
Award to: Honeywell, Inc., Omaha, NE	

The project will extend the existing smoke alarm system to an additional 49 dormitory rooms in the Main Building. A project budget of \$15,000 was approved by the board in June.

The existing smoke alarm system was manufactured by the Honeywell Company; and in order to be compatible with the existing system, the new equipment must be manufactured by Honeywell. Therefore, price quotations for the smoke alarms were obtained only from Honeywell. Based on information provided by the school, the Executive Secretary approved an increase in the project budget to allow award of the \$26,034 purchase order to Honeywell, Incorporated.

Regent VanGilst asked how the smoke alarm worked.

Business Manager Kuehnhold stated the present alarm system was both visual and audio and were specially designed for the hearing impaired.

<u>Settlement Repairs on Main Building</u>	<u>\$18,930</u>
Award to: W. G. Jacques Company, Des Moines, IA	

The project will correct a settling problem on the kitchen wing of the Main Building. A budget of \$45,000 was approved in June. The initial phase of

the project was to compact the soft, wet soil underneath the building by injecting stiff grout into the soil. The engineer estimated the cost of this work at \$15,000-\$30,000. Because this type of work is highly specialized, the school was able to obtain quotations only from a single firm, W. G. Jacques. The firm's bid price was within the range estimated by the engineer. This project is funded from 1985-86 building repair funds.

The school requested approval of an agreement with Wilscam, Mullens and Birge, Omaha, Nebraska, for necessary design work and on-site inspection during the construction activity of the various phases of the \$45,000 project. The firm estimated that the fee would be in the range of \$2,000-\$4,000. The agreement would be on an hourly basis, with a maximum fee of \$4,000. The fee included engineering and inspection work by structural consultants, Thompson Dreessen and Dorner.

Girl's Dormitory--Interior Painting \$19,000
Award to: Shea Decorating Company, Council Bluffs, IA
(2 proposals received)

This project involves repainting major portions of the dormitory rooms, lounges, and corridors in the Girl's Dormitory. In June, the board approved this project with a budget of \$20,000.

CONSULTANT AGREEMENTS:

Settlement Repair on Main Building Agreement \$4,0000
Wilscam, Mullens and Birge, Omaha, Nebraska

This agreement for design and construction inspection services for the repair project was discussed above.

The entire register is on file in the Board Office.

MOTION: Mr. Tyler moved that the board approve the Register of Capital Improvement Business Transactions as presented. Mr. VanGilst seconded the motion, and it passed unanimously.

FINAL BUDGETS FOR FY 1987. The Board Office recommended:

1. That the Iowa School for the Deaf final general program operating budget of \$5,029,891 be approved.
2. That the board approve the Chapter I - Education Consolidation and Improvement Act budget in the amount of \$93,236, subject to program approval by the Department of Education.

Superintendent Giangreco stated the Board Office had done a good job analyzing the budget. He indicated they were cut deeply in their Chapter I funds and had to transfer two teachers. He indicated that even with the salary increases, ISD was near the bottom of comparable schools in the midwest. He stated they had eliminated 15 positions and were working hard on the downsizing and would have a full report for the board in the fall.

Mr. Richey stated the salary increases last year were seven percent but were more the equivalent of a nine percent faculty salary growth since the increases were given at midyear.

The following are highlights of the budget:

- * The proposed \$5.0 million final FY 1987 operating budget for the Iowa School for the Deaf was identical in total amount to the preliminary budget reviewed in June. Within this total, the only change was in a transfer of \$16,000 between income categories.
- * The FY 1987 operating budget was 3.2 percent above the revised FY 1986 budget. Appropriations were increased by only 2.9 percent with all of the increases in salary adjustment funds.
- * The school projected an increase of \$16,000 in the other income category through the sale of grain held in storage.
- * Average faculty salaries were increased by an average of 6.26 percent and professional and scientific salaries were increased by an average of 5.5 percent.
- * A reduction was recommended in the supplies and services budget category despite the increase in the parental mileage reimbursement rate approved by the board last month.
- * The instructional budget category was proposed to be increased by 6.1 percent. A significant reduction in the academic support area resulted from the deletion of several positions.
- * The school is in the process of preparing organizational structure, staffing and facilities plans to be submitted to the board in the fall.
- * For FY 1987, the school reported the net deletion of 11 positions (9 full-time equivalents). These include support staff, academic administrators, physical plant staff and a houseparent.
- * Three teaching positions have been transferred to the general fund from Chapter I federal funds. These positions will replace three other teaching positions which were being deleted.

- * The school proposed to use its Chapter I federal funds for the continuation of a portion of the programs supported by these funds in prior years. The programs supported include instruction, summer travel teams, and physical therapy services.
- * The Iowa School for the Deaf reported that health service costs in FY 1986 were \$107,562. The school budgeted a total of \$124,221 for health services in FY 1987. Additional review of this area was suggested.

Income projections for FY 1987 are summarized in the following table:

FY 1987 Income Projections
(000s Omitted)

<u>Income Category</u>	<u>FY 1986 Revised Budget</u>	<u>Final FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Federal Funds	\$ 68	\$ 68	0.00%
Sales and Services	38	54	42.11
Other Income	32	32	0.00
Appropriations	4,739	4,876	2.90
TOTAL INCOME	\$ 4,877	\$ 5,030	3.15%

Since the review of preliminary budgets, the school transferred \$16,000 in projected income from the other income category to sales and services. The school had proposed the transfer of this amount from its health and dental insurance terminal liability reserves, but this transfer was not generally allowable. The institution anticipated that its sales and services income could be increased by the same amount through the sale of grain held in storage.

Other income and federal funds were expected to be maintained at the same level as in FY 1986.

Total appropriations were only 2.9 percent above the revised FY 1986 levels with all of the increase in salary adjustment funds. General fund support, other than salary adjustments, was reduced from the FY 1986 level.

Proposed expenditures for FY 1987 are compared to the revised FY 1986 budget in the following table:

<u>FY 1987 Budgeted Expenditures</u> (000s Omitted)			
<u>Expenditure Category</u>	<u>FY 1986 Revised Budget</u>	<u>Final FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Salaries and Fringe Benefits	\$ 3,949	\$ 4,148	5.03%
Fuel and Purchased Electricity	227	227	0.00
Supplies and Services	622	577	-7.26
Equipment	14	14	0.00
Library Books	5	5	0.00
Building Repairs	59	59	0.00
TOTAL EXPENDITURES	\$ 4,877	\$ 5,030	3.15%

Salary increases for faculty and professional and scientific staff were consistent with the salary schedules previously approved by the board. Faculty salaries were increased by an average of 6.26 percent and professional and scientific salaries were increased by an average of 5.5 percent. General service salaries were increased in accordance with collective bargaining agreements.

A reduction was proposed in the supplies and services category. This was being recommended despite increased expenses in this area which would result from the increase in the parental mileage reimbursement rate approved by the board and from the need to support the search for a new superintendent. The budgets for fuel and purchased electricity, equipment, and building repairs had been reduced in FY 1986 in order to accommodate the 3.85 percent appropriation reversion. The cuts made at that time were not restored. The library books budget was maintained at the same level as in FY 1986.

The school's FY 1987 budget book, which was to be provided to board members, included additional detail on the proposed operating budget. It also provided an analysis of budget shares according to standard program categories. The following table reports on budget share by program for FY 1986 and FY 1987:

Budget Share by Program, FY 1986 and FY 1987
(000s omitted)

Program	Budget			Budget Share	
	Original FY 1986	Proposed FY 1987	Percent Change	FY 1986	FY 1987
Instruction	\$ 1,779	\$ 1,887	6.1%	34.8%	37.5%
Academic Support	536	427	(20.3)	10.5	8.5
Student Services	1,447	1,447	0	28.3	28.8
Institutional Support	411	427	3.9	8.0	8.5
Plant Oper. & Maint.	938	842	(10.2)	18.4	16.7
TOTAL	\$ 5,111	\$ 5,030	(1.6%)	100.0%	100.0%

The significant reduction in the academic support area was the result of the deletion of several positions. Positions deleted or reduced in the academic support area included those of an audiologist, a psychologist, and two positions in school administration. In June the board approved a number of administrative changes consistent with the reorganization approved by the board earlier in the year. These changes included the transfer of the director of the child study center (in the academic support area) to the instructional budget area as principal of the elementary school and director of the child study center.

The reduction in plant operation and maintenance included a reduction in fuel and purchased electricity costs as well as reductions in positions, supplies and services and building repair costs.

Budgeted expenditures for student services were unchanged with salary increases for continuing staff balanced by the deletion of several positions in the dormitories.

Budget adjustments of approximately \$230,000 were made by the Iowa School for the Deaf in FY 1986 to accommodate the 3.85 percent appropriation reversion. Decreases were also reported in federal funds, sales and services and other income in FY 1986. The necessary expenditure reductions were made in salaries, fuel and purchased electricity, equipment and building repairs.

In April 1986, the board approved a process of review of programs and operations at the Iowa School for the Deaf and the Iowa Braille and Sight Saving School. The school is preparing organizational structure, staffing and facilities plans to be submitted to the board in the fall with the institution's budget request for FY 1988.

The board directed in April that vacant positions were to be filled only with the written approval of the superintendent and the board president or the president's designee. The positions listed as in the budget as "added" were two lower elementary teachers and one high school teacher. These positions were actually transferred from Chapter I federal funds to the general fund. The transfers were necessary as a result of a major reduction in Chapter I funds for the coming year. The Board Office suggested that, within the spirit of the guidelines approved by the board in April, the institution should have sought the approval of the president or his designee prior to the transfer of positions from restricted to general fund support.

Despite the absence of a timely request, approval of the transfers was recommended. The school pointed out the simultaneous deletion of three teaching positions (lower elementary, high school and careers). It also reported that the Chapter I-funded positions have been in place for a number of years, and that the services provided (speech and art) were important within the overall educational program.

Supplemental information on health service costs was provided by both the Iowa School for the Deaf and the Iowa Braille and Sight Saving School in response to Regent questions. The Iowa School for the Deaf reported that actual health service costs in FY 1986 were \$107,562. This amount included salaries for registered nurses who maintain a 24-hour, 7-day-a-week health service when students are on campus. Additional costs were for supplies and services and physicians' services on a contractual basis.

The Iowa School for the Deaf budgeted a total of \$124,221 for health services in FY 1987. This budget included a total of 4.3 full time equivalent registered nurses compared to 3.79 full-time equivalent registered and licensed practical nurses budgeted in FY 1986. The school indicated that the number of part-time nursing positions was increased from seven to nine during the FY 1986 year in order to provide 24-hour per day coverage. No positions were being added at this time. The Board Office indicated this may be an area in which economies will be sought as part of the school's continued downsizing and restructuring effort. Further review of health service is recommended.

CHAPTER I - EDUCATION CONSOLIDATION AND IMPROVEMENT ACT

Chapter I of the Education Consolidation and Improvement Act provides federal funding to meet the special educational needs of handicapped children. The funds are distributed through the Department of Education for the support of supplemental educational services. Funding levels are related to enrollments. The allocation to the Iowa School for the Deaf for 1986-87 was \$93,236. This was a decrease of \$29,169 from the previous year. The decrease was the result of reductions in federal support per pupil and declining enrollments in the Iowa School for the Deaf.

The school proposed to utilize its Chapter I funds for the continuation of a portion of the programs previously supported by these federal funds. A project application was submitted for Department of Education approval.

The programs supported include instruction, with 2.93 full-time equivalent positions. A teacher and a teacher assistant would work with the Living Independently and Fundamental Education (L.I.F.E.) program to provide learning activities for approximately 20 high school students in accordance with the requirements of each student's Individual Education Plan (I.E.P.). An additional position would be filled by a speech teacher who would provide speech and language services to approximately 30 students.

Chapter I funds will support summer travel teams which travel throughout the state to consult with students and parents during the early part of each summer. Support would also be provided for physical therapy services to be provided on a contractual basis to students with physical therapy needs.

As noted previously, the school proposed to accommodate the reduction in Chapter I funding for FY 1987 compared to FY 1986 by the transfer of three faculty positions to the general fund.

MOTION:

Mrs. Anderson moved that the board approve the Iowa School for the Deaf general program operating budget of \$5,029,891 and the Chapter I - Education Consolidation and Improvement Act budget in the amount of \$93,236, subject to program approval by the Department of Education. Mr. Greig seconded the motion, and it passed unanimously.

President McDonald then asked board members and institutional executives if there were additional matters 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 conducted on Wednesday, July 16, 1986.

REGISTER OF PERSONNEL CHANGES. The register for the period of June 1 through June 28, 1986, was approved as a part of the consent docket.

PARAPROFESSIONAL IN-SERVICE PROGRAM. The Board Office recommended the board approve the contract with Kirkwood Community College for the college to provide Residential Attendant Training and Medication Certification Program for selected employees at IBSSS during the period September 8, 1986, to May 27, 1987, at a cost of \$1,300.

The school determined the need for certain of its staff to receive Residential Attendant Training and to receive instruction in a Medication Certification Program. Kirkwood provides 60 hours of instruction for the attendant program and 10 hours of instruction for the medication program at a cost of \$1,300.

The school indicated it had been pleased with the instruction previously provided by Kirkwood.

MOTION:

Dr. Harris moved that the board approve the contract with Kirkwood Community College for the college to provide Residential Attendant Training and Medication Certification Program for selected employees at IBSSS during the period September 8, 1986, to May 27, 1987, at a cost of \$1,300. Mr. Greig seconded the motion, and it passed unanimously.

AGREEMENT. The Board Office recommended approval of the agreement with Saint Francis Hospital, Waterloo, for the hospital to provide physical therapy and occupational therapy for selected students at IBSSS at a cost of \$20 per hour per therapist (including travel time), as needed, for a period of one year beginning July 1, 1986, at a total cost for the school year not to exceed \$5,000.

The school began utilizing the therapists of Saint Francis Hospital, Waterloo, in 1981 under a contracted services agreement approved by the

board. The recommended action will continue all terms and conditions of the current agreement, including cost, for another year.

Under the agreement Saint Francis Hospital will provide evaluation of students relative to their physical and occupational therapy needs, will perform physical and occupational therapy for students in accordance with the students' physicians' orders, will assist IBSSS staff with care planning for students, will instruct IBSSS staff in appropriate therapy measures, and will consult with IBSSS staff regarding the purchase of supplies and equipment pertaining to physical and occupational therapy. As under past agreements, therapists will visit the campus four times per month.

The agreement is renewed automatically each year unless either party gives 30 days' notice of termination, in writing.

IBSSS reported that it had been very pleased with the services provided by Saint Francis Hospital and that those services contribute significantly toward the school's compliance with federal and state statutory and regulatory requirements.

MOTION:

Mr. VanGilst moved that the board approve the agreement with Saint Francis Hospital, Waterloo, for the hospital to provide physical therapy and occupational therapy for selected students at IBSSS at a cost of \$20 per hour per therapist (including travel time), as needed, for a period of one year beginning July 1, 1986, at a total cost for the school year not to exceed \$5,000. Mrs. Murphy seconded the motion, and it passed unanimously.

LETTER OF COMPLIANCE. The Board Office recommended the board receive the letter of compliance from the Iowa Department of Education.

This past spring, in conjunction with other accreditation activities at the Iowa Braille and Sight Saving School, the Department of Education conducted its on-site compliance review. The letter of compliance noted that there were no compliance problems. Program commendations were made, and it was recognized and appreciated that many of the previous recommendations made the IBSSS have been implemented. The letter of compliance will be in effect until the next comprehensive evaluation is completed.

ACTION:

President McDonald stated the letter of compliance was received by general consent of the board.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The register for July 1986 contained no transactions.

FINAL BUDGETS FOR FY 1987. The Board Office recommended:

1. That the Iowa Braille and Sight Saving School final general program operating budget of \$2,888,652 be approved.
2. That the board approve the Chapter I - Education Consolidation and Improvement Act budget in the amount of \$37,522, subject to program approval by the Department of Education.

The proposed \$2.9 million final FY 1987 operating budget for the Iowa Braille and Sight Saving School was identical in total amount to the preliminary budget reviewed in June. Within that amount, minor reallocations were made to more accurately reflect the anticipated distribution of income and expenditures. The FY 1987 operating budget was 3.6 percent above the revised FY 1986 budget.

Faculty salaries were increased by an average of 6.06 percent. No changes were projected in budgets for fuel and purchased electricity, supplies and services and library books.

The board-approved increase in the rate of reimbursement to parents or guardians of Iowa Braille and Sight Saving School students for personal vehicle transportation will require reductions in other areas of the supplies and services budget.

The school reported on the deletion of six permanent positions in FY 1987, including positions for an orientation/mobility instructor, a developmental teacher, a librarian, an audiovisual specialist, a nursing assistant and a custodian.

The Iowa Braille and Sight Saving School reported that health service costs were budgeted at \$78,513 for FY 1987.

The school's proposal for the use of \$37,522 in federal Chapter I funds requested the funding of a preschool teacher/consultant and a work experience instructor.

IOWA BRAILLE AND SIGHT SAVING SCHOOL
 July 16, 1986

Income projections for FY 1987 are summarized in the following table:

FY 1987 Income Projections
 (000s Omitted)

<u>Income Category</u>	<u>FY 1986 Revised Budget</u>	<u>Final FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Federal Funds	\$ 35	\$ 33	-7.14%
Sales and Services	84	81	-4.17
Other Income	11	17	54.55
Appropriations	2,659	2,759	3.77
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TOTAL INCOME	\$ 2,789	\$ 2,889	3.59%
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Projected decreases in federal funds and sales and services were expected to be balanced by an increase in other income, which was primarily investment income. However, the institutional income category amounted to only 4.5 percent of the total institutional budget.

The only increase in appropriations was for salary adjustments. General fund support, other than salary adjustments, was reduced from the revised FY 1986 level.

Proposed expenditures for FY 1987 are compared to the revised FY 1986 budget in the following table:

IOWA BRAILLE AND SIGHT SAVING SCHOOL
July 16, 1986

FY 1987 Budgeted Expenditures
(000s Omitted)

<u>Expenditure Category</u>	<u>FY 1986 Revised Budget</u>	<u>Final FY 1987 Proposed Budget</u>	<u>% Change from FY 1986 Revised Budget</u>
Salaries and Fringe Benefits	\$ 2,223	\$ 2,360	6.18%
Fuel and Purchased Electricity	150	150	0.00
Supplies and Services	297	297	0.00
Equipment	45	35	-22.22
Library Books	3	3	0.00
Building Repairs	71	44	-38.50
TOTAL EXPENDITURES	\$ 2,789	\$ 2,889	3.59%

Salary increases were consistent with the salary schedules previously approved for faculty and professional and scientific staff. Faculty salaries were increased by an average of 6.06 percent.

No changes were projected in the fuel and purchased electricity and supplies and services budgets. The school anticipated that savings in fuel and purchased electricity may increase as energy conservation systems were perfected.

The supplies and services budget included payment of personal vehicle transportation reimbursement to parents or guardians of Iowa Braille and Sight Saving School students. The authorized rate of reimbursement was increased by the board from 17 to 21 cents per mile. This increase would be offset by reductions in other areas of the supplies and services budget.

Lower funding was provided for equipment and building repairs.

The school's FY 1987 budget book, which had been provided to board members, included additional detail on the proposed operating budget. It also provided an analysis of budget shares according to standard program categories. The following table reports on budget shares by program for FY 1986 and FY 1987.

IOWA BRAILLE AND SIGHT SAVING SCHOOL
July 16, 1986

Budget Share by Program, FY 1986 and FY 1987
(000s omitted)

Program	Budget			Budget Share	
	Original FY 1986	Proposed FY 1987	Percent Change	FY 1986	FY 1987
Instruction	\$ 854	\$ 943	10.4%	29.5%	32.7%
Academic Support	269	214	(20.4)	9.3	7.4
Student Services	844	873	3.4	29.1	30.2
Institutional Support	320	304	(5.0)	11.0	10.5
Plant Oper. & Maint.	613	554	(9.6)	21.1	19.2
TOTAL	\$ 2,900	\$ 2,888	(0.4%)	100.0%	100.0%

The substantial increase in the instructional budget reflected the transfer of the library books budget and a library assistant position from academic support. The instructional supplies budget was also increased and included some supplies previously budgeted under academic support.

The significant decrease in funding for academic support was in large part the result of the deletion of two positions (librarian and audiovisual specialist) and the transfer of library functions to instruction. A reduction in the institutional support budget resulted from the transfer of a position from institutional support to academic support. General expenses for institutional support were also reduced.

The reduction in the plant operations and maintenance budget reflected reductions in fuel and purchased electricity and building repairs, as well as in general expense and salaries for physical plant personnel.

Reductions in the FY 1986 operating budget for the Iowa Braille and Sight Saving School were made in response to the mandatory 3.85 percent reversion in state appropriations. The Iowa Braille and Sight Saving School and the Iowa School for the Deaf are engaged in a process of reviewing programs and operations. Proposed organizational structure, staffing, and facilities plans are to be submitted to the board in the fall with budget requests for FY 1988.

For FY 1987, the Iowa Braille and Sight Saving School reported the deletion of six positions. The positions deleted include an orientation/mobility instructor, a developmental teacher, a librarian, an audiovisual specialist, a nursing assistant, and a custodian. The part-time status of one orientation/mobility instructor was restored to full-time. The board directed in April that vacant positions were to be filled only with the

written approval of the superintendent and the board president or the president's designee.

The Iowa Braille and Sight Saving School provided supplemental information on health care costs for FY 1986 and FY 1987 in response to Regent questions. The school reported total health service costs of \$83,707 in FY 1986 and projected total health services costs of \$78,513 in FY 1987. These costs include salaries for nursing staff in the health center, supplies, travel by staff, and physicians' services on a contractual basis. The school noted that Iowa Braille and Sight Saving School students also receive treatment, at no cost to the school, through the university hospitals with transportation to and from Iowa City provided by the parent.

CHAPTER I - EDUCATION CONSOLIDATION AND IMPROVEMENT ACT

Chapter I of the Education Consolidation and Improvement Act provides federal funding to meet the special educational needs of handicapped children. The funds are distributed through the Department of Education for the support of supplemental educational services with funding levels related to enrollments. The allocation to the Iowa Braille and Sight Saving School for 1986-87 was \$37,522. This amount was \$2,062 less than the FY 1986 funding. The decrease was the result of both reductions in federal support per pupil and declining enrollments.

The Iowa Braille and Sight Saving School submitted a project application for Department of Education approval. The application requested funding of two teaching positions: a preschool teacher/consultant and a work experience instructor.

The Iowa Braille and Sight Saving School proposal appeared to be appropriate in terms of the objectives of the federal Chapter I program to provide supplemental educational opportunities for handicapped students.

The school reported that the programs funded last year under Chapter I (expansion of home living experiences, parent education, crisis intervention and staff development) would be continued through reassignments of responsibilities and the merging of some staff positions.

Business Manager Berry stated that the Board Office had done a fine job recapping the highlights of the budget. He noted this was the second consecutive year where they had undergone staffing reductions.

IOWA BRAILLE AND SIGHT SAVING SCHOOL
July 16, 1986

MOTION:

Mr. VanGilst moved that the board approve the Iowa Braille and Sight Saving School final general program operating budget of \$2,888,652 and approve the Chapter I - Education Consolidation and Improvement Act budget in the amount of \$37,522, subject to program approval by the Department of Education. Mrs. Anderson seconded the motion, and it passed unanimously.

President McDonald then asked board members and institutional executives if there were additional items 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 1:10 p.m. on Thursday, July 17, 1986.


R. Wayne Richey
Executive Secretary